

**SENATE BILL NO. 2187  
with House Amendments**

Fifty-ninth  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2187**

Introduced by

Senators Krebsbach, Grindberg, Schobinger

Representatives Carlson, Price, Ruby

1 A BILL for an Act to create and enact section 26.1-27-03.1 of the North Dakota Century Code,  
2 relating to bond requirements for third-party administrators; to amend and reenact section  
3 26.1-27-03 of the North Dakota Century Code, relating to fees for acting as a third-party  
4 administrator and the penalties for acting without a third-party administrator license; to repeal  
5 section 26.1-27-04 of the North Dakota Century Code, relating to the waiver of third-party  
6 registration requirements; and to provide a penalty.

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

8 **SECTION 1. AMENDMENT.** Section 26.1-27-03 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **26.1-27-03. Certificate of ~~registration~~ authority required - Penalty.**

- 11 1. ~~No~~ A person, including a person who directly or indirectly underwrites, collects  
12 charges or premiums from, or adjusts or settles claims on residents of this state in  
13 connection with life, annuity, or health coverage provided by a self-funded plan,  
14 may not act as or hold oneself out to be an administrator in this state, for the kinds  
15 of business for which the person is acting as an administrator, without a certificate  
16 of ~~registration~~ authority issued by the commissioner. Any person violating this  
17 subsection is guilty of a class ~~B misdemeanor~~ C felony.
- 18 2. All applications must be accompanied by a filing fee of ~~twenty-five~~ one hundred  
19 dollars.
- 20 3. The commissioner shall issue a certificate unless the commissioner after due  
21 notice and hearing determines that the administrator is not competent, trustworthy,  
22 financially responsible, or of good personal and business reputation, or has had a  
23 previous application for an insurance license denied for cause within five years.

- 1           4.    The administrator shall pay an annual renewal fee of ~~twenty-five~~ fifty dollars to  
2                    maintain the certificate.
- 3           5.    After notice and hearing, the commissioner may revoke a certificate or fine the  
4                    administrator not more than ten thousand dollars, or both, or the commissioner  
5                    may suspend a certificate, or fine the administrator not more than five thousand  
6                    dollars, or both, upon finding that either the administrator violated section  
7                    26.1-27-05 and subsection 4 of section 26.1-27-06 and also violated subsection 1,  
8                    2, or 3 of section 26.1-27-06 or section 26.1-27-07, 26.1-27-08, 26.1-27-10,  
9                    26.1-27-11, or 26.1-27-12, or the administrator is not competent, trustworthy,  
10                  financially responsible, or of good personal and business reputation.

11           **SECTION 2.** Section 26.1-27-03.1 of the North Dakota Century Code is created and  
12 enacted as follows:

13           **26.1-27-03.1. Bond requirement.** An administrator that administers or will administer  
14 self-insured plans in this state shall maintain a surety bond for the use and benefit of the  
15 commissioner for covered persons who have remitted premiums or insurance charges or other  
16 moneys to the administrator in the course of the administrator's business in the greater of the  
17 following amounts:

- 18           1.    One hundred thousand dollars; or
- 19           2.    Ten percent of the aggregate total amount of administered coverage under the  
20                  plans handled in this state.

21           **SECTION 3. REPEAL.** Section 26.1-27-04 of the North Dakota Century Code is  
22 repealed.