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# INSURANCE

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## CHAPTER 167 (S. B. No. 84—Atkins)

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### INSURANCE OF SCHOOL PROPERTY IN MUTUAL AND OLD LINE FIRE INSURANCE COMPANIES

**An Act Authorizing the School Board of Any School District Whose Property is Not Required by Law to be Insured Against Loss by Fire or Tornado by the State Fire and Tornado Fund to Insure the Property of Such District Against Such Loss in Mutual Fire Insurance Companies or in Old Line Fire Insurance Companies.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That the property of any school district which is not required by law to be insured against loss by fire or tornado by the State Fire and Tornado Fund may, in the discretion of the school board of such district, be insured against such loss in mutual fire insurance companies or in old line fire insurance companies; provided, that no such insurance may be so placed by any school board except in companies duly authorized under the laws of the state to do business in the State of North Dakota.

Approved February 10, 1927.

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## CHAPTER 168 (S. B. No. 202—Atkins)

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### INVESTMENT OF FUNDS OF COUNTY MUTUAL INSURANCE COMPANIES

**An Act Providing for the Investment of the Funds of County Mutual Insurance Companies, and Prescribing the Character of Such Investment.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

From and after the taking effect of this act every county mutual insurance company, organized or existing under Article 20 of Chapter 18 of the Civil Code of North Dakota, and acts amendatory thereto, must have and keep sixty per cent of all its reserve or moneys accumulated in the course of its business invested in United States bonds or bonds of the State of North Dakota. Provided, however, as to such companies now in existence whose funds are otherwise invested or on deposit, the investment herein provided for shall be accomplished as follows: On the first day of November, 1927, fifteen per cent of all such funds must be so invested; by the first day of February, 1928, thirty per cent must be so invested; by

the first day of November, 1928, forty-five per cent must be so invested, and by the first day of February, 1929, the full sixty per cent must be so invested, which bonds may be insured against theft and burglary. Provided further, however, if such funds of any company are invested at the time of the taking effect of this act in a character of securities that cannot be realized upon for the purpose of complying herewith, such company must make full detailed report of its condition and the reason why it cannot so comply to the Commissioner of Insurance, who shall thereupon investigate the conditions of its investments and prescribe rules, regulations and conditions under which it must comply with the provisions hereof, and the Insurance Commissioner may make such order in the premises as shall be necessary and in his opinion best calculated to bring about full compliance with this act at the earliest possible time.

Approved March 7, 1927.

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CHAPTER 169

(H. B. No. 119—Johnston)

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HEALTH OR ACCIDENT INSURANCE POLICY

**An Act to Amend and Re-enact Sub-division 3 of Section 6637, Compiled Laws of 1913, Relating to Form and Provisions Required in Insurance Policies.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] Sub-division 3 of Section 6637 is hereby amended and re-enacted so as to read as follows:

(3) A provision that if a past-due premium is accepted after lapse, such acceptance shall reinstate the policy in full, but the insurance so reinstated shall not cover any injury that may have occurred while the policy was in suspension.

Approved February 16, 1927.

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CHAPTER 170

(S. B. No. 119—Rusch)

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LIFE INSURANCE DIRECTORS, OFFICERS AND AGENTS OF CORPORATIONS

**An Act Relating to Insurance Upon Lives of Directors, Officers, Agents and Employees of Corporations and Prescribing What Shall Constitute Evidence of Due Authority for All Corporate Actions With Reference Thereto.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. (a) Whenever a corporation, organized under the laws of this State, has heretofore caused or shall hereafter cause to be

insured the life of any director, officer, agent or employee, or whenever such corporation is named as a beneficiary in or assignee of any policy of life insurance, due authority to effect, assign, release, relinquish, convert, surrender, change the beneficiary, or to take any other or different action with reference to such insurance, shall be sufficiently evidenced to the insurance company by a written statement to that effect, signed by the President and the Secretary or other corresponding officers of such corporation, under its corporate seal. Such statement shall be binding upon such corporation and shall protect the insurance company concerned in any act done or suffered by it upon the faith thereof without further inquiry into the validity of the corporate authority or the regularity of the corporate proceedings.

(b) No person shall be disqualified, by reason of interest in the subject matter, from acting as a director or as a member of the Executive Committee of such corporation on any corporate act touching such insurance.

§ 2. This act shall take effect and be in force from and after its passage and approval.

Approved February 19, 1927.

