

1999 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2360


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2360

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date January 29, 1999

Tape Number	Side A	Side B	Meter #
1		X	1270-3539
Committee Clerk Signature 			

Minutes: CHAIRMAN KREBSBACH called the committee to order and opened the hearing on SB 2360 which relates to bonds required of state officers. Appearing before the committee to introduce the piece of legislation was SENATOR RICH WARDNER, District 37, Dickinson who is the primary sponsor of the bill. This was brought to the attention of Senator Wardner by the Secretary of State. This bill will repeal and amend certain sections of the code. Handouts were presented to committee members which told them the amount of coverage afforded to each state agency, department, industry, and institution. The bill has the amended sections and the last part has the repealer. The thick handout shows which ones have been repealed completely. The parts of the code that had to be amended and reenacted for example in section one the superintendent, you had to leave part of it in their because it covered more than the bonding so what happened is the amount, the \$10,000 as you'll see on line 14 is over struck and that is taken out. So we've amended it by taking that language out of code. The other part where the oath

Page 2

Senate Government and Veterans Affairs Committee

Bill/Resolution Number SB 2360

Hearing Date January 29, 1999

must be filed we had to leave that in there. As we look at the sections that are amended that is what happened. Senator Wardner then proceeded to go through the various sections of the bill.

BOB OLSON, Administrator State Bonding Fund, North Dakota Insurance Department

presented testimony to the committee concerning SB 2360. A copy of his testimony is attached.

Secretary of State, AL JAEGER appeared before the committee concerning SB 2360. He

indicated that 1943 was the last time the bonding requirements for the Secretary of State's office

was changed. SENATOR KILZER-Is sovereign immunity any part of this? BOB OLSON-From

the state bonding fund, it doesn't affect it one way or another. There was no further testimony in

support, neutral position, or opposition to SB 2360. CHAIRMAN KREBSBACH closed the

hearing. COMMITTEE ACTION-Motion for DO PASS was made by SENATOR W.

STENEHJEM, seconded by SENATOR WARDNER. There was no discussion. ROLL CALL

VOTE indicated 7 YEAS, 0 NAYS, and 0 ABSENT OR NOT VOTING. SENATOR

WARDNER volunteered to carry the bill.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: SB 2360 Amendment to: _____

Requested by Legislative Council Date of Request: 1-22-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

The Insurance Department administers the State Bonding Fund which provides fidelity bond coverage at no cost to state agencies and political subdivisions. This coverage appears to be separate from that which is contemplated by the bonds which are the subject of the provisions of law contained in Senate Bill No. 2360, and we have no way of knowing if those types of bonds have been purchased by the various state agencies or political subdivisions.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N/A		N/A		N/A	
Expenditures:	N/A		N/A		N/A	


3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: N/A
- b. For the 1999-2001 biennium: N/A
- c. For the 2001-03 biennium: N/A

4. **County, City, and School District** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
	N/A			N/A			N/A	

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Trent C. Heinemeyer

Date Prepared: 1/28/99

Department Insurance Department

Phone Number 328-2440

Date: 1/29/99
Roll Call Vote#:

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2360

Senate GOVERNMENT AND VETERAN'S AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Stenehjem Seconded By Sen. Wardner

Senators	Yes	No	Senators	Yes	No
SENATOR KREBSBACH	✓				
SENATOR WARDNER	✓				
SENATOR KILZER	✓				
SENATOR STENEHJEM	✓				
SENATOR THANE	✓				
SENATOR DEMERS	✓				
SENATOR MUTZENBERGER	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Wardner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 29, 1999 12:49 p.m.

Module No: SR-19-1471
Carrier: Wardner
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2360: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman)
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2360
was placed on the Eleventh order on the calendar.

1999 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2360

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2360

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2-12-1999

Tape Number	Side A	Side B	Meter #
1		X	36.7 - 60.5
2	X		0 - 3.1
2		X	4.5 - 6.1
Committee Clerk Signature <i>J. McWilliams</i>			

Minutes: Some of the individuals testifying submit written testimony. When noted please refer to it for more detailed information.

Representative Klein, Chairman of the GVA Committee opened the hearing on February 12, 1999.

