
INSURANCE

CHAPTER 199

House Bill No. 206
(Fitch)

**LIFE INSURANCE POLICY REQUIREMENTS ON OTHER
THAN STANDARD FORM****AN ACT**

To amend and reenact subsection 6 of Section 26-0335 of the North Dakota Revised Code of 1943, relating to provisions required in life insurance policy issued on other than standard form.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1. AMENDMENT.) Subsection 6 of section 26-0335 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0335. PROVISIONS REQUIRED IN LIFE INSURANCE POLICY ISSUED ON OTHER THAN STANDARD FORM.) No policy of life insurance in form other than a standard form prescribed in this chapter shall be issued or delivered in this state, unless the same shall contain the following:

6. A provision that the policy shall participate in the surplus of the company and that, beginning not later than the end of the third policy year, the company annually will determine and account for the portion of the divisible surplus accruing on the policy, and that the owner of the policy shall have the right each year to have the current dividend arising from such participation paid in cash; and if the policy shall provide other dividend options, it shall provide further which one of the four standard options shall be effective if the owner of the policy shall not elect any of such other options. This provision, however, shall not be required in nonparticipating policies.

Approved February 28, 1949.

CHAPTER 200

Senate Bill No. 32
(Legislative Research Committee)
(at the request of the Commissioner of Insurance)

RESTRICTIONS DOMESTIC INSURERS TO DO BUSINESS
IN OTHER STATES

AN ACT

To prohibit domestic insurers from doing certain insurance business in states outside of North Dakota, unless authorized in such other states.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1.) As used in this section, the term "reciprocal state" means a state the laws of which prohibit an insurer domiciled therein from insuring the lives or persons of residents of, or property or operations located in, the state of North Dakota unless it then holds a valid and subsisting certificate of authority issued by the insurance commissioner of this state. Such prohibition may be subject to the exceptions herein set forth.

Subject to the exceptions herein set forth, a domestic insurer shall not enter into a contract of insurance upon the life or person of a resident of, or property or operations located in, a reciprocal state unless it is authorized pursuant to the laws of that state to transact such insurance therein. The commissioner of insurance shall, annually, mail notice to every domestic insurer, specifying the reciprocal states.

The exceptions to the provisions of this section are the following:

1. Contracts entered into where the prospective insured is personally present in the state in which the insurer is authorized to transact insurance when he signs the application;
2. The issuance of certificates under a lawfully transacted group life or group disability policy, where the master policy was entered into a state in which the insurer was then authorized to transact insurance; and
3. The removal or continuance in force, with or without modification, of contracts otherwise lawful and which were not originally executed in violation of this section.

Approved March 17, 1949.

CHAPTER 201

House Bill No. 165
(Brady and Saumur)

MEETINGS, BY-LAWS, ETC.; DOMESTIC MUTUAL
INSURANCE COMPANIES

AN ACT

To prescribe the time and manner of giving notice of annual and special meetings to members of mutual insurance companies organized under the provisions of chapter 26-08 of the North Dakota Revised Code of 1943; prescribing what the by-laws of such companies may provide as to what shall constitute a quorum; providing for representation at such meetings by proxy; prescribing what vote shall be necessary to approve or reject proposals at such meetings and for the amendment of articles and by-laws; providing for a repeal of all acts or parts of acts in conflict with this act, and declaring an emergency.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1.) The by-laws of any mutual insurance company organized under the provisions of chapter 26-08 of the North Dakota Revised Code of 1943, shall prescribe the manner of notification to members of all corporation meetings of members and shall prescribe what shall constitute a quorum of members with the following limitations: A quorum shall be those members present in person or represented by written proxies. A majority of those voting shall be sufficient to approve or reject any proposal submitted at any such annual or special meeting. Every member of the company shall be entitled to one vote only. He shall be notified of the time and place of the holding of the meetings of the company by a written notice or by an imprint on the back of each policy, receipt, or certificate of renewal, and in addition thereto a notice of any annual or special meeting shall be published in the official paper of the county in which the principal office of the company is located, such notice to be published at least twice, the first publication to be made at least sixty days before such meeting. If a special meeting of members is called, a notice of the time and place and object thereof shall be mailed to all members at least sixty days before the date of such meeting.

