

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to create and enact ~~a new subdivision to subsection 1 of section 26.1-01-07-~~
2 ~~and~~ a new subsection to section 26.1-26.7-02 of the North Dakota Century Code, relating to the
3 licensing of insurance producers; and to amend and reenact subsection 2 of section
4 26.1-02.1-01, ~~section 26.1-02.1-02.1~~, subdivision c of subsection 1 of section 26.1-26-13.3,
5 ~~section~~sections 26.1-26-33, ~~subsection 5 of section 26.1-26-42~~ and ~~section~~ 26.1-26-42.1,
6 subdivision c of subsection 1 of section 26.1-26.9-03, and subsection 2 of section 26.1-26.9-05
7 of the North Dakota Century Code, relating to the licensing of insurance producers; and to
8 provide for a legislative management study.

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

10 ~~**SECTION 1.** A new subdivision to subsection 1 of section 26.1-01-07 of the North Dakota~~
11 ~~Century Code is created and enacted as follows:~~

12 ~~For applying for written consent granting permission to participate in the business~~
13 ~~of insurance to a person that has been convicted of a felony involving dishonesty~~
14 ~~or breach of trust or has been convicted of an offense under title 18, United~~
15 ~~States Code, section 1033, one hundred dollars.~~

16 **SECTION 1. AMENDMENT.** Subsection 2 of section 26.1-02.1-01 of the North Dakota
17 Century Code is amended and reenacted as follows:

- 18 2. "Business of insurance" means the writing of insurance or the reinsuring of risks by an
19 insurer, including acts necessary or incidental to writing insurance or reinsuring risks
20 and the activities of persons who act as or who are officers, directors, agents,
21 producers, or employees of insurers, or who are other persons authorized to act on
22 their behalf. The term does not include the activities of the North Dakota life and health
23 insurance guaranty association or the North Dakota insurance guaranty association.

1 ~~SECTION 3. AMENDMENT.~~ Section 26.1-02.1-02.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 ~~26.1-02.1-02.1. Fraudulent insurance acts, interference, participation, and licensure of~~
4 ~~convicted felons prohibited.~~

5 ~~1. A person may not commit a fraudulent insurance act.~~

6 ~~2. A person may not knowingly or intentionally interfere with the enforcement of the~~
7 ~~provisions of this chapter or investigations of suspected or actual violations of this~~
8 ~~chapter.~~

9 ~~3. a. Unless a person has obtained the written consent of the commissioner as~~
10 ~~described under subdivision b, a person convicted of a felony involving~~
11 ~~dishonesty or breach of trust or convicted of an offense under title 18, United~~
12 ~~States Code, section 1033, may not participate in the business of insurance. The~~
13 ~~commissioner shall deny an application for license under chapter 26.1-26, or~~
14 ~~shall revoke or shall refuse to renew a license issued under chapter 26.1-26, if~~
15 ~~the commissioner finds the applicant or licensee has been convicted of a felony~~
16 ~~involving dishonesty or breach of trust or has been convicted of an offense under~~
17 ~~title 18, United States Code, section 1033, unless the person has obtained the~~
18 ~~written consent of the commissioner as described under subdivision b.~~

19 ~~b. The commissioner may grant written consent granting permission to participate in~~
20 ~~the business of insurance to a person that has been convicted of a felony~~
21 ~~involving dishonesty or breach of trust or has been convicted of an offense under~~
22 ~~title 18, United States Code, section 1033. To receive the written consent of the~~
23 ~~commissioner, a person shall make application as prescribed by the~~
24 ~~commissioner and pay the fees set forth in section 26.1-01-07. Upon receipt of~~
25 ~~written consent of the commissioner, a person may make an application under~~
26 ~~chapter 26.1-26.~~

27 ~~c. A person in the business of insurance may not knowingly or intentionally~~
28 ~~permit a person convicted of a felony involving dishonesty or breach of trust to~~
29 ~~participate in the business of insurance without written consent of the~~
30 ~~commissioner.~~

1 **SECTION 2. AMENDMENT.** Subdivision c of subsection 1 of section 26.1-26-13.3 of the
2 North Dakota Century Code is amended and reenacted as follows:

3 c. Has paid to the commissioner or the commissioner's designee the fees set forth
4 in section 26.1-01-07; and

5 **SECTION 3. AMENDMENT.** Section 26.1-26-33 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **26.1-26-33. Notification of address change - Duty of licensee.**

8 Every licensee shall notify the commissioner of any change in the licensee's residential or
9 business address or legal name within thirty days of the change. Notification may occur through
10 the insurance producer database maintained by the national association of insurance
11 producers, its affiliates, or subsidiaries. Any licensee who ceases to maintain residency in this
12 state shall deliver the insurance license to the commissioner by personal delivery or by mail
13 within thirty days after terminating residency.