Summary of the Bill: Relating to bonds required of state officers.

Testimony in Favor:

Senator Wardner, Appeared before the committee to introduce the bill. This was brought to my attention by the secretary of state. It started out that he was looking through bonding requirements for his position and found out that he was only worth 10,000 dollars. From there he found some other state offices that were bonded for 10,000 and asked me to take a look at it. The bonding was quite small compared to what the responsibility of the office was. The state insurance department bonds everybody, we looked into repeal of the bonding requirements

because it is covered in code with the state insurance department takes care of it. Legislative council found several more areas in code that could be taken out. So the bill blossomed that way into a large bill (large number of sections that are going to be either repealed or amended). The document he handed out to committee has a list of those that are repealed, because there is nothing else in that part of code other than the bonding. ***(please refer to handout)** The other parts of the bill pertains to the ones that are amended. Section 1 for example talks about the oath of the superintendent. Amended ones are because there is some other part such as oath that they are in there.

Representative Thoreson, So is that filed in the state treasures office? The oath or is that secretary of states office.

Wardner, The office of state treasure. It depends on the position. In section 1, it doesn't mean the superintendent of public instruction, it's superintendent for something that's connected with the treasures office. The only reason that those parts are amended and the other parts are repealed is that you have to leave these requirements in the code. We are going to make sure that everybody is bonded. Even though we have cleaned up the code and take out some obsolete language. we are still making sure that the offices in state government are bonded for. This is a good bill, it cleans things up.

Representative Klemin, What is the reason for taking out the bonding requirements?

Wardner, Taking out of code because it's already covered in another part of code. It's duplicate and the amounts were a lot less than we wanted.

Representative Haas, The amount required is zero now because you've taken it out.

Wardner, The insurance department already has rules that govern and it already supersedes that. They tell you how much you have to have.

Bob Olson, Administer of the State Bonding Fund submitted a written testimony which he read in it's entirety (**please refer to his testimony**). There is nothing in statute that says you have to have this much of a bond. It's on an individual basis and coverage is dealt with this way, it's for theft of property and money only by an employee. The amount is whatever you think you should be bonded for if somebody steals some money.

Representative Haas, Then wouldn't it be appropriate to eliminate that last statement of this section of the code?

Olson, Good point.

Representative Klein, Where does the pay's 25 cents per 100 dollars come from?

Olson, It is not paid. Since 1953 we do not collect any premium.

Representative Klemin, The amount you have in reserves, there are no premiums you are charging for any of these entities? From investments/reserves being built up?

Olson, That's correct no premiums and reserves are being built up by investments.

Representative Thoreson, Some of this money going back to the general fund?

Olson, Yes it does.

Representative Kroeber, There is 4.4 million and we have to have 3 million in the fund.

Olson, That's correct.

Representative Klein, Who does the investing?

Olson, State investment board/per statute.

Testimony in Opposition: None.

Page 4

House Government and Veterans Affairs Committee

Bill/Resolution Number SB 2360

Hearing Date 2-12-1999

Representative Klein, Closed the hearing on SB 2360.

Committee Action:

Representative Hawken, Made the motion for a Do Pass.

Representative Thoreson, Seconded the bill.

Motion Passes: Do Pass **15-0**.

Representative Thoreson, Is the carrier for the bill.

Roll Call Vote #: 1 Date: 2-11-99

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2360

House GOVERNMENT AND VETERANS AFFAIRS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS

Motion Made By HAWKEN Seconded By THORESON

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN KLEIN	✓		REP. WINRICH	✓	
VICE-CHAIR KLINISKE	✓				
REP. BREKKE	✓				
REP. CLEARY	✓				
REP. DEVLIN	✓				
REP. FAIRFIELD	✓				
REP. GORDER	✓				
REP. GRANDE	✓				
REP. HAAS	✓				
REP. HAWKEN	✓				
REP. KLEMIN	✓				
REP. KROEBER	✓				
REP. METCALF	✓				
REP. THORESON	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment THORESON

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 11, 1999 3:46 p.m.

Module No: HR-28-2627
Carrier: L. Thoreson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2360: Government and Veterans Affairs Committee (Rep. Klein, Chairman)
recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2360
was placed on the Fourteenth order on the calendar.

