

Introduced by

Industry and Business Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to amend and reenact sections 26.1-02-02, 26.1-03-11, and 26.1-36.4-06, and  
2 subsection 2 of section 26.1-36.7-05 of the North Dakota Century Code, relating to the  
3 insurance commissioner's red tape reduction.

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

5 **SECTION 1. AMENDMENT.** Section 26.1-02-02 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **26.1-02-02. Duty of commissioner before granting or renewing certificate of authority.**

8 The commissioner must be satisfied by examination and evidence that an insurance  
9 company is legally qualified to transact business in this state, ~~including compliance with section~~  
10 ~~26.1-03-11~~, before granting a certificate of authority to the company to issue policies or make  
11 insurance contracts. A certificate of authority issued under this title remains in force in perpetuity  
12 if the required renewal fee is paid by April thirtieth of each year and the commissioner is  
13 satisfied that ~~the documents required by section 26.1-03-11 have been filed~~, the statements and  
14 evidences of investment required of the company have been furnished, the required capital or  
15 surplus or both, securities, and investments remain secure, and all other requirements of law  
16 are met. Any company which neglects to pay the renewal fee by April thirtieth forfeits twenty-five  
17 dollars for each day's neglect.

18 **SECTION 2. AMENDMENT.** Section 26.1-03-11 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20 **26.1-03-11. Fire companies to report statistical data - Failure to report - Exceptions to**  
21 **reporting requirements - Penalty.**

22 Each insurance company issuing fire insurance policies covering property in this state  
23 annually shall report information setting forth the amount of earned premiums in this state for  
24 policies covering insured property located in this state and the amount of claims incurred. This

1 information is not to include personal lines or farm property insurance. This information must be  
2 reported on a form prescribed by the commissioner. ~~The company shall file the form with the~~  
3 ~~commissioner or shall certify to the commissioner that the information has been reported~~  
4 ~~directly to an advisory organization upon whose filings the majority of the fire insurance rates for~~  
5 ~~North Dakota are based.~~ The form ~~or certification~~ must accompany the annual statement  
6 required under section 26.1-03-07. An insurance company that fails to furnish the form on or  
7 before March first is subject to a penalty of one hundred dollars per day. The commissioner may  
8 revoke or suspend the certificate of authority of an insurance company that fails to file the form  
9 required in this section. If satisfied the delay was excusable, the insurance commissioner may  
10 waive, and if paid, issue a premium tax credit in an amount up to fifty percent of the penalty ~~and~~  
11 ~~interest.~~ The insurance commissioner shall deposit in the insurance tax distribution fund  
12 monetary penalties collected under this section.

13 **SECTION 3. AMENDMENT.** Section 26.1-36.4-06 of the North Dakota Century Code is  
14 amended and reenacted as follows:

15 **26.1-36.4-06. Modified community rating.**

16 Premium rates for individual policies are subject to the following:

- 17 1. For any class of individuals, the premium rates charged during a rating period to the  
18 individuals in that class for the same or similar coverage may not vary by a ratio of  
19 more than six to one after August 1, 1995, and by a ratio of more than five to one after  
20 August 1, 1996, when age, industry, gender, and duration of coverage of the  
21 individuals are considered. Gender and duration of coverage may not be used as a  
22 rating factor for policies issued after January 1, 1997.
- 23 2. An insurer, in addition to the factors set forth in subsection 1, may use geography,  
24 family composition, healthy lifestyles, and benefit variations to determine premium  
25 rates.
- 26 3. ~~The commissioner shall design and adopt reporting forms to be used by an insurer to~~  
27 ~~report information as to insurer's experience as to insurance provided under this~~  
28 ~~chapter on a periodic basis to determine the impact of the reforms and implementation~~  
29 ~~of modified community rating contained in this chapter.~~

30 **SECTION 4. AMENDMENT.** Subsection 2 of section 26.1-36.7-05 of the North Dakota  
31 Century Code is amended and reenacted as follows:

- 1           2.    The board shall:
- 2           a.    Formulate general policies to advance the purposes of this chapter;
- 3           b.    ~~Schedule and approve independent biennial audits in order to:~~
- 4           (1)   ~~Ensure claims are being processed appropriately and only include services-~~
- 5           ~~covered by the individual health benefit plan for the contracted rates; and~~
- 6           (2)   ~~Verify that the assessment base is accurate and that the appropriate-~~
- 7           ~~percentage was used to calculate the assessment~~Request an audit be
- 8           ~~performed by an independent auditor or the state auditor unless an audit~~
- 9           ~~has been performed during the waiver period pursuant to the innovation~~
- 10          ~~wavier under section 1332 of the federal Patient Protection and Affordable~~
- 11          ~~Care Act [Pub. L. 111-148; 119 Stat. 124; 42 U.S.C. 1801 et seq.];~~
- 12          c.    Approve bylaws and operating rules; and
- 13          d.    Provide for other matters as may be necessary and proper for the execution of
- 14          the commissioner's and board's powers, duties, and obligations.