

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

SENATE BILL NO. 2056
(Industry and Business Committee)
(At the request of the Insurance Commissioner)

AN ACT to amend and reenact sections 26.1-02-02, 26.1-03-11, and 26.1-36.4-06, and subsection 2 of section 26.1-36.7-05 of the North Dakota Century Code, relating to the insurance commissioner's red tape reduction.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

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

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

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

Each insurance company issuing fire insurance policies covering property in this state annually shall report information setting forth the amount of earned premiums in this state for policies covering insured property located in this state and the amount of claims incurred. This information is not to include personal lines or farm property insurance. This information must be reported on a form prescribed by the commissioner. ~~The company shall file the form with the commissioner or shall certify to the commissioner that the information has been reported directly to an advisory organization upon whose filings the majority of the fire insurance rates for North Dakota are based.~~ The form ~~or certification~~ must accompany the annual statement required under section 26.1-03-07. An insurance company that fails to furnish the form on or before March first is subject to a penalty of one hundred dollars per day. The commissioner may revoke or suspend the certificate of authority of an insurance company that fails to file the form required in this section. If satisfied the delay was excusable, the insurance commissioner may waive, and if paid, issue a premium tax credit in an amount up to fifty percent of the penalty ~~and interest.~~ The insurance commissioner shall deposit in the insurance tax distribution fund monetary penalties collected under this section.

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

26.1-36.4-06. Modified community rating.

Premium rates for individual policies are subject to the following:

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

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

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

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2056.

Senate Vote: Yeas 46 Nays 0 Absent 1

House Vote: Yeas 92 Nays 0 Absent 2

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,

at _____ o'clock _____ M.

Secretary of State