

HOUSE BILL NO. 1087

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to create and enact a new section to chapter 26.1-36.7 of the North Dakota
2 Century Code, relating to third-party reinsurance; to amend and reenact sections 26.1-03-17,
3 26.1-36.7-01, 26.1-36.7-02, 26.1-36.7-03, 26.1-36.7-04, 26.1-36.7-05, 26.1-36.7-06,
4 26.1-36.7-07, 26.1-36.7-08, 26.1-36.7-09, and 26.1-36.7-10 of the North Dakota Century Code,
5 relating to premium taxes and credits for insurance companies and the establishment of an
6 invisible reinsurance pool for the individual health insurance market; to provide for a study; to
7 provide a penalty; to provide an appropriation; and to declare an emergency.

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

9 **SECTION 1. AMENDMENT.** Section 26.1-03-17 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **26.1-03-17. Commissioner to collect premium tax - Insurance companies generally -**
12 **Computation - Credits - Penalty - Estimated tax. (~~Effective through December 31, 2021~~)**

13 1. Before issuing the annual certificate required by law, the commissioner shall collect
14 from every stock and mutual insurance company, nonprofit health service corporation,
15 health maintenance organization, and prepaid legal service organization, except
16 fraternal benefit and benevolent societies, doing business in this state, a tax on the
17 gross amount of premiums, assessments, membership fees, subscriber fees, policy
18 fees, service fees collected by any third-party administrator providing administrative
19 services to a group that is self-insured for health care benefits, and finance and
20 service charges received in this state during the preceding calendar year, at the rate of
21 two percent with respect to life insurance, one and three-fourths percent with respect
22 to accident and health insurance, and one and three-fourths percent with respect to all
23 other lines of insurance. This tax does not apply to considerations for annuities. The
24 total tax is payable on or before March first following the year for which the tax is

1 assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on
2 the next succeeding business day. Collections from this tax must be deposited in the
3 insurance tax distribution fund under section 18-04-04.1 but not in an amount
4 exceeding one-half of the biennial amount appropriated for distribution under section
5 18-04-05 and chapter 23-46 in any fiscal year. Collections from this tax exceeding the
6 sum of the amount deposited in the insurance tax distribution fund must be deposited
7 in the general fund in the state treasury.

8 2. An insurance company, nonprofit health service corporation, health maintenance
9 organization, or prepaid legal service organization subject to the tax imposed by
10 subsection 1 is entitled to a credit against the tax due for the amount of any
11 assessment paid as a member of a comprehensive health association under
12 subsection 3 of section 26.1-08-09 for which the member may be liable for the year in
13 which the assessment was paid, a credit against the tax due for the amount of any
14 assessment paid as a member of the reinsurance association of North Dakota under
15 section 26.1-36.7-06 for which the member may be liable for the year in which the
16 assessment is paid, a credit as provided under section 26.1-38.1-10, a credit against
17 the tax due for an amount equal to the examination fees paid to the commissioner
18 under sections 26.1-01-07, 26.1-02-02, 26.1-03-19.6, 26.1-03-22, 26.1-17-32, and
19 26.1-18.1-18, and a credit against the tax due for an amount equal to the ad valorem
20 taxes, whether direct or in the form of rent, on that proportion of premises occupied as
21 the principal office in this state for over one-half of the year for which the tax is paid.
22 The credits under this subsection must be prorated on a quarterly basis and may not
23 exceed the total tax liability under subsection 1.

24 3. Any company failing to pay the tax imposed by subsection 1, within the time required,
25 is subject to a penalty of one hundred dollars plus twenty-five dollars per day,
26 excepting the first day after the tax became due. Any company failing to file the
27 appropriate tax statement required by rule if the tax is zero is subject to a penalty of
28 twenty-five dollars per day for each day's neglect not to exceed five hundred dollars.
29 The commissioner, if satisfied that the delay was excusable, may waive, and if paid,
30 issue a premium tax credit for all or any part of the penalty and interest.

