

**FIRST ENGROSSMENT
with Senate Amendments**

Sixty-first
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1158

Introduced by

Judiciary 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, automobile mechanical breakdown contracts, and
3 automobile service contracts.

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~~ A person who issues ~~an a~~
9 written automobile warranty contract, automobile mechanical breakdown contract,
10 or automobile service contract shall maintain a policy of insurance which provides
11 coverage for the ~~dealer's or administrator's~~ person'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.
- 4 3. This section does not apply to an original equipment manufacturer issuing new
5 vehicle warranties.