14 ~~— **SECTION 6. AMENDMENT.** Subsection 5 of section 26.1-26-42 of the North Dakota~~
15 ~~Century Code is amended and reenacted as follows:~~

16 ~~— 5. The applicant or licensee has been convicted of a felony or convicted of an~~
17 ~~offense, as defined by section 12.1-01-04, determined by the commissioner to have a~~
18 ~~direct bearing upon a person's ability to serve the public as an insurance producer,~~
19 ~~insurance consultant, or surplus lines insurance producer, or the commissioner finds,~~
20 ~~after conviction of an offense, that the person is not sufficiently rehabilitated under~~
21 ~~section 12.1-33-02.1 or has not received written consent of the commissioner as~~
22 ~~permitted in subsection 3 of section 26.1-02.1-02.1 regarding the felony or offense.~~

23 **SECTION 4. AMENDMENT.** Section 26.1-26-42.1 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **26.1-26-42.1. Revocation of nonresident license.**

26 Notwithstanding the provisions of subsection 13 of section 26.1-26-42, any nonresident
27 license issued pursuant to this chapter may be suspended or revoked without notice and
28 hearing to the licensee and without proceeding in conformity with chapter 28-32, upon evidence
29 ~~in the form of a certified copy that the authority which issued the resident license to~~ of the North
30 Dakota nonresident licensee has been revoked or suspended the resident license. This

1 evidence may be in the form of a certified copy or through the insurance producer database
2 maintained by the national association of insurance producers, its affiliates, or subsidiaries.

3 **SECTION 5.** A new subsection to section 26.1-26.7-02 of the North Dakota Century Code is
4 created and enacted as follows:

5 A vendor, and the vendor's employees or authorized representatives, are exempt from
6 the continuing education requirements of section 26.1-26-31.1.

7 **SECTION 6. AMENDMENT.** Subdivision c of subsection 1 of section 26.1-26.9-03 of the
8 North Dakota Century Code is amended and reenacted as follows:

- 9 c. Provide the actual terms of the self-service storage insurance coverage, or
10 summarize the material terms of the insurance coverage, including:
11 (1) The identity of the insurer;
12 (2) The identity of the supervising entity, if any;
13 (3) The amount of any applicable deductible and how the deductible is to be
14 paid;
15 (4) Benefits of the coverage; and
16 (5) Key terms and conditions of the coverage.

17 **SECTION 7. AMENDMENT.** Subsection 2 of section 26.1-26.9-05 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 2. a. ~~In lieu of providing the information for all officers, directors, and shareholders~~
20 ~~owning more than ten percent of the applicant, the~~The applicant shall provide the
21 name, residential address, and other information required by the commissioner
22 for ~~an employee or officer of the owner or~~the supervising entity designated by the
23 applicant as the person responsible for the owner's compliance with the
24 ~~requirements~~insurance laws, rules, and regulations of this chapter~~state~~. However,
25 if
26 b. If the owner derives more than fifty percent of the owner's revenue from the sale
27 of self-service storage insurance, the names, residential addresses, and other
28 information required under this subsection by the commissioner must be provided
29 for all officers, directors, and shareholders of record having beneficial ownership
30 of ten percent or more.

1 | **SECTION 8. LEGISLATIVE MANAGEMENT STUDY - WRITTEN CONSENT FOR**
2 | **CERTAIN INSURANCE PRODUCERS.** During the 2021-22 interim, the legislative management
3 | shall consider studying the process for obtaining written consent under the provisions of the
4 | Violent Crime Control and Law Enforcement Act of 1994 codified at 18 U.S.C. Section 1033
5 | [Pub. L. 103-322] for individuals otherwise excluded from licensure as insurance producers. The
6 | legislative management shall report its findings and recommendations, together with any
7 | legislation required to implement the recommendations, to the sixty-eighth legislative assembly.