



DEPARTMENT OF INSURANCE  
STATE OF NORTH DAKOTA

Jim Poolman  
Commissioner of Insurance

**SUMMARY OF INSURANCE LEGISLATION  
(WITH NORTH DAKOTA CENTURY CODE REFERENCES)**

**60<sup>TH</sup> LEGISLATIVE ASSEMBLY  
EFFECTIVE AUGUST 1, 2007**

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**Financial**

**HB 1274 – Payment of dividends by a nonprofit mutual insurance company (26.1-17-33.1).** Removes language that prohibits a nonprofit mutual insurance company from paying a dividend. The change will allow a nonprofit mutual insurance company to distribute excess surplus to its members without concern as to whether the payment is classified as a dividend.

**Legal**

**SB 2067 – Sharing of confidential documents with international insurance regulators (26.1-03-11.3).** Expands the Insurance Commissioner's authority under N.D. Cent. Code § 26.1-03-11.3 to exchange confidential information with international regulators and law enforcement officials. Current law allows confidential information to be shared with officials of state agencies, federal agencies, and the National Association of Insurance Commissioners. As with these entities, any confidential information that is received from an international agency would be given confidential treatment under North Dakota law.

**SB 2192 – Legal recognition of electronic records and signatures (6-01-02, 6-08).** Adds definitions relating to electronic records and signatures to N.D. Cent. Code § 6-01-02 and provides for legal recognition of electronic records and signatures in a new section to N.D. Cent. Code Chapter 6-08.

## Licensing

**SB 2065 – Prelicensing education (26.1-26-13.3(1)).** Eliminates the mandatory prelicensing education requirements for candidates seeking to qualify and obtain a North Dakota resident insurance producer license. Under the bill, licensing candidates will no longer be required to complete mandatory classroom prelicensing education hours prior to taking the license exam(s) and can elect study options of the candidate's choice to prepare to take the required exam(s) pursuant to North Dakota statutes and regulations.

## Life and Health

**SB 2124 - Long term care partnerships (50-24.1-02.5, 50-24.1-07).** Updates the legislation passed by the 2005 Legislative Assembly making it consistent with the final passage of the Federal Deficit Reduction Act, as it applies to Long Term Care Partnership Programs. This bill passed as an emergency measure and is effective March 2, 2007.

**SB 2131 – Information provided by health insurers to the Department of Human Services (50-24.1).** Requires health insurers to provide information to the Department of Human Services upon request about individuals who are eligible for medical assistance. This bill passed as an emergency measure and is effective March 8, 2007.

**SB 2154 – Loss ratios (26.1-36-37.2).** Changes the minimum loss ratio requirement for hospital, surgical, medical and major medical policies from 75% to 70% for group insurance and from 65% to 55% for individual insurance.

**SB 2155 – Annuity suitability (26.1-34.2).** Adopts the National Association of Insurance Commissioners Model for Suitability in Annuity Transactions designed to protect consumers that purchase or exchange annuity policies. Holds both insurers and insurance producers responsible for the suitable sale of annuities and sets standards for insurers and insurance producers relating to the sale of annuity products.

**SB 2252 – Health insurance coverage for suicide-related medical services (26.1-36-09.12).** Health insurers writing hospital, surgical, medical, or major medical coverage must provide the same benefits for health services offered under the contract for injury or illness resulting from suicide, attempted suicide, or self-inflicted injury.

**SB 2268 – Viatical settlement contracts (26.1-33.3).** Relates to the transactions involving the sale of a life insurance policy to an investor, or the financing of the purchase of a policy by one or more investors, who speculate on the death of the insured. The person selling the policy is known as the viator. The entity purchasing the policy is referred to as a viatical settlement provider. The transaction between the

person selling the policy and the provider is often arranged by a viatical settlement broker. The bill repeals the existing viatical settlement chapter and enacts a new chapter that both adopts our existing law but also incorporates new restrictions on viatical transactions and expands on the Insurance Department's current enforcement and licensing provisions by adopting the amended National Association of Insurance Commissioners Viatical Settlement Model Act. It also imposes bond/financial responsibility requirements on a viatical settlement provider and a viatical settlement broker and requires the licensee to demonstrate evidence of financial responsibility through either a surety bond or a deposit of cash, certificates of deposit, etc., in an amount of \$150,000. Finally, it changes the initial license fee for a viatical settlement broker license to \$200 and also changes the annual renewal fee for both a viatical settlement provider and a viatical settlement broker to \$100.

### Property and Casualty

**HB 1037 – Proof of insurance and criminal procedure for driving without liability insurance (26.1-40, 39-08-20).** Requires an insurer who issues a policy to provide to the insured written evidence of the policy's terms as to type, duration, and the vehicle covered by the policy. The penalty for driving without liability insurance was amended to extend the time for counting a second offense from 18 months to 3 years, and to increase the penalty for a second or subsequent offense to include the impounding of the vehicle's number plates. Failure to submit the plates is a Class B misdemeanor.

**HB 1296 – Distribution of insurance premium tax collections to emergency medical services operations (23-40, 26.1-03-17).** The State Health Department is granted the ability to distribute funds generated from premium tax to emergency medical service programs. The Legislature appropriated \$1.2 million for the biennium out of the Insurance Tax Distribution Fund for this purpose.

**HB 1333 – Expressions of empathy by health care providers are inadmissible in civil actions.** Health care providers who express apology, sympathy, commiseration, condolence, compassion, or benevolence to a patient, relative or representative may not have this action admitted as evidence against the provider in a civil action.

**HB 1390 – Liability insurance coverage for damage caused by foster children (50-11).** Authorizes the Department of Human Services to provide liability coverage for acts or omissions of foster children placed in the care of foster families. This may be through self-insurance. Coverage is secondary to any other coverage, is limited to no more than \$5,000 per claim with an annual maximum of \$10,000 per year per claimant, and must include a \$100 deductible.

**HB 1452 – Limitations on the civil liability of a charitable organization.** A nonprofit organization whose primary purpose is for relief of poor, disabled, underprivileged, or abused persons, support of youth and youth programs, or the prevention of abuse to children and vulnerable adults, may only be held liable for money damages for personal

injury or property damage caused by negligence or wrongful act while acting in the scope of employment and liability is limited to \$250,000 per person and \$1,000,000 per occurrence.

**SB 2146 – Proof of insurance (39-08-20).** Amends the time for producing proof of insurance to law enforcement during an accident investigation to three days from the date of the request and permits law enforcement to charge an individual with a violation if they fail to produce proof within that time.

**SB 2171 – Location of a county mutual insurance company’s principal office (26.1-13-12).** Amends the law to permit a county mutual insurance company to establish its principal office anywhere within its approved territory of operation.

**SB 2296 – Insurance company rate filings (26.1-25-02.1, 26.1-25-04).** Creates exceptions to the existing prior approval rate filing law. Rate change requests for competitive commercial markets and rate change requests less than five percent for private passenger auto and homeowners can be made on a use and file basis. These filings can be made within 30 days of implementation. All commercial lines are deemed competitive except for farmowners, crop hail, and medical malpractice. The Commissioner has authority after hearing to determine other lines of commercial insurance are noncompetitive.

*The complete text of all legislative bills, resolutions, and journals is available at [www.legis.nd.gov](http://www.legis.nd.gov).*