

Fifty-fifth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1413

Introduced by

Representatives Wald, Skarphol, Keiser

Senators Andrist, Klein, Solberg

1 A BILL for an Act to create and enact a new subsection to section 26.1-23.1-01 and two new
2 sections to chapter 26.1-23.1 of the North Dakota Century Code, relating to private nonprofit
3 entities joining government self-insurance pools and creation of a government self-insurance
4 pool board of directors; to amend and reenact section 26.1-23.1-03 of the North Dakota
5 Century Code, relating to the governing framework of government self-insurance pools; and to
6 provide for transition.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1.** A new subsection to section 26.1-23.1-01 of the North Dakota Century
9 Code is created and enacted as follows:

10 A private nonprofit entity fulfilling government-like functions may join a preexisting
11 government self-insurance pool.

12 **SECTION 2. AMENDMENT.** Section 26.1-23.1-03 of the North Dakota Century Code
13 is amended and reenacted as follows:

14 **26.1-23.1-03. Government self-insurance pool approval from the commissioner of**
15 **insurance.** Before the commissioner of insurance authorizes the operation of a government
16 self-insurance pool, the pool shall provide the following:

- 17 1. A financial plan setting forth:
- 18 a. The insurance coverages to be offered by the pool, applicable deductible
- 19 levels, and the maximum level of claims to be self-insured against.
- 20 b. The amount of cash reserves to be set aside for the payment of claims.
- 21 c. The amount of aggregate excess insurance or reinsurance coverage to be
- 22 purchased in the event that the pool's resources are exhausted in a given
- 23 fiscal period.
- 24 2. A plan of management which must provide the following:

- a. The means of establishing the governing ~~authority~~ framework of the pool and, if the governing ~~authority~~ framework of the pool is set forth in articles of incorporation, the articles must be filed in the office of the secretary of state and a certified copy must be filed with the commissioner. The commissioner may not issue a certificate to the pool if, in the commissioner's judgment, the company's name too closely resembles the name of an existing corporation or is liable to mislead the public.
 - b. The responsibility of the governing authority with regard to fixing contributions to the pool by participating government political subdivisions, maintaining reserves, levying and collecting assessments for deficiencies, disposing of surplus, and administering the pool in the event of termination or insolvency.
 - c. The basis upon which new governmental members may be admitted to, and existing governmental members may leave or have membership terminated by, the pool.
 - d. The identification of funds and reserves by exposure areas.
 - e. Other provisions necessary or desirable for the operation of the pool.
- ~~3-. A plan for the election by pool members of a governing authority, which must be a board of directors for the pool.~~

SECTION 3. A new section to chapter 26.1-23.1 of the North Dakota Century Code is created and enacted as follows:

Government self-insurance pool board of directors. The board of directors of a government self-insurance pool must be selected as provided by this section. The board must consist of eleven members. One member must be the executive director of the association of counties; two members must be members of the association of counties appointed by the association of counties; one member must be the executive director of the league of cities; two members must be members of the league of cities appointed by the league of cities; one member must be a member of the school boards association appointed by the school boards association; one member must be a member of the township officers association appointed by the township officers association; one member must be a member of the park districts association appointed by the park districts association; one member must be a member of the water resource district association appointed by the water resource district association; and one

1 member who is not required to represent any organization or interest must be appointed by the
2 other members of the board. A board member is entitled to compensation of ninety dollars per
3 day for each day performing official duties and is entitled to reimbursement of expenses as are
4 other state officials. With the exception of the members who are executive directors of the
5 association of counties or the league of cities, board members serve four-year terms, arranged
6 so that the terms of at least two members expire on June thirtieth of each year. The initial
7 members of the board must be appointed to terms arranged so that the terms of at least two
8 members expire each year. The appointing entity shall appoint a successor from the affected
9 entity to fill a vacancy in the entity's representative on the board. The governor may remove
10 any member of the board for cause.

11 **SECTION 4.** A new section to chapter 26.1-23.1 of the North Dakota Century Code is
12 created and enacted as follows:

13 **Duties of board.** The board of directors of a government self-insurance pool appointed
14 under section 3 of this Act shall serve as the board of directors for every government
15 self-insurance pool formed before the effective date of this Act and subject to this chapter. The
16 board shall compile an organizational structural criteria to evaluate an application by a private
17 nonprofit entity applying for membership to a government self-insurance pool.

18 **SECTION 5. Transition to government self-insurance pool board of directors.**
19 Sections 2 through 4 of this Act apply to all government self-insurance pools formed before the
20 effective date of this Act. The board of directors required by section 3 of this Act shall become
21 active effective October 1, 1997, at which time any preexisting board of directors must disband.