

SENATE BILL NO. 2173

Introduced by

Senators K. Roers, Patten, Weber

Representatives Mock, Pyle, Stemen

1 A BILL for an Act to amend and reenact subsection 1 of section 26.1-26-04.1 of the North
2 Dakota Century Code, relating to insurance fees for annuities.

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

4 **SECTION 1. AMENDMENT.** Subsection 1 of section 26.1-26-04.1 of the North Dakota
5 Century Code is amended and reenacted as follows:

- 6 1. Notwithstanding any other provision of this title, an insurance producer may charge a
7 fee for any services rendered in connection with the sale, solicitation, negotiation,
8 placement, or servicing of an insurance contract, if the following conditions are met:
- 9 a. The fees may not be charged on a personal lines account, such as personal
10 homeowners and automobile, personal life, and health insurance. This
11 subdivision does not prohibit an insurance producer from charging a fee on an
12 annuity or an annuity contract.
- 13 b. Before rendering the services and accepting any payment, a written disclosure
14 must be provided to the party to be charged on a form approved by the
15 commissioner disclosing:
- 16 (1) The nature of the services for which the fees will be charged along with a
17 separate itemization of the amount of the fees;
- 18 (2) That the fees are charged in addition to any premiums paid;
- 19 (3) That if the insurance producer is also an appointed agent of an insurer with
20 which coverage is being considered for placement, a statement that the
21 insurance producer also represents the insurer in the transaction and owes
22 a duty of loyalty to the insurer; and

- 1 (4) That if the insurance producer is to receive a commission from the sale of
2 an insurance policy related to the services rendered, a statement clearly
3 and completely disclosing that the:
- 4 (a) Insurance producer will receive a commission from the insurer which
5 is paid from the premiums owed for the insurance; and
6 (b) Amount of commission received by the insurance producer may differ
7 depending on the product sold and the insurer.
- 8 c. The disclosure required by this section must be signed and dated by both the
9 producer and the party to be charged.
- 10 d. The producer shall retain the signed disclosure required by this section for not
11 less than five years following the completion of the service. A copy of the signed
12 disclosure must be available to the commissioner for inspection upon request.
- 13 e. The insurance producer may not pay or return, or offer to pay or return, all or part
14 of a fee charged as an inducement to purchase a specific policy, or coverage
15 within a policy, or coverage from a particular insurer.
- 16 f. Any fee charged under this section must bear a reasonable relationship to the
17 services provided and may not be discriminatory.