



State of North Dakota

Office of the Commissioner of Insurance

J. O. Wigen, Commissioner

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BULLETIN 83-1

TO : ALL COMPANIES ADMITTED TO DO BUSINESS
IN THE STATE OF NORTH DAKOTA

FROM: J. O. WIGEN, COMMISSIONER OF INSURANCE

DATE: JANUARY 19, 1983

The North Dakota Insurance Department has received information indicating probable violations of our state insurance laws in the area of reinsurance. This bulletin is being issued to inform all parties concerned of the department's interpretation of section 26-05-03, N.D.C.C. That section states:

"Reinsurance permitted--Limitations.--Except as is otherwise provided in this section and in section 26-07-15, any insurance company organized or admitted to transact business in this state, including a stock, mutual, fraternal benefit, or county mutual company, may reinsure in any insurance company or insurer licensed in any state of the United States of America or in the District of Columbia any part or all of any risk taken by it. A county mutual insurance company also may reinsure with any other such county mutual insurance company. No reinsurance, however, shall be effected with any company or insurer disapproved therefor by written order of the commissioner of insurance filed in his office. A domestic company organized to engage in the business of life, accident, or health insurance may not reinsure its risks or any part thereof without complying with the provisions of chapter 26-20."

The intent of Section 26-05-03 is to permit admitted companies to reinsure their business in insurance companies or insurers which are not necessarily admitted to do business in the State of North Dakota. Implicit in that permission is the limitation that admitted companies shall not reinsure their North Dakota business in companies or insurers which are not licensed in at least one state of the United States of America or the District of Columbia.

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An order has been issued by the Commissioner of Insurance and filed on the 12th day of January, 1983, disapproving the use by an admitted company of any insurance company or insurer who is not licensed in a state or the District of Columbia for purposes of reinsuring any North Dakota business. A copy of the order is attached and included in this bulletin.

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