Note: The foregoing measure carried the following vote on final passage:

Senate—31—16—2.

House—60—50—2.

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## CHAPTER 171

(S. B. No. 67—Olson of Burleigh)

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### INCONTESTABLE CLAUSE LIFE INSURANCE POLICIES

An Act to Amend and Re-enact Sub-Section 3 of Section 6635c of the Compiled Laws of North Dakota for the Year 1913, Relating to the Incontestable Clause to be Included in the Required Provisions of Life Policies.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] Sub-section 3 of Section 6635c of the Compiled Laws of the State of North Dakota for the year 1913 is hereby amended and re-enacted to read as follows:

§ 6635c. (3) A provision that the policy shall constitute the entire contract between the parties and shall be incontestable after it shall have been in force during the lifetime of the insured for two years from its date, except for nonpayment of premiums and except for violations of the policy relating to the naval or military

service in time of war and at the option of the company provisions relative to benefits in the event of total and permanent disability and provisions which grant additional insurance specifically against death by accident may also be excepted.

§ 2. All acts or parts of acts, insofar as inconsistent with the provisions of this act, are hereby repealed.

§ 3. This act is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval.

Approved February 19, 1927.

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CHAPTER 172  
(S. B. No. 185—Tofsrud)

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**REFUND HAIL TAX CERTIFICATES AND HAIL TAXES**

**An Act Providing for a Refund to Hail Tax Purchasers and Persons Paying Hail Taxes for Which Their Lands Were Not Liable, Designating the Funds From Which Payment Shall Be Made, and Declaring the Duty of the Insurance Commissioner in Relation Thereto.**

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. Whenever any lands have heretofore been sold for hail taxes to purchasers other than the county, and it develops that they were subject to a paramount lien and such lien is foreclosed and the purchaser's right under his tax certificate cut out, such purchaser, or his assigns, shall be refunded the amount of the sale, with interest at the rate of five per cent per annum, by the Hail Insurance Department as hereinafter provided.

§ 2. The holder of the certificate must make application for the refund to the Commissioner of Insurance, tendering his certificate and an assignment thereof to the department and making proof satisfactory to the Commissioner of Insurance that the title to the land has been lost under a paramount lien and that he has not been compensated in any way for the money paid for the certificate. Upon being so satisfied, the Commissioner of Insurance shall refund to the holder such amount with interest. Upon making any such refund the Commissioner shall take an assignment of the certificate in trust for the benefit of the Hail Insurance Department, and in case the tax debtor ever becomes the owner of the land affected, the tax represented by such certificate shall again attach as a lien upon his interest.

§ 3. Such refunds shall be made from the following funds, to-wit: a reserve fund that has been set aside or otherwise created or treated as existing in the Hail Insurance Department as a fund to meet anticipated refunds or abatements of indemnity hail taxes; a

reserve fund that has been set aside or otherwise created or treated in the Hail Insurance Department as a fund to meet expected losses from uncollectable taxes from year to year; interest and penalties collected on delinquent hail indemnity taxes on all lands for the year 1927 and successive years, and interest collected on all interest bearing funds of the Hail Insurance Department for the year 1927 and succeeding years. These funds shall be resorted to in the order stated to whatever extent may be necessary to make all such refunds.

§ 4. The refunds hereinbefore provided for shall be made in the order in which applications therefor are made.

§ 5. No claim for a refund by a tax certificate holder shall be allowed unless presented within one year after the loss of title. PROVIDED, HOWEVER, that in cases where such loss has occurred prior to January 1st, 1927, the claim may be presented at any time up to January 1st, 1928. No claim for a refund of taxes paid shall be allowed unless made before January 1st, 1928.

§ 6. At each succeeding session of the legislature the Commissioner of Insurance shall make detailed report to the legislature of all refunds made under the provisions of this act, together with the fullest practical statement of probable outstanding claims, together with a detailed estimate of the amounts that will be required in succeeding years to meet the requirements of this act.

§ 7. Whereas some question of constitutionality may become involved as to the right to resort to some of the funds herein mentioned for the purpose to which it is sought to apply them, it is especially declared that the resort to any particular fund is not the inducement for the resort to any other fund mentioned, and that if any such part of this act shall be held to be unconstitutional it is the purpose and intent that all other parts shall nevertheless be valid and enforceable.

Approved March 7, 1927.

