
INSURANCE

CHAPTER 206

S. B. No. 127

Introduced by Senators Schrock, Reinke and Morgan

ACCIDENT OR SICKNESS INSURANCE POLICY RESTRICTIONS

An Act Invalidating any provision in any accident or sickness insurance policy denying the insured the right, in case of accident or sickness, to consult or employ the doctor, or to enter the hospital or sanitarium of his choice; and requiring the insurance company issuing the policy to recognize a proof of claim certified by such doctor or hospital.

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

§ 1. Any provision in any accident or sickness insurance policy issued by any insurance company licensed to do business in the State of North Dakota, denying the insured, in case of accident or sickness, to consult or employ any doctor licensed to practice in this state he may choose, or to enter any hospital or sanitarium organized and operating under the laws of this state he may [may] select shall be void; and any such insurance company is hereby required to recognize any proof of claim duly certified by such doctor or hospital or sanitarium notwithstanding any provision contained in such policy.

Approved March 12, 1945.

CHAPTER 207

S. B. No. 105

Introduced by Senators Peterson, Bridston and Lofthus

AUTHORIZING "LLOYDS" INSURANCE PLAN

An Act To authorize the Insurance Commissioner of the State of North Dakota to permit certain associations of individuals to transact insurance other than life in the State of North Dakota, and providing certain requirements with reference thereto, and providing such associations of individuals shall comply with Section 26-1423 of the North Dakota Revised Code of 1943, as far as the same is applicable.

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

§ 1. Associations of individuals, citizens of the United States,

whether organized within this state or elsewhere within the United States, formed upon the plan known as Lloyds, whereby each associate underwriter becomes liable for a proportionate part of the whole amount insured by a policy, may be authorized to transact insurance other than life in this state in such manner and on such terms as the insurance commissioner may direct providing that if such organization shall be possessed of cash on hand and securities of the underwriters satisfactory to the insurance commissioner after deducting all liabilities except insurance reserve, to the amount of not less than \$250,000.00, and in addition thereto shall be possessed of guaranteed subscriptions or other securities of the underwriters satisfactory to the insurance commissioner to an amount of not less than \$25,000.00, making a total of \$500,000.00 so possessed, and if the net cash on hand shall be equal to the re-insurance reserve calculated on a basis of 50 percent of the premiums in force on policies running one year or less from date of policy, and a prorata amount on policies running more than one year from date of policy, except upon inland and marine risks, which shall be computed by charging 50 per cent of the amount of premium written in its policies upon yearly risks and upon risks covering more than one passage not terminated, and the full amount of premiums written in policies upon all other inland and marine risks not terminated, and such other reserves as may be required by law and the insurance commissioner, and if evidence shall be furnished to the insurance commissioner that the underwriters are men of good financial standing, responsible for their obligations, and that the organization does not issue policies of insurance on any one risk in greater sums than one-fifth of the aggregate of the cash paid in, the aforesaid securities and the subscriptions of the several underwriters or the amount to which they may become liable, unless the excess shall be provided by re-insurance, the commissioner shall license them under similar requirements as are made and prescribed in Section 26-1423 of the North Dakota Revised Code of 1943 for the admission of foreign mutual insurance companies so far as the same may reasonably apply.

Approved March 9, 1945.

CHAPTER 208

S. B. No. 53
Introduced by Senator Page

BENEVOLENT SOCIETIES; REGULATIONS

An Act To Amend and Re-enact Section 26-2501 of the North Dakota Revised Code of 1943, Relating to Benevolent Societies.

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

§ I. AMENDMENT.] That Section 26-2501 of the North Dakota Revised Code of 1943 be, and the same is hereby amended and re-enacted to read as follows:

§ 26-2501. BENEVOLENT SOCIETIES AND JURISDICTION OF COMMISSIONER OF INSURANCE.] Benevolent societies, as defined in Section 26-2502, shall be under the jurisdiction of the commissioner of insurance and shall be and remain subject to all the laws, rules and regulations applicable to insurance companies transacting business within this state, except as specifically provided.

Approved March 13, 1945.

CHAPTER 209

S. B. No. 190
Introduced by Senator Bridston

CATASTROPHE INSURANCE WRITTEN ON BIDS

An Act To amend and reenact Section 26-2423 and Section 26-2424 and to repeal Section 26-2425 of the North Dakota Revised Code of 1943 relating to catastrophe insurance.