SECTION 2. REPEAL.) All acts or parts of acts in conflict herewith are hereby repealed.

SECTION 3. EMERGENCY.) This act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved February 28, 1949.

CHAPTER 202

House Bill No. 170
(Committee on Industry and Business)

REAL ESTATE INVESTMENTS, DOMESTIC
INSURANCE COMPANIES

AN ACT

Creating subsection 13 of section 26-0811 of the 1947 Supplement to the North Dakota Revised Code of 1943; amending section 26-0812 of the 1947 Supplement to the North Dakota Revised Code of 1943, and section 26-0813 of the North Dakota Revised Code of 1943; relating to investments in and holding of real estate other than farm property by domestic insurance companies.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1.) Subsection 13 of section 26-0811 of the 1947 Supplement to the North Dakota Revised Code of 1943 is hereby created to read as follows:

26-0811. INVESTMENT OF FUNDS OF INSURANCE COMPANIES; IN WHAT AUTHORIZED.) A domestic insurance company may invest any of its funds and accumulations in:

13. Real estate for the production of income or for improvement or development for the production of income subject to the following provisions and limitations:
 - a. Real estate used primarily for farming or agriculture may not be acquired under the provisions of this subsection;
 - b. Investments made by any company under the provisions of this subsection shall not at any time exceed ten percent of the admitted assets of the company;
 - c. An investment in any single parcel of real estate acquired under the provisions of this subsection shall not exceed one percent of the admitted assets of the company;
 - d. Such real estate, including the cost of improvements shall be valued at cost and improvements shall be depreciated annually at an average rate of not less than two percent of the original cost;
 - e. Such real estate shall be owned in its entirety by the company acquiring it.

SECTION 2. AMENDMENT.) Section 26-0812 of the 1947 Supplement to the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0812. LIMITATION ON PURCHASE AND CONVEYANCE ON REAL PROPERTY.) A domestic insurance company may acquire, hold, and convey only such real property as shall:

1. Be requisite for its convenient accomodation in the transaction of its business;
2. Have been mortgaged to it in good faith by way of security for loans previously contracted or for moneys due to it;
3. Have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings;
4. Have been purchased at sales on judgments, decrees, or mortgages obtained or made for debts previously contracted in the course of its dealings; and
5. Have been acquired as an investment for the production of income or has been acquired to be improved or developed for an investment for the production of income as provided by law.

Any company may improve real estate so acquired or remodel existing improvements and exchange such real estate for other real estate or securities, and real estate acquired by such exchange may be improved or the improvements remodeled.

SECTION 3. AMENDMENT.) Section 26-0813 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-0813. REAL PROPERTY ACQUIRED BY DOMESTIC INSURANCE COMPANY; SALE OF; WHEN REQUIRED.) All property acquired by a domestic insurance company in any manner specified in subsections 2, 3, and 4 of section 266-0812 which is not necessary for the accommodation of the company or for the convenient transaction of its business shall be sold and disposed of within two years after the company shall have acquired title to the same, and as to any property so acquired which was necessary for the accommodation of the company or for the convenient transaction of its business, within two years after the same shall have ceased to be necessary for the accommodation of its business. No company shall hold any of such property for a period longer than is specified in this section unless it shall procure a certificate from the commissioner of insurance stating that the company's interests will suffer materially by the forced sale of the property. If such certificate is obtained, the time for the sale may be extended to such time as the commissioner shall direct therein. A company may select real estate acquired under the provisions of subsections 1, 2, 3, and 4 of section 26-0812 other than real estate used primarily for farming and agriculture, and hold the same as an investment for income, not exceeding the total amount

permitted by law for such purpose, and such property so selected shall not be subject to the limitations of this section.

Approved March 9, 1949.

