

**HOUSE BILL NO. 1123**

Introduced by

Representatives Bernstein, Wald, Kasper

(At the request of Workforce Safety and Insurance)

1 A BILL for an Act to amend and reenact sections 65-04-20 and 65-04-22, subsection 3 of  
2 section 65-04-33, subsection 4 of section 65-08-01, and subsection 2 of section 65-09-01 of the  
3 North Dakota Century Code, relating to premium installment payments, authority to decline  
4 coverage and negotiate penalties, extraterritorial coverage, and certification by contractor of  
5 independent contractor status.

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

7 **SECTION 1. AMENDMENT.** Section 65-04-20 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9 **65-04-20. Installment payment of premiums - Interest required.** ~~If the amount of~~  
10 ~~premium billed to an~~ An employer ~~on a premium billing statement is greater than the minimum~~  
11 ~~premium, the employer~~ may pay the ~~excess of the minimum~~ annual premium in installments.

12 Interest must be charged at the prevailing base rate posted by the Bank of North Dakota  
13 plus two and one-half percent. The interest charged must be at least six percent per annum.  
14 Interest must be charged on all premiums deferred under this section. Upon default in payment  
15 of any installment, the penalties apply which are provided in this chapter ~~apply~~ sections  
16 65-04-22 and 65-04-33.

17 **SECTION 2. AMENDMENT.** Section 65-04-22 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19 **65-04-22. Organization may make premium due immediately - When premium is**  
20 **in default.** The organization, by its proper order, and ~~by an endorsement and notification to~~  
21 ~~that effect~~ upon the premium billing statement sent to an employer, may require payment of a  
22 premium within any time less than one month which, in the judgment of the organization, is  
23 reasonable and necessary to secure the payment of the premium by any employer whose  
24 employment within this state is likely to continue for less than one month, and in such case,

1 default shall begin at the end of the time allowed by the organization for the payment of the  
2 premium. In the absence of ~~such an order, endorsement,~~ and notification, the premium,  
3 whether the same is to be paid in full or in installments, shall be in default one month from the  
4 payment due date specified in the premium billing statement.

5 Default of any installment payment will, at the option of the organization, make the entire  
6 remaining balance of the premium due and payable. The organization may declare an  
7 employer to be uninsured at any time after forty-five days have passed from the due date  
8 specified in the premium billing statement and the employer has failed to make a payment to  
9 the organization. The organization may decline coverage to any employer that has been  
10 determined to be uninsured under this section and the premium delinquency remains  
11 unresolved.

12 **SECTION 3. AMENDMENT.** Subsection 3 of section 65-04-33 of the North Dakota  
13 Century Code is amended and reenacted as follows:

14 3. An employer who is uninsured is liable for any premiums plus penalties and  
15 interest due on those premiums, plus a penalty of twenty-five percent of all  
16 premiums due during the most recent year of noncompliance. An additional five  
17 percent penalty is due for each year of noncompliance before the most recent year  
18 beginning on the date the organization became aware of the employer's uninsured  
19 status, resulting in the penalty for the second most recent year being thirty percent,  
20 for the third most recent year being thirty-five percent, for the fourth most recent  
21 year being forty percent, for the fifth most recent year being forty-five percent, and  
22 for the sixth most recent year being fifty percent. The organization may not assess  
23 a penalty for more than six years of past noncompliance. The organization may  
24 assess additional penalties, from the date the organization became aware of the  
25 employer's uninsured status continuing until the effective date of coverage, equal  
26 to twenty-five percent of the premium due for that period. The penalties for  
27 employers are in addition to any other penalties provided by law. The organization  
28 may reduce these penalties. However, the amount due from an employer may not  
29 be less than the actual cost and reserves of any claim attributable to the employer  
30 during the time the employer was uninsured, unless authorized by the director. An

1            employer may not appeal an organization decision not to reduce a penalty under  
2            this subsection.

3            **SECTION 4. AMENDMENT.** Subsection 4 of section 65-08-01 of the North Dakota  
4 Century Code is amended and reenacted as follows:

5            4. An employer whose employment results in significant contacts with this state shall  
6            acquire workforce safety and insurance coverage in this state unless a reciprocal  
7            agreement between the states is entered which provides that the other state will  
8            likewise recognize that an employment relationship entered into in this state is  
9            exempted from the application of the ~~workforce safety and workers' compensation~~  
10           insurance law of the other state. An employment has significant contacts with this  
11           state when:

12           a. ~~The~~ Any employee earns or would have been expected to earn twenty-five  
13           percent or more of the employee's gross annual wage or income from that  
14           employer from services rendered in this state; or

15           b. ~~If no employee earns twenty five percent of the employee's gross annual~~  
16           ~~income from that employment within this state,~~ Twenty-five percent of the  
17           ~~employer's gross annual payroll in a calendar year in this state is at least one~~  
18           ~~hundred thousand dollars~~ is payable to employees for services rendered in  
19           this state.

20           Under this subsection, an employee injured in this state may elect to file a claim in  
21           this state notwithstanding that the employee had another remedy in the state in  
22           which the employment was principally localized. A claim filed under this  
23           subsection is subject to section 65-05-05. The time limits within which the  
24           organization shall issue a decision on a claim, as specified in sections 65-01-16  
25           and 65-02-08, do not begin to run for claims filed under this section until the first  
26           date the organization may begin to process the claim as set forth in section  
27           65-05-05.

28           **SECTION 5. AMENDMENT.** Subsection 2 of section 65-09-01 of the North Dakota  
29 Century Code is amended and reenacted as follows:

30           2. The organization ~~shall~~ may establish a procedure ~~by which a person may apply to~~  
31           ~~the organization for a determination of~~ determine whether ~~that~~ a person is an

1            employer required to obtain ~~workforce safety and insurance workers'~~  
2            compensation coverage under this title and to require a person asserting  
3            independent contractor status to file a statement annually with the organization  
4            certifying that status. A determination under this section that a person is not  
5            required to be insured is effective for no more than one year from the date the  
6            person is notified of the determination. The organization retains continuing  
7            jurisdiction over determinations made under this section and may reconsider or  
8            revoke its decision at any time.