

**Fifty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 4, 2005**

SENATE BILL NO. 2187  
(Senators Krebsbach, Grindberg, Schobinger)  
(Representatives Carlson, Price, Ruby)

AN ACT to create and enact section 26.1-27-03.1 of the North Dakota Century Code, relating to bond requirements for third-party administrators; to amend and reenact section 26.1-27-03 of the North Dakota Century Code, relating to fees for acting as a third-party administrator and the penalties for acting without a third-party administrator license; to repeal section 26.1-27-04 of the North Dakota Century Code, relating to the waiver of third-party registration requirements; and to provide a penalty.

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

**SECTION 1. AMENDMENT.** Section 26.1-27-03 of the North Dakota Century Code is amended and reenacted as follows:

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

1. ~~No~~ A person, including a person who directly or indirectly underwrites, collects charges or premiums from, or adjusts or settles claims on residents of this state in connection with life, annuity, or health coverage provided by a self-funded plan, may not act as or hold oneself out to be an administrator in this state, for the kinds of business for which the person is acting as an administrator, without a certificate of ~~registration~~ authority issued by the commissioner. Any person violating this subsection is guilty of a class ~~B-misdemeanor~~ C felony.
2. All applications must be accompanied by a filing fee of ~~twenty-five~~ one hundred dollars.
3. The commissioner shall issue a certificate unless the commissioner after due notice and hearing determines that the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation, or has had a previous application for an insurance license denied for cause within five years.
4. The administrator shall pay an annual renewal fee of ~~twenty-five~~ fifty dollars to maintain the certificate.
5. After notice and hearing, the commissioner may revoke a certificate or fine the administrator not more than ten thousand dollars, or both, or the commissioner may suspend a certificate, or fine the administrator not more than five thousand dollars, or both, upon finding that either the administrator violated section 26.1-27-05 and subsection 4 of section 26.1-27-06 and also violated subsection 1, 2, or 3 of section 26.1-27-06 or section 26.1-27-07, 26.1-27-08, 26.1-27-10, 26.1-27-11, or 26.1-27-12, or the administrator is not competent, trustworthy, financially responsible, or of good personal and business reputation.

**SECTION 2.** Section 26.1-27-03.1 of the North Dakota Century Code is created and enacted as follows:

**26.1-27-03.1. Bond or insurance requirement.** An administrator that administers or will administer self-insured plans in this state shall maintain a surety bond or proof of insurance satisfactory to the commissioner for the use and benefit of the commissioner for covered persons who have remitted premiums or insurance charges or other moneys to the administrator in the course of the administrator's business in the greater of the following amounts:

1. One hundred thousand dollars; or
2. Ten percent of the aggregate total amount of administered coverage under the plans handled in this state.

**SECTION 3. REPEAL.** Section 26.1-27-04 of the North Dakota Century Code is repealed.

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President of the Senate

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Speaker of the House

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Secretary of the Senate

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Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-ninth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2187.

Senate Vote:    Yeas    47        Nays    0        Absent    0

House Vote:    Yeas    88        Nays    3        Absent    3

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Secretary of the Senate

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2005.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2005,  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State