- 1 4. Every stock and mutual insurance company, nonprofit health service corporation,
2 health maintenance organization, and prepaid legal service organization, except
3 fraternal benefit or benevolent societies, doing business in this state required to pay
4 premium taxes in this state shall make and file a statement of estimated premium
5 taxes. The statement and payment must be made on a quarterly basis as prescribed
6 by the commissioner. Failure of a company to make payments of at least one-fourth of
7 the total tax paid during the previous calendar year, or eighty percent of the actual tax
8 for the quarter being reported of the current calendar year, shall subject the company
9 to the penalty and interest provided in subsection 3.
- 10 5. If an amount of tax, penalty, or interest has been paid which was not due under the
11 provisions of this section, a refund may be issued to the taxpayer who made the
12 erroneous payment. The refund is allowed as a credit against any tax due or to
13 become due under this section or as a cash refund, at the discretion of the
14 commissioner. The taxpayer who made the erroneous payment shall present a claim
15 for refund to the commissioner not later than two years after the due date of the return
16 for the period for which the erroneous payment was made.
- 17 6. In lieu of the tax required by subsection 1, the commissioner shall collect from each
18 entity subject to this section an annual filing fee in the amount of two hundred dollars,
19 provided the total tax liability of the entity pursuant to subsection 1 is less than two
20 hundred dollars. No annual filing fee is due or may be collected from an entity if its
21 total tax liability pursuant to subsection 1 is in excess of two hundred dollars. The
22 annual filing fee may be reduced by any credits available pursuant to subsections 2
23 and 5. Failure of a company to pay the two hundred dollar filing fee subjects the
24 company to the penalty as provided in subsection 3.

25 ~~26.1-03-17. Commissioner to collect premium tax -- Insurance companies generally --~~
26 ~~Computation -- Credits -- Penalty -- Estimated tax. (Effective after December 31, 2021)~~

- 27 ~~1. Before issuing the annual certificate required by law, the commissioner shall collect~~
28 ~~from every stock and mutual insurance company, nonprofit health service corporation,~~
29 ~~health maintenance organization, and prepaid legal service organization, except~~
30 ~~fraternal benefit and benevolent societies, doing business in this state, a tax on the~~
31 ~~gross amount of premiums, assessments, membership fees, subscriber fees, policy~~

1 fees, service fees collected by any third-party administrator providing administrative-
2 services to a group that is self-insured for health care benefits, and finance and
3 service charges received in this state during the preceding calendar year, at the rate of
4 two percent with respect to life insurance, one and three-fourths percent with respect
5 to accident and health insurance, and one and three-fourths percent with respect to all
6 other lines of insurance. This tax does not apply to considerations for annuities. The
7 total tax is payable on or before March first following the year for which the tax is
8 assessable. If the due date falls on a Saturday or legal holiday, the tax is payable on
9 the next succeeding business day. Collections from this tax must be deposited in the
10 insurance tax distribution fund under section 18-04-04.1 but not in an amount
11 exceeding one-half of the biennial amount appropriated for distribution under section
12 18-04-05 and chapter 23-46 in any fiscal year. Collections from this tax exceeding the
13 sum of the amount deposited in the insurance tax distribution fund must be deposited
14 in the general fund in the state treasury.

- 15 2. An insurance company, nonprofit health service corporation, health maintenance
16 organization, or prepaid legal service organization subject to the tax imposed by
17 subsection 1 is entitled to a credit against the tax due for the amount of any
18 assessment paid as a member of a comprehensive health association under
19 subsection 3 of section 26.1-08-09 for which the member may be liable for the year in
20 which the assessment was paid, a credit as provided under section 26.1-38.1-10, a
21 credit against the tax due for an amount equal to the examination fees paid to the
22 commissioner under sections 26.1-01-07, 26.1-02-02, 26.1-03-19.6, 26.1-03-22,
23 26.1-17-32, and 26.1-18.1-18, and a credit against the tax due for an amount equal to
24 the ad valorem taxes, whether direct or in the form of rent, on that proportion of
25 premises occupied as the principal office in this state for over one-half of the year for
26 which the tax is paid. The credits under this subsection must be prorated on a
27 quarterly basis and may not exceed the total tax liability under subsection 1.
- 28 3. Any company failing to pay the tax imposed by subsection 1, within the time required,
29 is subject to a penalty of one hundred dollars plus twenty-five dollars per day,
30 excepting the first day after the tax became due. Any company failing to file the
31 appropriate tax statement required by rule if the tax is zero is subject to a penalty of

