

SENATE BILL NO. 2187

Introduced by

Senators Krebsbach, Grindberg, Schobinger

Representatives Carlson, Price, Ruby

1 A BILL for an Act to create and enact sections 26.1-27-02.1 and 26.1-27-03.1 of the North
2 Dakota Century Code, relating to the definition of home state and bond requirements for
3 third-party administrators; to amend and reenact section 26.1-27-03 of the North Dakota
4 Century Code, relating to fees for acting as a third-party administrator and the penalties for
5 acting without a third-party administrator license; to repeal section 26.1-27-04 of the North
6 Dakota Century Code, relating to the waiver of third-party registration requirements; and to
7 provide a penalty.

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

9 **SECTION 1.** Section 26.1-27-02.1 of the North Dakota Century Code is created and
10 enacted as follows:

11 **26.1-27-02.1. Home state defined.** In this chapter, "home state" means the District of
12 Columbia and any state or territory of the United States in which an administrator is
13 incorporated or maintains its principal place of business. If neither the state in which the
14 administrator is incorporated, nor the state in which it maintains its principal place of business
15 has a substantially similar law governing administrators, the administrator may declare another
16 state, in which it conducts business, to be its home state.

17 **SECTION 2. AMENDMENT.** Section 26.1-27-03 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **26.1-27-03. Certificate of registration authority required - Penalty.**

20 1. ~~No~~ A person, including a person who directly or indirectly underwrites, collects
21 charges or premiums from, or adjusts or settles claims on residents of this state in
22 connection with life, annuity, or health coverage provided by a self-funded plan,
23 may not act as or hold oneself out to be an administrator in this state, for the kinds
24 of business for which the person is acting as an administrator, without a certificate

- 1 of ~~registration~~ authority issued by the commissioner. Any person violating this
2 subsection is guilty of a class ~~B misdemeanor~~ C felony.
- 3 2. All applications must be accompanied by a filing fee of ~~twenty-five~~ one hundred
4 dollars.
- 5 3. The commissioner shall issue a certificate unless the commissioner after due
6 notice and hearing determines that the administrator is not competent, trustworthy,
7 financially responsible, or of good personal and business reputation, or has had a
8 previous application for an insurance license denied for cause within five years.
- 9 4. The administrator shall pay an annual renewal fee of ~~twenty-five~~ fifty dollars to
10 maintain the certificate.
- 11 5. After notice and hearing, the commissioner may revoke a certificate or fine the
12 administrator not more than ten thousand dollars, or both, or the commissioner
13 may suspend a certificate, or fine the administrator not more than five thousand
14 dollars, or both, upon finding that either the administrator violated section
15 26.1-27-05 and subsection 4 of section 26.1-27-06 and also violated subsection 1,
16 2, or 3 of section 26.1-27-06 or section 26.1-27-07, 26.1-27-08, 26.1-27-10,
17 26.1-27-11, or 26.1-27-12, or the administrator is not competent, trustworthy,
18 financially responsible, or of good personal and business reputation.

19 **SECTION 3.** Section 26.1-27-03.1 of the North Dakota Century Code is created and
20 enacted as follows:

21 **26.1-27-03.1. Home state bond requirement.** An administrator that administers or
22 will administer self-insured plans in its home state or any other state shall maintain a surety
23 bond for the use and benefit of the home state commissioner and the insurance regulatory
24 authority of any additional state in which the administrator is authorized to conduct business
25 and cover persons who have remitted premiums or insurance charges or other moneys to the
26 administrator in the course of the administrator's business in the greater of the following
27 amounts:

- 28 1. One hundred thousand dollars; or
- 29 2. Ten percent of the aggregate total amount of self-funded coverage under the plans
30 handled in the administrator's home state and all additional states in which the
31 administrator is authorized to conduct business.

- 1 **SECTION 4. REPEAL.** Section 26.1-27-04 of the North Dakota Century Code is
- 2 repealed.