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Fifty-sixth
Legislative Assembly   **HOUSE BILL NO. 1296**
of North Dakota

Introduced by

　　Representatives Carlson, Boucher, Berg

　　Senators G. Nelson, Solberg

1　A BILL for an Act to create and enact a new section to chapter 65-03 and a new section to

2　chapter 65-04 of the North Dakota Century Code, relating to protecting the health of employees

3　through workplace safety programs and to workers' compensation premium calculation

4　programs; to amend and reenact sections 65-02-13.1 and 65-04-17.1 of the North Dakota

5　Century Code, relating to expenditures by the workers compensation bureau for extraterritorial

6　coverage and other states' insurance and to retrospective rating; to provide an appropriation;

7　and to declare an emergency.

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

9　　**SECTION 1. AMENDMENT.** Section 65-02-13.1 of the North Dakota Century Code is

10　amended and reenacted as follows:

11　　**65-02-13.1. Expenditures by bureau for reinsurance and extraterritorial coverage**

12　**and other states' insurance - Report to budget section.** There is appropriated out of the

13　workers' compensation fund, as a continuing appropriation, an amount necessary to allow the

14　bureau to establish a program of reinsurance and a program of extraterritorial coverage and

15　other states' insurance. The bureau may execute a contract for reinsurance which is and a

16　contract for extraterritorial coverage and other states' insurance binding on the bureau and the

17　reinsurer contracting party. The term identified in the contract may extend past the end of the

18　biennium in which the a contract under this section is executed. The independent annual

19　financial audit report on the bureau shall report to the legislative council's budget section

20　annually on any contract negotiated between the bureau and an insurer for reinsurance

21　executed pursuant to this section.

22　　**SECTION 2.** A new section to chapter 65-03 of the North Dakota Century Code is

23　created and enacted as follows:

1   **Safety programs.** The bureau shall create and operate work safety and loss

2   prevention programs to protect the health of covered employees and the financial integrity of

3   the fund, including programs promoting safety practices by employers and employees through

4   education, training, consultation, grants, or incentives. The biennial independent performance

5   audit of the bureau must evaluate and report on the effectiveness of these programs.

6   **SECTION 3.** A new section to chapter 65-04 of the North Dakota Century Code is

7   created and enacted as follows:

8   **Premium calculation programs - Authority.** Upon approval of its board of directors,

9   the bureau may create and implement by emergency rulemaking actuarially sound employer

10   premium calculation programs, including dividends, group insurance, premium deductibles, and

11   reimbursement for medical expense assessments. Programs under this section may be

12   created or modified by emergency rulemaking.

13   **SECTION 4. AMENDMENT.** Section 65-04-17.1 of the North Dakota Century Code is

14   amended and reenacted as follows:

15   **65-04-17.1. Retrospective rating ~~pilot~~ program.** The bureau may establish a ~~pilot~~

16   program to provide retrospective rating ~~to an employer whose annual workers' compensation~~

17   ~~premium is two hundred fifty thousand dollars or more~~. The bureau may not require an

18   employer to participate in the program, but it may refuse to allow an employer to participate

19   when it determines that refusal is appropriate. The bureau shall establish formulas, based on

20   sound actuarial principles, for premium calculation under the program. Sections 65-04-01,

21   65-04-04, and 65-04-04.2 do not apply to retrospective premiums allowed under this section.

22   Any moneys held by the bureau for future claim payments must accrue interest at a reasonable

23   rate as determined by the bureau. The bureau may execute a contract with an employer to

24   establish a retrospective rating plan for that employer. The contract is binding on the employer

25   and the bureau for the term identified in the contract. The term identified in the contract may

26   extend past the end of the biennium in which the contract is executed but the term may not

27   exceed ten years. ~~The bureau may not enter any contract under this section after June 30,~~

28   ~~1999.~~ The bureau shall determine the amount of the deposit premium to be paid by an

29   employer participating in the program. The amount of the deposit premium must be based on

30   current rates, payroll, and experience rate factors. The bureau shall establish the maximum

31   premium liability of a participating employer. The maximum premium is not subject to the

1   limitations of section 65-04-17. The bureau may provide refunds from the workers'

2   compensation fund when it is determined appropriate under the retrospective rating formula

3   established. The bureau shall provide any refund due within thirty days after the date of the

4   retrospective premium valuation. The bureau may impose a penalty if an employer fails to pay

5   additional premium due within thirty days after the retrospective premium valuation. The

6   bureau may require an employer to provide a bond, letter of credit, or other security approved

7   by the bureau to guarantee payment of future employer obligations incurred by a retrospective

8   rating plan. The bureau may charge an employer participating in the program a nonrefundable

9   surcharge for the purpose of assisting retirement of any unfunded liability of the fund.

10   **SECTION 5. APPROPRIATION.** There is hereby appropriated out of the workers'

11   compensation fund the sum of $2,044,763 to the bureau for the purpose of defraying the

12   expenses of operating workplace safety and loss prevention programs, for the biennium

13   beginning July 1, 1999, and ending June 30, 2001.

14   **SECTION 6. EMERGENCY.** This Act is declared to be an emergency measure.