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

§ I. AMENDMENT.] That Section 26-2423 of the North Dakota Revised Code of 1943 be amended and reenacted to read as follows:

26-2423. CATASTROPHE INSURANCE WRITTEN ON BIDS.] On or before the second Monday in July of 1943, and of each odd-numbered year thereafter, the commissioner of insurance shall publish in the official newspaper of Burleigh County, North Dakota, a notice that on the last Monday in July the insurance commissioner will accept bids for such catastrophe insurance at his office in the city of Bismarck. A copy of such notice also shall be posted at the

office of the fire and tornado fund. A copy of said notice shall also be mailed to each insurance company licensed to do business in the State of North Dakota. A schedule of all properties insured by the state fire and tornado fund shall be made available by the insurance commissioner to any person, firm, or corporation who may request the same. On said last Monday in July of each odd-numbered year, the commissioner of insurance shall contract for such excess catastrophe insurance from the company or group of companies submitting the lowest responsible and qualified bid therefor, for the two-year period commencing on the ensuing first day of August.

§ 2. AMENDMENT.] That Section 26-2424 of the North Dakota Revised Code of 1943 be amended and reenacted to read as follows:

26-2424. COMMISSIONER MAY MODIFY CATASTROPHE INSURANCE PROVISIONS.] If, for any reason, it is found impossible to secure catastrophe insurance exactly according to the stipulations in Section 26-2422, the commissioner of insurance may make whatever changes are necessary in these stipulations in order to secure catastrophe bids from insurance companies, but no loss shall be covered by such catastrophe insurance below one hundred thousand dollars. If the commissioner of insurance should find that insurance companies would not include the state mill and elevator, the twine and cordage plant, or any other extraordinary industrial risks of like nature owned by the state of North Dakota or any of its political subdivisions, he may secure reinsurance on such risks, over one hundred thousand dollars, through separate bids in the manner provided in Section 26-2423. The cost of either catastrophe insurance or reinsurance on extraordinary industrial risks shall be collected by the insurance commissioner from the industry or its governing board.

§ 3. REPEAL.] Section 26-2425 of the North Dakota Revised Code of 1943 is hereby repealed.

Approved March 13, 1945.

CHAPTER 210

S. B. No. 85

Introduced by Senator Morgan

COUNTY MUTUAL INSURANCE COMPANIES, LIMITATIONS

An Act To amend and re-enact Section 26-1513 of the North Dakota Revised Code of 1943 relating to county mutual insurance companies: Terms of policy, property insurable.

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

§ 1. AMENDMENT.] Section 26-1513 of the North Dakota Revised Code of 1943 be and the same is hereby amended and re-enacted to read as follows:

26-1513. TERRITORIAL LIMITS OF COMPANY'S OPERATIONS: TERMS OF POLICIES: PROPERTY INSURABLE.] A company formed under the provisions of this chapter shall not insure any property beyond the limits of the territory comprised in the formation of the company except as provided in subsection 3 of Section 26-1502. Its policies shall be issued for not to exceed five years. No policy shall be issued covering property located within the platted limits of any incorporated municipality in this state. The company shall not insure other than:

1. Detached dwellings and their contents;
 2. Farm buildings and their contents;
 3. Country schoolhouses and the furniture, books and fixtures therein;
 4. Country churches and the furniture and other contents thereof;
 5. Automobiles, and a policy covering automobiles shall cover the same only when they are in buildings or on premises described in the policy;
 6. Livestock on the premises of the owner or anywhere within the limits of the territory within which the company is authorized to operate;
 7. Farm machinery and vehicles including threshing machines, combine threshers, and tractors, or other farmer owned property as described in the policy;
 8. Hay or grain in stack on the premises of the owner thereof.
- Policies issued by the company may cover loss or damage to livestock, harness, vehicles, and farm machinery while temporarily on or off the premises of the insured.

Approved March 9, 1945.

CHAPTER 211

S. B. No. 74

Introduced by Senators Lofthus and Peterson

COUNTY MUTUAL INSURANCE COMPANIES,
ORGANIZATION

An Act To Amend and Re-enact Section 26-1501 of the North Dakota Revised Code of 1943, Relating to Organization of County Mutual Insurance Companies.

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

§ I. AMENDMENT.] That Section 26-1501 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

§ 26-1501. COUNTY MUTUAL INSURANCE COMPANY: ORGANIZATION; ORGANIZERS REQUIRED.] A corporation for mutual insurance against loss or damage by fire, lightning, cyclone, explosion, except the explosion of steam boilers and flywheels, riot, riot attending a strike, civil commotion, aircraft, vehicles and smoke to the property of the insured, or all of such forms of insurance, may be formed in accordance with the provisions of this chapter by:

1. Any number of persons, not less than fifty, residing in not more than ten counties in this state, who collectively own property of not less than one hundred thousand dollars in value which they desire to insure; or
2. Any number of persons, not less than twenty-five, residing in any one county in this state, who collectively own property of not less than twenty-five thousand dollars in value which they desire to insure.
3. No such company shall write insurance, insuring against loss by reason of bodily injury to a person or against legal liability of the insured arising out of the death or injury of any person, or against legal liability of the insured arising out of the loss or destruction of, or damage to, the property of any other person.