1999 TESTIMONY

SB 2360

**SENATE BILL NO. 2360
TESTIMONY BEFORE THE GOVERNMENT
& VETERANS AFFAIRS COMMITTEE
JANUARY 29, 1999**

**BOB OLSON
ADMINISTRATOR, STATE BONDING FUND
NORTH DAKOTA INSURANCE DEPARTMENT**

The State Bonding Fund was established by the 1919 legislature (N.D.C.C. 26.1-21). The bonding fund is under the management of the Commissioner of Insurance.

The bond provides a blanket fidelity bond which bonds state agencies, political subdivisions, and school districts for employee theft of property and money. The bond provides that the public employee or public official, as principal, shall render a true account of all monies and property of any kind that comes into their hands as such public employee or public official and that they shall pay over and deliver the same according to law.

The premium for this bond is \$.25 per \$100 of bond coverage. The 1953 legislature waived this premium charge effective July 1, 1953. There is still no premium charged for this bond coverage. If the reserves of the State Bonding Fund are depleted below the sum of \$2.5 million, the collection of premiums must be resumed on the bond at the same rate until the reserves reach a total of \$3 million.

Presently, there are 2,889 bondholders bonded by the fund with a total limit of liability of \$516,000,000. The statute does not address what limit of liability these bondholders can bond for. This limit is determined by the bonded entity.

The reserves to pay claims are currently \$4.4 million. During the 1989 legislative session \$5,000,000 was taken out of the Bonding Fund reserves and put in the general fund.

In 1993, the Department reviewed their bond fund procedures and forms. At that time new forms were established including a new Insuring Agreement. The bondholders received all new forms at this time.

Claims presented to the fund have increased substantially since 1991 but are still not excessive and are very manageable in regard to the reserves in the fund. Attached is a breakout of claims activities over the past biennium's.

Also attached is a list of the bondholders by the entity type.

STATE BONDING FUND
STATISTICS AS OF DECEMBER 31, 1998
TOTALS REPORT BY ENTITY

TYPE 1 - STATE

# OF BONDS	94
AMOUNT BONDED	45,164,183

TYPE 2 - COUNTY

# OF BONDS	545
AMOUNT BONDED	166,809,227

TYPE 3 - CITY

# OF BONDS	628
AMOUNT BONDED	115,461,609

TYPE 4 - TOWNSHIP

# OF BONDS	1,288
AMOUNT BONDED	29,347,946

TYPE 5 - SCHOOL DISTRICT

# OF BONDS	277
AMOUNT BONDED	156,688,585

TYPE 6 - FIRE DISTRICT

# OF BONDS	57
AMOUNT BONDED	2,565,821

TOTAL # OF BONDS:	2,889
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TOTAL AMOUNT BONDED:	516,037,371
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BONDING FUND CLAIMS PAID

<u>DATE</u>	<u>DESCRIPTION</u>	<u>CLAIM NO.</u>	<u>AMOUNT PAID</u>
1989-1991 BIENNIUM			
03-26-90	UND/Patricia Papenfuss	766	9,938.22
12-12-90	ND Veterans Home/B. Olson	775	4,339.40
	Total 06/30/91		<u>14,277.62</u>
1991-1993 BIENNIUM			
10-17-91	DICKEY COUNTY	785	1,104.52
04-20-92	BERTHOLD FPD	784	4,267.55
07-02-92	FT YATES SCHOOL	783	45,033.80
10-01-92	WELLS COUNTY	789	17,721.40
03-12-93	EAST TRAIL SOIL CONS. DIST.	792	13,005.00
	Total 06/30/93		<u>81,132.27</u>
1993-1995 BIENNIUM			
0-25-93	NDSU	808	5,850.00
11-30-93	WALSH COUNTY	768	26,183.36
12-30-93	PELICAN TOWNSHIP	805	11,354.00
03-28-94	CITY OF HAMILTON	803	14,782.16
04-04-94	BAKER TOWNSHIP	809	14,210.33
05-24-94	UND	807	78,657.00
06-07-94	GWINNER FIRE DISTRICT	814	46,542.70
06-24-94	PELICAN TOWNSHIP	805	10,260.34
12-12-94	CITY OF SANBORN	816	78,235.00
06-30-95	MINOT STATE UNIVERSITY	818	58,201.96
06-30-95	RAMSEY COUNTY	820	37,235.73
	Total 06/30/95		<u>381,512.58</u>
1995-1997 BIENNIUM			
08-11-95	ROLETTE COUNTY	821	166,100.00
01-02-96	BISMARCK STATE COLLEGE	825	75,361.00
03-21-96	MCKENZIE COUNTY	826	78,800.00
03-27-97	MEDINA PUBLIC SCHOOL	828	94,700.49
	Total 04/01/97		<u>414,961.49</u>