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### CHAPTER 173

(S. B. No. 184—Olson of Burleigh)

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#### INSURANCE ON PUBLIC BUILDINGS, CLASSIFICATION AND LIMITATION OF AMOUNT

An Act to Amend and Re-enact Sections 3, 8 and 10, Chapter 159, Session Laws 1919, and Section 13 of Chapter 154, Session Laws of 1925, Relating to Insurance on Public Buildings, Providing for the Classification of All Public Property, and Limiting the Amount of Insurance to Be Carried by the State Fire and Tornado Fund.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. That Section 3 of Chapter 159, Session Laws of 1919, be amended and re-enacted to read as follows:

§ 3. INSURANCE PROVIDED.] On or between July 1st and August 1st, 1919, and annually thereafter, the Commissioner shall provide for the insurance in the State Fire and Tornado Fund, and in reliable fire and tornado insurance companies doing business in the State of North Dakota, as hereinafter provided, of all state property subject to destruction by fire and tornado, for an amount not to exceed ninety per cent (90%) of the actual value of the property, as such value is determined by the Commissioner and the officer or board having control of such property, and for such purpose the Commissioner of Insurance is hereby designated and constituted the custodian of said property. The Commissioner shall first determine the insurance value of each article of property and shall fix the rate of premium in accordance with the rates promulgated by the general inspection bureau. Provided that in placing such insurance in the private companies hereinbefore mentioned, the Commissioner of Insurance shall, so far as possible, place such insurance business through North Dakota agents of such companies residing in the county in which the property insured is located.

§ 2. That Section 8, Chapter 159, Session Laws of 1919, be amended and re-enacted to read as follows:

§ 8. LOSSES. HOW PAID.] All losses by fire and tornado shall be paid out of the State Fire and Tornado Fund, and by other reliable insurance companies in which such property shall be insured, as provided by law, in amount not exceeding the amount of insurance upon the particular risk. The losses upon any building or property insured in the State Fire and Tornado Fund, and in reliable fire and tornado insurance companies, whether totally destroyed or partially damaged by fire or tornado, shall be adjusted by the State Commissioner of Insurance, or his duly authorized representative, and by the duly authorized representative of the private insurance companies interested. Immediately upon the happening or occasion, agents or agency having charge or control of the property destroyed or damaged, shall by telegram or in writing, notify the Commissioner of Insurance, giving the description of the property, the amount of insurance carried, the probable amount of loss or damage and the probable cause of loss or damage, and such information shall be immediately transmitted to the private insurance companies interested by said Commissioner. The persons or agency having control of such damaged property shall not disturb the same, except as provided in the policy, until the Commissioner of Insurance or his agents, and the duly authorized agent or representative of the interested private insurance companies, shall have appeared and adjusted the loss or shall have notified them that the information on which adjustment is to be made

has been secured. Adjustments and allowances for loss and damage to insured property shall be paid out of the State Fire and Tornado Fund upon warrants drawn by the Commissioner of Insurance upon the State Treasurer against the State Fire and Tornado Fund in proportion to the amount covered by said State Fire and Tornado Fund.

However, if at any time sufficient funds are not available in the State Fire and Tornado Fund to cover its proportion of any loss or damage sustained by fire or tornado, the person or board under whose supervision or charge such building or property might be, shall submit to the Commissioner of Insurance a claim for the amount of its proportion of the adjustment of loss or damage, made by him, which claim, when approved by the Commissioner of Insurance shall be by him submitted to the State Auditing Board, and if the State Auditing Board shall approve the same it shall make it payable ninety (90) days after the end of the next session of the legislature, it shall bear interest at five per cent (5%) per annum, and the State Auditor shall on the ninetieth day succeeding the last day of the next session of the legislature draw a warrant upon the State Treasurer against any fund appropriated by such legislature for that purpose, payable to such person or board, as Trustee for the state or political subdivision which they represent, in the amount of such claim with interest. Thereafter, whenever the State Fire and Tornado Fund shall have acquired a surplus sufficient to pay any and all the claims paid out of such special funds of the state, the Commissioner of Insurance shall draw his warrants upon the State Treasurer against the State Fire and Tornado Fund, payable to the State Treasurer, and deliver the same to the State Treasurer, and the amount of said warrants shall be credited to the general fund of the state.

§ 3. That Section 10, Chapter 159, Session Laws of 1919, be amended and re-enacted to read as follows:

§ 10. ARBITRATION OF LOSS.] In case an agreement as to the amount of the loss cannot be arrived at between the Commissioner of Insurance, or his representative, the interested private insurance companies and their representative, and the person or board representing the state or political subdivision, such loss shall be arbitrated, as provided by law.