Approved March 10, 1945.

CHAPTER 212

S. B. No. 52

Introduced by Senator Page

EXPENSE FUNDS, BENEVOLENT SOCIETIES

An Act To Amend and Re-enact Section 26-2519 of the North Dakota Revised Code of 1943, Relating to the Expense Fund; Credits To; Levies For Benevolent Societies.

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

§ 1. AMENDMENT.] That Section 26-2519 of the North Dakota Revised Code of 1943, be and the same is hereby amended and re-enacted to read as follows:

26-2519. THE EXPENSE FUND; CREDITS TO; LEVIES FOR.] The membership fee of the society, which shall be not less than one dollar nor more than five dollars, may be used for expenses. The certificate of membership shall state the percentage of death assessments, not exceeding ten per cent, that may be used for expenses, and moneys received on such assessments, within the limitations herein stated, shall be credited to the expense fund. Expense fund assessments may be levied in accordance with the provisions therefor in the membership certificate in amounts not exceeding one dollar in any one calendar year.

Approved March 9, 1945.

CHAPTER 213

S. B. No. 209

Introduced by Senators Bridston, Thatcher and Page
(Approved by Delayed Bills Committee)

INSURANCE COMPANIES, EXAMINATION

An Act Amending and reenacting Section 26-0108 of the North Dakota Revised Code of 1943, relating to examinations of insurance companies, and fixing the compensation.

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

§ 1. AMENDMENT.] That Section 26-0108 of the North Dakota Revised Code of 1943 is hereby amended and reenacted to read as follows:

§ 26-0108. EXAMINATIONS; BY WHOM CONDUCTED; COMPENSATION TO BE PAID INTO STATE TREASURY.] All examinations of

insurance companies required or permitted by law to be conducted by the insurance commissioner and whether or not the same are so-called convention examinations, shall be conducted by qualified regular employees of the insurance commissioner, and their compensation which shall not exceed fifteen dollars (\$15.00) per day, shall be paid out of the appropriation for that department. Any sums paid to said employees or to the insurance department or commissioner by the company or companies examined, as an examination fee or otherwise, shall be deemed to be state money, and forthwith shall be paid into the state treasury. Any sums paid to the employee or the department or commissioner as expense money for the examiner may be paid directly to the employee, and no employee may charge or collect from the state any expenses incurred in connection with any examination for or during which his expenses or any part thereof have been paid by any other person, firm, or corporation.

Approved March 14, 1945.

CHAPTER 214

H. B. No. 69

Introduced by Representatives Klefstad and Brady

LIABILITY INSURANCE FOR STATE AND POLITICAL SUBDIVISIONS AUTHORIZED

An Act Authorizing the state or any political sub-division thereof to procure liability and casualty insurance protecting the state or any such political sub-division or the employees thereof against claims for loss or damage arising from the operation of any motor vehicle.

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

§ 1.] From and after July 1, 1945, the State of North Dakota or any department, agency, bureau or the employees thereof as well as any county, city, village, or other political sub-division including townships, school and park districts, drainage and irrigation districts using or operating motor vehicles, is hereby authorized to carry insurance for its own protection and the protection of any employee from claims for loss or damage arising out of or by reason of the use or operation of such motor vehicle, whether such vehicle at the time the loss or damage in question occurred was being operated in a governmental undertaking or otherwise; provided, however, that any insurance carrier furnishing such insurance shall not be permitted to raise a defense of governmental immunity from liability for any damage or loss occasioned by any such vehicle or the operator thereof, which waiver shall be contained in the policy;

provided, further, that if a premium savings will result therefrom, such policies of insurance may be taken out for more than one (1) year, but in no event beyond a period of five (5) years.

Approved March 10, 1945.

CHAPTER 215

H. B. No. 159

Introduced by Committee on Insurance

STANDARD FIRE INSURANCE POLICY

An Act Amending and re-enacting Section 26-0340 of the North Dakota Revised Code of 1943, providing for a Standard Fire Insurance Policy for the State of North Dakota.