TOTAL CLAIMS PAID SINCE 1989:

\$891,883.96

STATE BONDING FUND CLAIMS

1997-1998 FISCAL YEAR

Claims Opened in Previous Bienniums:

<u>Bond #</u>	<u>Claim #</u>	<u>Entity</u>	<u>Date Paid or Closed</u>	<u>Reserves</u>	<u>Amount Paid...</u>
1549	830	Attorney General's Office	8-8-97		\$ 1,305.75
2420	831	Griggs County	OPEN	\$ 3,000.00	
1596	832	Linton Public School	7-8-98		\$81,147.05

Claims Opened 1997-1998 Fiscal Year:

1484	833	Hebron Public School	4-23-98		\$13,351.00
845	834	James River Senior Citizens	OPEN	\$24,659.45	
	835	Wildrose-Alamo Public School	OPEN	\$24,306.00	
2502	836	Wahpeton Public School	7-6-98	\$ 462.39	
1658	837	Grant County	OPEN	\$14,305.75	
1658	838	Grant County	OPEN	\$14,305.75	
1658	839	Grant County	OPEN	\$19,054.84	
1658	840	Grant County	OPEN	\$ 4,749.05	
1658	841	Grant County	OPEN	\$ 4,749.05	
3038	842	City of Portal	OPEN	\$10,000.00	
3313	843	Parshall Public School	OPEN	\$21,516.75	
3324	<u>844</u>	Regent Public School	OPEN	<u>\$10,000.00</u>	<hr/>
	12			\$142,647.00	\$95,803.802

1995-1997 BIENNIUM

<u>Claim No.</u>	<u>Entity</u>	<u>Date Paid</u>	<u>Amount</u>
826	McKenzie County	03-21-96	\$ 78,800.00
827	Sioux County		Closed
828	Medina Public School	03/27/97	\$ 94,700.49
829	City of Wyndmere		Closed
830	Attorney General's Office		
831	Griggs County		
832	Linton Public School District		\$ 13,000.00
			<hr/>
			\$186,500.49

STATE BONDING FUND CLAIMS

1993-1995 BIENNIUM

<u>Bond #</u>	<u>Claim #</u>	<u>Entity</u>	<u>Date Paid</u>	<u>Amount</u>
	804	McLean Co.		\$ Closed
3584	805	Pelican Township	06-24-94	21,614.34
14647	806	Ramsey County		Closed
2025	807	UND	05-24-94	78,657.00
2619	808	NDSU	10-25-93	5,850.00
3829	809	Baker Township	04-04-94	14,210.33
3817	810	Ward County		Closed
1890	811	Bismarck State College		Closed
2025	812	ND Indians Into Medicine/UND	(open)	97,755.00
	813	Bismarck Schools		Closed
3658	814	Gwinner Fire District	06-07-94	46,542.70
2052	815	Dept. of Transportation		Closed
3887	816	City of Sanborn	12-12-94	78,235.00
0	817	New Rockford School	(open)	1,750.00
	818	Minot State University	06-30-95	58,201.96
2246	819	Cavalier Soil Conservation District		Closed
	820	Ramsey County		37,235.73
1296	821	Rolette County	08-11-95	166,100.00
2634 &				
2551	822	Grand Forks County & City		Closed
3290	823	Starkey Township		Closed
3868	824	Oakes Ambulance		Closed
1890	825	Bismarck State College	01-02-96	<u>75,361.00</u>
				\$681,513.06

