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COMMISSIONER OF INSURANCE

STATE OF NORTH DAKOTA  
STATE CAPITOL  
BISMARCK, NORTH DAKOTA 58505  
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BULLETIN 87-1

TO: ALL COMPANIES WRITING AUTOMOBILE  
INSURANCE POLICIES IN NORTH DAKOTA

FROM: Earl R. Pomeroy, Commissioner of Insurance *Earl Pomeroy*

DATE: May 8, 1987

SUBJECT: Prohibited Underwriting Practices

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The North Dakota Insurance Department has recently become aware of certain company underwriting practices being used in this state for automobile insurance which require the declination of coverage of military personnel, professional entertainers and athletes, and employees of certain types of businesses such as restaurants, bowling alleys, and liquor stores. These underwriting practices are prohibited by North Dakota law.

N.D.C.C. section 26.1-40-11 prohibits an insurer from declining an application or terminating a policy based solely on the race, religion, nationality, or ethnic group of the applicant; the lawful occupation or profession of the applicant; the principal location of the insured motor vehicle; the age, sex, or marital status of an applicant; or the fact that the applicant has previously obtained insurance coverage through a residual market insurance mechanism or been previously declined or terminated by another insurer. (Emphasis added).

N.D.C.C. section 26.1-40-12 provides that if the Commissioner of Insurance finds a company in violation of these sections of law, the Commissioner may require the insurer to accept the application, issue a cease and desist order restraining such practices, and assess a penalty of up to \$5,000 for each willful and knowing violation. The Commissioner of Insurance may also revoke a company's certificate of authority for the violation of these laws.

This bulletin will serve as formal notice to all companies writing automobile insurance of those prohibited reasons for the termination or declination of such insurance. The Department intends to investigate any complaints which set

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forth facts constituting a violation of N.D.C.C. section 26.1-40-11.

Any companies with underwriting guidelines which violate the provisions of law described above should **immediately** notify all agents and other appropriate personnel that the application of those guidelines should be ignored to the extent they violate North Dakota law.

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