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

§ 1. AMENDMENT.] That Section 26-0340 of the North Dakota Revised Code of 1943 is hereby amended and re-enacted to read as follows:

§ 26-0340. STANDARD FIRE INSURANCE POLICY.] No policy or contract of fire insurance, including a renewal thereof, shall be made, issued, used or delivered by any insurer or by any agent or representative thereof, on property within this state other than such as shall conform in all particulars as to blanks, size of type, context, provisions, agreements and conditions with the 1943 Standard Fire Insurance Policy of the State of New York, a copy of which shall be filed in the office of the Commissioner of Insurance as standard policy for this State, and no other or different provision, agreement, condition or clause shall in any manner be made a part of such contract or policy or be endorsed thereon or delivered therewith, except as follows:

1. The name of the company, its location and place of business, the date of its incorporation or organization, and the state or county under which the same is organized, the amount of paid up capital stock, whether it is a stock or mutual company, the names of its officers, the number and the date of the policy, and appropriate company emblems may be printed on policies issued on property in this state, provided, however, that any insurer organized under special charter provisions may so indicate upon its policy, and may add a statement of the plan under which it operates in this state.
2. Printed or written forms of description and specifications or schedules of the property covered by any particular policy

and any other matter necessary to express clearly all the facts and conditions of insurance on any particular risk, which facts or conditions shall in no case be inconsistent with or a waiver of any of the provisions or conditions of the standard policy herein provided for, may be written upon or attached or appended to any policy issued on property in this state. Appropriate forms of supplemental contracts, contracts or endorsements, whereby the interest in the property described in such policy shall be insured against one or more of the perils which insurer is empowered to assume, may be used in connection with the standard policy. Such forms of contracts, supplemental contracts or endorsements attached or printed thereon may contain provisions and stipulations inconsistent with the standard policy if applicable only to such other perils. The first page of the standard policy may be rearranged to provide space for the listing of rates and premiums for coverages insured thereunder or under endorsements attached or printed thereon, and such other data as may be included for duplication on daily reports for office records.

3. A company, corporation or association organized or incorporated under and in pursuance of the laws of this state or elsewhere, if entitled to do business in this state, may with the approval of the Commissioner of Insurance, if the same is not already included in the standard form as filed in the office of the Commissioner of Insurance, print on its policies, any provision which it is required by law to insert therein, if said provision is not in conflict with the laws of this state or the United States, or of the provisions of the standard form provided for herein, but said provision shall be printed apart from the other provisions, agreements or conditions of the policy and in type not smaller than the body of the policy and a separate title, as follows: "Provisions required by law to be stated in this policy," and be a part of said policy.
4. There may be endorsed on the outside of any policy herein provided for the name, with the word "Agent or Agents" and place of business, of any insurance agent or agents, either by writing, printing, stamping or otherwise. There may also be added, with the approval of the Commissioner of Insurance, a statement of the group of companies with which the company is financially affiliated.
5. When two or more companies, each having previously complied with the laws of this state, unite to issue a joint policy, there may be expressed in head line of each policy the fact of the severalty of the contract; also the proportion of premiums to be paid to each company and the proportion of

liability which each company agrees to assume. And in the printed conditions of such policy the necessary change may be made from the singular to plural number, when reference is had to the companies issuing such policy.

6. Provided, however, that this section shall not apply to automobile insurance, and provided also that by and with the approval of the Insurance Commissioner, a combined farm policy may be used, the fire portion of which shall be substantially in accord with the fire insurance policy herein provided, but no policy or contract issued under the provisions of this Act shall contain a limitation of less than five years for the bringing of any suit or action thereunder.
7. That the standard form of policy herein provided for shall be construed as an interest policy and shall be so construed as to at all times protect the interest, whatever it may be, of any named insured. Provided, however, that a five day grace period shall be allowed after the execution of any written instrument transferring interest in insured property during which full protection shall be granted under the terms of the policy.
8. In case of other coverage on the same peril, the liability of each insurer shall not be for any greater amount or proportion of the loss than the ratio such insurance shall bear to the valid and collectible whole insurance covering the property against the peril involved.

§ 2.] This Act shall be effective on July 1, 1945, provided, however, that any company authorized to transact business in this state on and after July 1, 1945, which is issuing a form of fire policy not in conformity with this section may continue issuing the same for a period of one year next following such date, on condition that any such policy so issued shall be construed as subject to the provisions, stipulations, agreements and conditions of the said 1943 Standard Fire Insurance Policy of the State of New York and to the terms and conditions of the forms and endorsements added thereto.

§ 3.] Provided, however, that the Standard Fire Insurance Policy provided for herein shall be construed to be a Valid Policy as defined under the provisions of Section 26-0303 of the North Dakota Revised Code of 1943.

Approved March 10, 1945.