

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact subsection 1 of section 26.1-03.1-03 and subsection 1  
2 of section 26.1-03.2-03 of the North Dakota Century Code, relating to the risk-based capital  
3 reports of insurance companies.

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

5 **SECTION 1. AMENDMENT.** Subsection 1 of section 26.1-03.1-03 of the North Dakota  
6 Century Code is amended and reenacted as follows:

7 1. "Company action level event" means any of the following events:

8 a. The filing of a risk-based capital report by an insurer which indicates that:

9 (1) The insurer's total adjusted capital is greater than or equal to its regulatory  
10 action level risk-based capital but less than its company action level  
11 risk-based capital; ~~or~~

12 (2) If a life or health insurer, the insurer has total adjusted capital that is greater  
13 than or equal to its company action level risk-based capital but less than the  
14 product of its authorized control level risk-based capital and two and  
15 one-half and has a negative trend; or

16 (3) If a property and casualty insurer, the insurer has total adjusted capital  
17 which is greater than or equal to its company action level risk-based capital  
18 but less than the product of its authorized control level risk-based capital  
19 and three and triggers the trend test determined in accordance with the  
20 trend test calculation included in the property and casualty risk-based  
21 capital instructions;

22 b. The notification by the commissioner to the insurer of an adjusted risk-based  
23 capital report that indicates an event in subdivision a, provided the insurer does

- 1 not challenge the adjusted risk-based capital report under section 26.1-03.1-07;  
2 or  
3 c. If, under section 26.1-03.1-07, an insurer challenges an adjusted risk-based  
4 capital report that indicates the event in subdivision a, the notification by the  
5 commissioner to the insurer that the commissioner, after a hearing, has rejected  
6 the insurer's challenge.

7 **SECTION 2. AMENDMENT.** Subsection 1 of section 26.1-03.2-03 of the North Dakota  
8 Century Code is amended and reenacted as follows:

9 1. "Company action level event" means any of the following events:

- 10 a. The filing of a risk-based capital report by a health organization which indicates  
11 that the:

- 12 (1) The health organization's total adjusted capital is greater than or equal to its  
13 regulatory action level risk-based capital but less than its company action  
14 level risk-based capital; or  
15 (2) If a health organization has total adjusted capital that is greater than or  
16 equal to its company action level risk-based capital but less than the product  
17 of its authorized control level risk-based capital and three and triggers the  
18 trend test determined in accordance with the trend test calculation included  
19 in the health risk-based capital instructions;

- 20 b. Notification by the commissioner to the health organization of an adjusted  
21 risk-based capital report that indicates an event in subdivision a, provided the  
22 health organization does not challenge the adjusted risk-based capital report  
23 under section 26.1-03.2-07; or  
24 c. If, pursuant to section 26.1-03.2-07, a health organization challenges an adjusted  
25 risk-based capital report that indicates the event in subdivision a, the notification  
26 by the commissioner to the health organization that the commissioner, after a  
27 hearing, has rejected the health organization's challenge.