

SENATE BILL NO. 2096  
with House Amendments

Fifty-ninth  
Legislative Assembly  
of North Dakota

SENATE BILL NO. 2096

Introduced by

Transportation Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact section 26.1-40-18 of the North Dakota Century Code,  
2 relating to automobile warranty contracts and requirements relating to contractual liability  
3 insurance for warranty providers.

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

5 **SECTION 1. AMENDMENT.** Section 26.1-40-18 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **26.1-40-18. Automobile warranties construed.**

8 1. An automobile dealer or a third-party administrator who issues an automobile  
9 warranty contract, automobile mechanical breakdown contract, or automobile  
10 service contract shall maintain a policy of insurance which provides coverage for  
11 the dealer's or administrator's contractual obligation.

12 2. The policy must be issued by an insurer licensed, registered, or otherwise  
13 authorized to do business in this state. From the time the policy is filed with the  
14 commissioner:

15 a. The insurer shall maintain surplus as to policyholders and paid-in capital of at  
16 least fifteen million dollars and annually file copies of the insurer's audited  
17 financial statements, the national association of insurance commissioners  
18 annual statement, and the actuarial certification required by and filed in the  
19 insurer's state of domicile; or

20 b. The insurer shall maintain surplus as to policyholders and paid-in capital of  
21 between fifteen million dollars and ten million dollars, demonstrate to the  
22 satisfaction of the commissioner that the company maintains a ratio of net  
23 written premiums, wherever written, to surplus as to policyholders and paid-in  
24 capital of not greater than three to one, and annually file copies of the

- 1 insurer's audited financial statements, the national association of insurance
- 2 commissioners annual statement, and the actuarial certification required by
- 3 and filed in the insurer's state of domicile.