Claims Filed this Biennium: 22

Amount Paid on these Claims: \$681,513.06

STATE BONDING FUND CLAIMS

1991-1993 BIENNIUM

<u>Bond #</u>	<u>Claim #</u>	<u>Entity</u>	<u>Date Paid</u>	<u>Amount</u>
	783	Fort Yates Public School	07-07-92	\$45,033.80
13793	784	Berthold Fire Protection Dist.	03-30-92	4,267.55
14671	785	Dickey County Game & Fish	10-17-91	1,104.52
14148	786	Zap Public School		Closed
13784	787	State Pen Health Care Services		Closed
	788	State Pen (Carlos Marcell Zeno)		Closed
14106	789	Wells County	10-22-92	17,721.40
	790	Finley Sharon Public School		Closed
	791	State Pen (Carlos Marcell Zeno)		Closed
12389	792	East Traill Soil Conservation	03-12-93	13,005.00
14675	793	Eddy County Game & Fish Vendor		Closed
13971	794	McKenzie County		Closed
13985	795	ND State University		Closed
13829	796	Dickey County		Closed
14426	797	State Pen - Alvin Englehart		Closed
13116	798	Sargent County		Closed
14673	799	McLean County		Closed
	800	State Pen (Herbert O. Jensen)		Closed
11692	801	Grand Forks School		Closed
14616	802	Ward County Game & Fish Vendor		Closed
11478	803	City of Hamilton	03-28-94	<u>14,782.16</u>
				\$95,914.43

Claims Filed this Biennium: 21

Amount Paid on these Claims: \$95,914.43

STATE BONDING FUND CLAIMS

1989-1991 BIENNIUM

<u>Bond #</u>	<u>Claim #</u>	<u>Entity</u>	<u>Date Paid</u>	<u>Amount</u>
14150	766	UND	03-26-90	\$ 9,938.22
14150	767	UND		Closed
14105	768	Walsh County	11-30-93	26,183.36
14105	769	Walsh County		Closed
14105	770	Walsh County		Closed
13784	771	State Pen (Herbert Jensen) (Variety Tier)		Closed
13784	772	State Pen (Herbert Jensen) (Non-smoking)		Closed
13784	773	State Pen (Herbert Jensen) (Discrimination)		Closed
14303	774	Center Public School		Closed
13518	775	North Dakota Veterans Home	12-12-90	4,339.40
13329	776	Dickey County (Game & Fish Vendor)		Closed
13163	777	DHS - State Develop. Center		Closed
13634	778	Mandan Public School		Closed
13163	779	ND State Soil Conservation Dist.		Closed
14401	780	Burke County Game & Fish Vendor		Closed
14647	781	Ramsey County Auditor		Closed
14150	782	University of North Dakota		<u>Closed</u>
				\$40,460.98

Claims Filed this Biennium: 17

Amount Paid on these Claims: \$40,460.98

DECEMBER 31, 1998

Claim #	Entity	Balance Owing
816	Barnes County - Rita Ann Duffy	45,635.00
825	Burleigh County - Malonna Quinlen	74,841.00
830	Burleigh County - Wesley Berg	47,905.75
807	Grand Forks County - Barbara Boushee	77,567.00
762	McKenzie County - Debbie Vader	41,935.33
826	McKenzie County - Phyllis Mclees	44,024.12
759	Nelson County - G. L. Overby aka Larry Overby	41,355.00
820	Ramsey County - Autumn Eisenzimmer	26,135.73
805	Ramsey County - Rita Foss	17,016.34
821	Rolette County - Della M. Gustafson	128,935.66
814	Sargent County - Allen Keller	35,942.70
783	Sioux County - Lila Brought Plenty	43,583.80
756	Slope County - Carme (Fuchs) Karch	26,696.03
828	Stutsman County - Vicki Sommer	76,700.49
792	Traill County - Melissa Hehn	10,005.00
768	Walsh County - Joey Pederson	23,962.25
818	Ward County - Irene Lillegard	54,501.96
789	Wells County - Vance Kro	
	Total:	\$816,743.16

SEN. RICHARD WARNER
2-11-98

SB 9360

1

26.1-21-07. Coverage.