- 1 ~~twenty-five dollars per day for each day's neglect not to exceed five hundred dollars.~~
2 ~~The commissioner, if satisfied that the delay was excusable, may waive, and if paid,~~
3 ~~issue a premium tax credit for all or any part of the penalty and interest.~~
- 4 4. ~~Every stock and mutual insurance company, nonprofit health service corporation,~~
5 ~~health maintenance organization, and prepaid legal service organization, except~~
6 ~~fraternal benefit or benevolent societies, doing business in this state required to pay~~
7 ~~premium taxes in this state shall make and file a statement of estimated premium~~
8 ~~taxes. The statement and payment must be made on a quarterly basis as prescribed~~
9 ~~by the commissioner. Failure of a company to make payments of at least one-fourth of~~
10 ~~the total tax paid during the previous calendar year, or eighty percent of the actual tax~~
11 ~~for the quarter being reported of the current calendar year, shall subject the company~~
12 ~~to the penalty and interest provided in subsection 3.~~
- 13 5. ~~If an amount of tax, penalty, or interest has been paid which was not due under the~~
14 ~~provisions of this section, a refund may be issued to the taxpayer who made the~~
15 ~~erroneous payment. The refund is allowed as a credit against any tax due or to~~
16 ~~become due under this section or as a cash refund, at the discretion of the~~
17 ~~commissioner. The taxpayer who made the erroneous payment shall present a claim~~
18 ~~for refund to the commissioner not later than two years after the due date of the return~~
19 ~~for the period for which the erroneous payment was made.~~
- 20 6. ~~In lieu of the tax required by subsection 1, the commissioner shall collect from each~~
21 ~~entity subject to this section an annual filing fee in the amount of two hundred dollars,~~
22 ~~provided the total tax liability of the entity pursuant to subsection 1 is less than two~~
23 ~~hundred dollars. No annual filing fee is due or may be collected from an entity if its~~
24 ~~total tax liability pursuant to subsection 1 is in excess of two hundred dollars. The~~
25 ~~annual filing fee may be reduced by any credits available pursuant to subsections 2~~
26 ~~and 5. Failure of a company to pay the two hundred dollar filing fee subjects the~~
27 ~~company to the penalty as provided in subsection 3.~~

28 **SECTION 2. AMENDMENT.** Section 26.1-36.7-01 of the North Dakota Century Code is
29 amended and reenacted as follows:

30 **26.1-36.7-01. Definitions. (Effective through December 31, 2021)**

31 For purposes of this chapter, unless the context otherwise requires:

- 1 1. "Association" means the reinsurance association of North Dakota.
- 2 2. "Board" means the board of directors of the reinsurance association of North Dakota.
- 3 3. "Earned group health benefit plan premiums" means premium owed to an insurer for a
4 period of time during which the insurer has been liable to cover claims for an insured
5 pursuant to the terms of a group health benefit plan issued by the insurer.
- 6 4. "Future losses" means reserves for claims incurred but not reported.
- 7 5. "Group health benefit plan" means a health benefit plan offered through an employer,
8 or an association of employers, to more than one individual employee.
- 9 6. "Health benefit plan" means any hospital and medical expense-incurred policy or
10 certificate, nonprofit health care service plan contract, health maintenance
11 organization subscriber contract, or any other health care plan or arrangement that
12 pays for or furnishes benefits that pay the costs of or provide medical, surgical, or
13 hospital care.
 - 14 a. "Health benefit plan" does not include any one or more of the following:
 - 15 (1) Coverage only for accident or disability income insurance, or any
16 combination of the two;
 - 17 (2) Coverage issued as a supplement to liability insurance;
 - 18 (3) Liability insurance, including general liability insurance and automobile
19 liability insurance;
 - 20 (4) Workforce safety and insurance or similar workers' compensation insurance;
 - 21 (5) Automobile medical payment insurance;
 - 22 (6) Credit-only insurance;
 - 23 (7) Coverage for onsite medical clinics;
 - 24 (8) Other similar insurance coverage, specified in federal regulations, under
25 which benefits for medical care are secondary or incidental to other
26 insurance benefits; and
 - 27 (9) Self-funded plans.
 - 28 b. "Health benefit plan" does not include the following benefits if the benefits are
29 provided under a separate policy, certificate, or contract of insurance or are
30 otherwise not an integral part of the plan:
 - 31 (1) Limited scope dental or vision benefits;

