

Fifty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1264

Introduced by

Representative Wald

1 A BILL for an Act to create and enact a new section to chapter 26.1-26 of the North Dakota
2 Century Code, relating to a controlled insurance business.

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

4 **SECTION 1.** A new section to chapter 26.1-26 of the North Dakota Century Code is
5 created and enacted as follows:

6 **Controlled business prohibited - Definition - Formula for determination.**

- 7 1. As used in this section, unless the context otherwise requires, "controlled
8 business" means insurance written on the interests of the licensee, licensee's
9 immediate family, or licensee's employer; or insurance covering the licensee, the
10 members of the licensee's immediate family, a business entity, or the officers,
11 directors, substantial stockholders, partners, or employees of such a business
12 entity of which the licensee or a member of the licensee's immediate family is an
13 officer, a director, a substantial stockholder, a partner, an associate, or an
14 employee. "Controlled business" does not include a crop insurance business sold
15 by a licensee to the owners of the licensee who were owners as of January 1,
16 2003, provided the licensee was licensed before January 1, 2003.
- 17 2. The commissioner may not grant, renew, continue, or permit to continue any
18 license if the commissioner determines that the license is being or will be used by
19 the applicant or licensee for the purpose of writing controlled business. A license
20 is deemed to have been or intended to be used for the purpose of writing
21 controlled business if the commissioner determines that during any twelve-month
22 period the aggregate commissions earned from the controlled business exceeded
23 twenty-five percent of the aggregate commissions earned on all business written
24 by the licensee during the same period.

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- 1 3. This section does not apply to insurance written in connection with credit
2 transactions, including title insurance.