The amount of coverage afforded to each state agency, department, industry, and institution must be determined by the commissioner based upon the amount of money or property handled and the opportunity for defalcation. The coverage may be greater than but not less than the amount required by law for such positions.

Source: S.L. 1983, ch. 341, § 7.

Derivation: N.D.C.C. 26-23-02.1.

SEN. RICHARD WARDNER.

2-11-98

SB 2360

Banking Commission

SB 2360

1

6-01-12. Bonds of commissioner and deputies.

The commissioner and each of his deputies must be bonded in the sum of fifty thousand dollars, as other civil officers are bonded. Such bonds must be filed in the office of the secretary of state.

Source: S.L. 1893, ch. 95, § 11; R.C. 1895, § 146; R.C. 1899, § 146; S.L. 1905, ch. 165, § 1; 1905, ch. 169, § 1; R.C. 1905, §§ 151, 4635; S.L. 1911, ch. 55, § 1, subs. 6; C.L. 1913, §§ 235, 5146, subs. 6; S.L. 1917, ch. 219, § 1; 1925 Supp., § 5146, subs. 6; S.L. 1933, ch. 71, § 9; 1943, ch. 91, § 5; R.C. 1943, § 6-0112; S.L. 1969, ch. 98, § 1.

15-12-06. Treasurer - Bond.

The treasurer of the North Dakota state university of agriculture and applied science shall furnish a bond in the penal sum of fifty thousand dollars conditioned for the faithful accounting for all moneys received by him as treasurer. Such bond must conform to the provisions of law applicable to the bonding of state officers and employees, except that in case a personal bond is furnished there must be four sureties approved by the state board of higher education.

Source: S.L. 1891, ch. 7, § 5; R.C. 1895, § 950; R.C. 1899, § 950; R.C. 1905, § 1114; C.L. 1913, § 1618; R.C. 1943, § 15-1206.

20.1-02-12. Bond of deputy game wardens.

Each deputy game warden, before entering upon the discharge of his duties, shall furnish a bond in the penal sum of one thousand dollars.

Source: S.L. 1973, ch. 202, § 9.

27-04-02. Bond of supreme court reporter.

Before entering upon his duties, the supreme court reporter shall furnish an official bond in the penal sum of two thousand dollars.

Source: S.L. 1890, ch. 171, § 1; R.C. 1895, § 390; R.C. 1899, § 390; R.C. 1905, § 456; C.L. 1913, § 732; S.L. 1919, ch. 211, § 2; 1925 Supp., § 737a2; R.C. 1943, § 27-0402.

44-01-13. Governor may require additional bond of state officers.

Whenever the governor deems the bond filed by any state officer insufficient, he may require another bond to be furnished with sufficient sureties. For failure to give such bond within ten days after such requirement, such office must be deemed vacant.

Source: R.C. 1895, § 350; R.C. 1899, § 350; R.C. 1905, § 413; C.L. 1913, § 674; R.C. 1943, § 44-0113.

54-06-11. Amounts of bonds of state officers.

The bond of each state officer required to give a bond, the amount of which is not otherwise provided by law, must be in the penal sum of five thousand dollars.

Source: S.L. 1879, ch. 6, § 1; 1883, ch. 112, § 38; 1887, ch. 161, § 1; 1890, ch. 132, § 31; R.C. 1895, § 343; R.C. 1899, § 343; R.C. 1905, § 404; C.L. 1913, § 663; S.L. 1931, ch. 103, § 1; R.C. 1943, § 54-0611.

54-09-06. Official bond.

The secretary of state shall give a bond to the state in the sum of ten thousand dollars.

Source: S.L. 1890, ch. 192, § 1; R.C. 1895, § 97; R.C. 1899, § 97; R.C. 1905, § 100; C.L. 1913, § 131; R.C. 1943, § 54-0906.

54-10-03. Official bond.

The state auditor shall execute an official bond in the sum of twenty thousand dollars.

Source: S.L. 1901, ch. 33, § 1; R.C. 1905, § 237; S.L. 1911, ch. 51, § 1; C.L. 1913, § 375; S.L. 1915, ch. 227, § 1; 1919 Sp., ch. 21, § 1; 1923, ch. 135, § 1; 1925 Supp., § 375; R.C. 1943, § 54-1003; S.L. 1959, ch. 372, § 70.