§ 4. That Section 13, Chapter 154, Session Laws of 1925, be amended and re-enacted to read as follows:

§ 13. CLASSIFICATION AND LIMITATION OF RISK.] It shall be the duty of the Insurance Commissioner to classify all property reported to him under the provisions of Sections 1 and 2 of this act, into three distinct classifications as hereinafter set forth, and

to provide insurance thereon in the State Fire and Tornado Fund and with some reliable fire and tornado insurance company or companies in accordance with the limitations shown under each classification.

CLASS I. All of the following described property is hereby designated as Class I, and the entire risk of all insurance carried upon the same shall be by the State Fire and Tornado Fund.

“A” Fire-proof building, with fire-proof roof.

“AX” Fire-proof building, with combustible roof.

CLASS II. All of the following described property shall be designated as Class II, and fifty per cent (50%) of the insurance to be carried on each risk shall be by the State Fire and Tornado Fund. Provided, that no single risk thereon in an amount greater than One Hundred Thousand Dollars (\$100,000.00) shall be carried by such fund.

“B” Brick, stone or concrete building, with gravel, slag, metal, slate, tile or composition, or other approved roof.

“BX” Brick, stone or concrete building, with shingle, board or unapproved composition roof.

CLASS III. All of the following described property is hereby designated as Class III, and no single risk in an amount greater than Twenty-five Thousand Dollars (\$25,000.00) shall be carried by the State Fire and Tornado Fund. Provided, that all risk of Ten Thousand Dollars (\$10,000.00) or less shall be carried net by such fund. Provided further, that the State Fire and Tornado Fund shall carry not to exceed twenty-five per cent (25%) on all risks exceeding Ten Thousand Dollars (\$10,000.00) and up to and including Twenty-five Thousand Dollars (\$25,000.00).

“E” Hollow-concrete-block, concrete block or hollow tile building (with or without 4-inch brick facing), with gravel, slag, metal, slate, tile or approved composition, or other approved roof.

“EX” Hollow-concrete-block, concrete block or hollow tile building (with or without 4-inch facing), with shingle, board or other unapproved composition roof.

“D” Frame building, with gravel, slag, metal, slate, tile or approved composition or other approved roof.

“DX” Frame building, with shingle, board or unapproved composition roof.

“IC” Frame, wood-sheathed, iron-covered building with gravel, slag, metal, slate, tile or approved composition, or other approved roof.

“ICX” Frame, wood-sheathed, iron-covered building, with shingle board or unapproved composition roof.

“SIC” Skeleton wood frame, without wood sheathing, iron-covered building, with gravel, slag, metal, slate, tile or approved composition, or other approved roof.

“BV” Brick, stone, or hollow-block veneered building, with shingle, board or metal slate, tile or approved composition or other approved roof.

“BVX” Brick, stone, or hollow block veneered building, with shingle, board or unapproved composition roof.

“P” Frame, plaster or stucco, covered building, with gravel, slag, metal, slate, tile or approved composition or other approved roof.

“PX” Frame, plaster or stucco covered building, with shingle, board or unapproved composition roof.

“S” Skeleton steel (incombustible) construction with incombustible roof.

“SS” Skeleton steel construction with combustible roof covered with gravel, slag, metal, slate, tile, approved composition or other approved roof covering.

“SSX” Skeleton steel construction with combustible roof covered with shingle, board or unapproved roof covering.

Approved March 7, 1927.

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#### CHAPTER 174

(S. B. No. 108—Magnuson)

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#### READJUSTMENT OF INSURANCE RATES

An Act to Amend and Re-enact Section 9 of Chapter 159 of the Session Laws for the Year 1919, Relating to Readjustment of Rates.

*Be It Enacted by the Legislative Assembly of the State of North Dakota:*

§ 1. AMENDMENT.] That Section 9 of Chapter 159 of the Session Laws for the year 1919 be and the same is hereby amended and re-enacted to read as follows:

§ 9. READJUSTMENT OF RATES.] If and when the State Fire and Tornado Fund shall equal five per cent of the risks carried, it shall be the duty of the Commissioner of Insurance to so adjust the premium to be paid as to reduce the amount to the lowest possible amount consistent with maintaining said Fire and Tornado Fund at said per cent.

Approved February 28, 1927.