- 1 (2) Benefits for long-term care, nursing home care, home health care, or
2 community-based care, or any combination of this care; and
- 3 (3) Other similar limited benefits specified under federal regulations issued
4 under the federal Health Insurance Portability and Accountability Act of 1996
5 [Pub. L. 104-191; 110 Stat. 1936; 29 U.S.C. 1181 et seq.].
- 6 c. "Health benefit plan" does not include the following benefits if the benefits are
7 provided under a separate policy, certificate, or contract of insurance; there is no
8 coordination between the provision of the benefits; and any exclusion of benefits
9 under any group health insurance coverage maintained by the same plan
10 sponsor, and the benefits are paid with respect to an event without regard to
11 whether benefits are provided with respect to such an event under any group
12 health plan maintained by the same sponsor:
- 13 (1) Coverage only for specified disease or illness; and
14 (2) Hospital indemnity or other fixed indemnity insurance.
- 15 d. "Health benefit plan" does not include the following if offered as a separate policy,
16 certificate, or contract of insurance:
- 17 (1) Medicare supplement health insurance as defined under section 1882(g)(1)
18 of the federal Social Security Act [42 U.S.C. 13295ss(g)(1)];
19 (2) Coverage supplemental to the coverage provided under chapter 55 of
20 United States Code title 10 [10 U.S.C. 1071 et seq.] relating to armed forces
21 medical and dental care; and
22 (3) Similar supplemental coverage provided under a group health plan.
- 23 7. "Individual health benefit plan" means a health benefit plan offered to individuals, other
24 than in connection with a group health benefit plan. The term does not include short-
25 term limited-duration health insurance as defined by section 26.1-36-49.
- 26 8. "Insured" means an individual who is insured by a health benefit plan.
- 27 9. "Insurer" means an entity authorized to write health benefit plans or that provides
28 health benefit plans in the state. The term includes an insurance company as defined
29 in section 26.1-02-01, a nonprofit health service organization, a fraternal benefit
30 society, and a health maintenance organization.

1 10. "Member insurer" means an insurer that offers individual health benefit plans and is
2 actively marketing individual health benefit plans in this state.

3 **SECTION 3. AMENDMENT.** Section 26.1-36.7-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **26.1-36.7-02. Waiver proposal and application. (~~Effective through December 31, 2021~~)**

6 1. The commissioner may develop a proposal for an innovation waiver under section
7 1332 of the federal Patient Protection and Affordable Care Act [Pub. L. 111-148; 119
8 Stat. 124; 42 U.S.C. 1801 et seq.].

9 2. On behalf of the state, in accordance with the proposal developed under subsection 1,
10 the commissioner may submit an application to the United States department of health
11 and human services and to the United States secretary of the treasury. The
12 commissioner may implement any federally approved waiver.

13 3. The commissioner may develop an amendment for an innovation waiver under section
14 1332 of the federal Patient Protection and Affordable Care Act [Pub. L. 111-148; 119
15 Stat. 124; 42 U.S.C. 1801 et seq.].

16 **SECTION 4. AMENDMENT.** Section 26.1-36.7-03 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **26.1-36.7-03. Reinsurance association of North Dakota. (~~Effective through~~**
19 **~~December 31, 2021~~)**

20 1. The reinsurance association of North Dakota is established as a nonprofit legal entity.
21 As a condition of writing health insurance business in this state, an insurer that has
22 issued or administered a group health benefit plan within the previous twelve months
23 or is actively marketing or administering a group health benefit plan in this state shall
24 participate in the association.

25 2. The association may begin operation on either:
26 a. The January first following the date the commissioner certifies to the secretary of
27 state and the legislative council that the state's innovation waiver application has
28 been approved by the federal government pursuant to section 1332 of the federal
29 Patient Protection and Affordable Care Act [Pub L. 111-148; 119 Stat. 124;
30 42 U.S.C. 1801 et seq.]; or

- 1 b. The January first following the date the commissioner certifies to the secretary of
2 state and the legislative council that the Patient Protection and Affordable Care
3 Act [Pub. L. 111-148] has been repealed, amended, or finally adjudicated by a
4 court of law with jurisdiction over North Dakota as invalid or in a manner that
5 makes the granting of an innovation waiver unnecessary or inapplicable.
- 6 3. If the federal funding associated with an approved innovation waiver under section
7 1332 of the federal Patient Protection and Affordable Care Act [Pub. L. 111-148; 119
8 Stat. 124; 42 U.S.C. 1801 et seq.] is terminated or otherwise discontinued, the
9 commissioner may cease or suspend operations of the reinsurance association of
10 North Dakota beginning on the January first following the date the commissioner
11 notifies the board that federal funding has been terminated or otherwise discontinued.