54-11-14. Official bond of state treasurer.

The state treasurer must be bonded in a sum of not less than one hundred thousand dollars nor more than five hundred thousand dollars.

Source: S.L. 1893, ch. 96, § 10; R.C. 1895, § 118; R.C. 1899, § 118; S.L. 1905, ch. 56, § 1; R.C. 1905, § 122; S.L. 1907, ch. 178, § 1; C.L. 1913, § 156; S.L. 1915, ch. 246, § 1; 1925 Supp., § 156; R.C. 1943, § 54-1114.

54-18-08. Bonds of manager and employees.

Each officer and employee of the association engaged upon its financial functions, before entering upon his duties, shall furnish good and sufficient bond to the state in such amount and upon such conditions as the industrial commission may require and approve. The bond of the manager may not be less than fifty thousand dollars. Such bonds must be filed with the secretary of state.

Source: S.L. 1919, ch. 152, § 4; 1923, ch. 295, § 11; 1925, ch. 163, § 6, subs. e; 1925 Supp., § 368c6, subs. e; S.L. 1931, ch. 268, § 12; 1933, ch. 193, § 4; R.C. 1943, § 54-1808.

57-01-01. Bond of tax commissioner.

The state tax commissioner must be bonded in the sum of seventy-five thousand dollars as other state officers are bonded.

Source: S.L. 1919, ch. 213, § 3; 1925 Supp., § 2092a3; R.C. 1943, § 57-0101; S.L. 1949, ch. 327, § 1; 1957 Supp., § 57-0101.

TESTIMONY

SENATE BILL NO. 2360

**HOUSE GOVERNMENT & VETERANS AFFAIRS COMMITTEE
FEBRUARY 11, 1999**

**BOB OLSON, ADMINISTRATOR
STATE BONDING FUND
NORTH DAKOTA INSURANCE DEPARTMENT**

Mr. Chairman and Members of the House Government & Veterans Affairs Committee. My name is Bob Olson and I am the Administrator of the State Bonding Fund. This fund was established by the 1919 legislature (N.D.C.C. 26.1-21) and is under the management of the Commissioner of Insurance.

We are in support of SB 2360, if only from the standpoint that we feel the majority, if not all, state entities are bonded with the fund. We have a total of 94 state entities bonded.

The wording that is being eliminated only addresses securing "a bond." This could be either a fidelity bond or a surety bond. A fidelity bond, which covers for theft and/or embezzlement, is what the fund provides and a surety bond is more of a performance of your duties type bond. It appears the main exposure to state entities would be theft of money and/or property.

The fund provides a blanket fidelity bond for state agencies, political subdivisions, and school districts for the protection of employee theft of property and money. The bond provides blanket coverage, which means everyone employed by the bonded entities, is automatically covered.

The premium for this bond is \$.25 per \$100 of bond coverage. The 1953 legislature waived this premium charge effective July 1, 1953 and there is still no premium charged. If the reserves of the Fund are depleted below the sum of \$2.5 million, the collection of premiums must be resumed for the bond at the same rate until the reserves reach a total of \$3 million.

The reserves to pay claims are currently \$4.4 million. During the 1989 legislative session \$5,000,000 was taken out of the fund reserves and put in the general fund and the 1991 legislature took \$2,000,000 out of the fund reserves and put in the general fund.

Presently, there are 2,889 bondholders with a total limit of liability (coverage in force) of \$516,000,000. The statute does not address what limit of liability these bondholders can bond for. This limit is determined by the bonded entity in cooperation with the fund.

In 1993, we reviewed our procedures and forms and discovered some changes needed to be made. We issued a new Insuring Agreement along with updated forms. All bondholders were sent a folder with the current forms and documents.

Claims presented to the fund have increased substantially since 1991 but are still not excessive and are very manageable in regard to the reserves in the fund. Attached is a breakout of claims activities over the past biennium's. Also attached is a list of the bondholders by the entity type.

I would be happy to try and answer any questions you may have.