CHAPTER 203

House Bill No. 169
(Committee on Industry and Business)

PENSION OFFICERS AND DIRECTORS
DOMESTIC LIFE INSURANCE COMPANIES

AN ACT

To amend and reenact subdivision 4 of section 26-1110 of the North Dakota Revised Code of 1943, relating to pensions for officers and directors of domestic life insurance companies.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1. AMENDMENT.) Subdivision 4 of section 26-1110 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

26-1110. SALARIES AND EXPENSES OF OFFICERS AND AGENTS OF DOMESTIC LIFE INSURANCE COMPANY: REGULATION AND RESTRICTIONS.) No domestic life insurance company shall:

4. Grant any pension to any officer, director, or trustee thereof, or to any member of his family after his death, except that it may provide a pension in pursuance of the terms of a retirement plan adopted by the board of directors and approved by the commissioner of insurance for any person who is or has been a salaried officer or employee of such corporation and who may retire by reason of age or disability.

Approved March 9, 1949.

CHAPTER 204

House Bill No. 90
(Erickson, Lindberg and Bymers)

INSURABLE CROPS; WHEN COVERAGE EFFECTIVE

AN ACT

To amend and reenact Section 26-2211, of the North Dakota Revised Code of 1943, providing for crops insurable; and dates when coverage on insured crops commences and terminates.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1. AMENDMENT.) That section 26-2211 of the North Dakota Revised Code of 1943 be amended and reenacted to read as follows:

26-2211. CROPS INSURABLE: DATES WHEN COVERAGE ON INSURED CROPS COMMENCES AND TERMINATES.) Crops of rye, wheat, speltz, barley, oats, flax, corn, buckwheat, millet, sweet clover, alfalfa, and cane grown on cultivated land which is listed as actually cropped are insurable in the state hail insurance department in the manner specified in this chapter. Insurance obtained under the provisions of this chapter shall not become effective on winter wheat or winter rye before twelve o'clock noon, central standard time, of June first and shall not become effective on other crops before twelve o'clock, noon, central standard time, of June tenth of any year. No indemnity shall be allowed for a loss to winter wheat or winter rye which occurs later than twelve o'clock noon, central standard time, of August twenty-fifth nor for a loss to corn which occurs later than twelve o'clock noon, central standard time, of September fifteenth, nor for a loss to flax which occurs later than twelve o'clock noon, central standard time, of October first, nor for a loss to any other crop which occurs later than twelve o'clock, noon, central standard time, of September tenth of any year. The insurance permitted under this chapter shall not be effective on any crop which has been damaged materially by hail before an application is filed with the state hail insurance department.

Approved February 25, 1949.

CHAPTER 205

House Bill No. 91
(Erickson, Lindberg, Einarson and Bymers)

HAIL INSURANCE APPLICATION, WHEN EFFECTIVE

AN ACT

To amend and reenact Section 26-2221 of the North Dakota Revised Code of 1943 providing for the time when application for hail insurance shall become effective, and prescribing the duties of the Commissioner of Insurance on receipt of application, and declaring an emergency.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

SECTION 1. AMENDMENT.) That Section 26-2221 of the North Dakota Revised Code of 1943 be amended and reenacted to read as follows:

26-2221. APPLICATIONS EFFECTIVE WHEN APPROVED BY COMMISSIONER: DUTY OF COMMISSIONER WHEN APPLICATION APPROVED. Hail insurance coverage furnished under the provisions of this chapter shall not be effective until midnight of the date shown on the postmark, according to the department's receiving records if mailed, and until midnight of the date an application is stamped received, if it is personally delivered to the office of the state hail insurance department, subject, however, to the approval of the commissioner of insurance as to insurability. Immediately upon the receipt and checking of the original and duplicate copies of an application for state hail insurance coverage in the office of the hail insurance department, the commissioner of insurance, if he approves the application, shall cause to be endorsed thereon his approval of the application and the date when the insurance is effective. The duplicate copy of the application, when it is so endorsed, shall be returned to the applicant and shall constitute the policy of insurance and shall entitle the applicant to the coverage permitted under the provisions of this chapter.

SECTION 2. EMERGENCY.) This Act is hereby declared to be an emergency measure and shall be in full force and effect from and after its passage and approval.

Approved February 28, 1949.