12 **SECTION 5. AMENDMENT.** Section 26.1-36.7-04 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **26.1-36.7-04. Board of directors. (~~Effective through December 31, 2021~~)**

- 15 1. The association is governed by the board of directors of the reinsurance association of
16 North Dakota.
- 17 2. The board consists of the state health officer, one senator appointed by the majority
18 leader of the senate of the legislative assembly, one representative appointed by the
19 speaker of the house of representatives of the legislative assembly, one individual
20 from each of the four insurers of the association with the highest annual market share
21 as determined by annual market share reports of health benefit plans provided by the
22 commissioner annually, and two nonvoting members from the insurance department
23 appointed by the commissioner.
- 24 3. Members of the board may be reimbursed from the moneys of the association for
25 expenses incurred by the members due to their service as board members, but may
26 not otherwise be compensated by the association for board services.
- 27 4. The costs of conducting the meetings of the association and the board are borne by
28 the association.
- 29 5. For cause, the commissioner may remove any board member representing one of the
30 four insurers.

1 **SECTION 6. AMENDMENT.** Section 26.1-36.7-05 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **26.1-36.7-05. Powers and duties of commissioner and board. (~~Effective through-~~**
4 **~~December 31, 2021~~)**

5 1. The commissioner shall:

6 a. Perform all functions necessary for the association to carry out the purposes of
7 this chapter; and

8 b. Approve any assessments to the insurers writing or otherwise issuing group
9 health benefit plans. A group health benefit plan issued pursuant to chapter
10 54-52.1 is exempt from the assessment.

11 2. The board shall:

12 a. Formulate general policies to advance the purposes of this chapter;

13 b. Schedule and approve independent biennial audits in order to:

14 (1) Ensure claims are being processed appropriately and only include services
15 covered by the individual health benefit plan for the contracted rates; and

16 (2) Verify that the assessment base is accurate and that the appropriate
17 percentage was used to calculate the assessment;

18 c. Approve bylaws and operating rules; and

19 d. Provide for other matters as may be necessary and proper for the execution of
20 the commissioner's and board's powers, duties, and obligations.

21 3. The commissioner and the members of the board are not liable for any obligations of
22 the association.

23 **SECTION 7. AMENDMENT.** Section 26.1-36.7-06 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **26.1-36.7-06. Assessments against insurers. (~~Effective through December 31, 2021~~)**

26 1. For the purpose of providing the funds necessary to carry out the purposes of the
27 association under this chapter, the commissioner shall assess insurers writing or
28 otherwise issuing group health benefit plans based on the insurer's group health
29 benefit plan premium written in this state. The assessment must be paid quarterly
30 within forty-five days of the end of the previous quarter on all earned group health
31 benefit plan premiums for the previous calendar quarter. An assessment not paid

1 within forty-five days of the end of the previous quarter accrues interest at twelve
2 percent per annum beginning on the date due.

3 2. An insurer writing less than one hundred thousand dollars, annually, in group health
4 benefit plan premium is exempt from the assessments.

5 3. The commissioner may verify the amount of each insurer's assessment based on
6 annual statements and other reports determined to be necessary by the
7 commissioner. The commissioner may use any reasonable method of estimating an
8 insurer's group health benefit plan premium if the specific number is not reported to
9 the commissioner.

10 ~~3.4.~~ Any federal funding obtained by the association must be used to reduce the
11 assessments of insurers writing or otherwise issuing group health benefit plans
12 pursuant to this section.

13 4.5. Before April second of each year, the association shall determine and report to the
14 board the association's net gains or net losses for the previous calendar year.

15 ~~5.6.~~ Before April sixteenth of each year, the association shall provide an estimate to the
16 commissioner and the board of the amount of assessments needed for the association
17 to carry out the powers and duties of the association under this chapter.

18 ~~6.7.~~ Before May second of each year, the board may provide a recommendation to the
19 commissioner and the board of the amount of assessments needed for the association
20 to carry out the powers and duties of the association under this chapter.

21 ~~7.8.~~ An insurer may apply to the commissioner for a deferral of all or part of an assessment
22 imposed by the association under this section. The commissioner may defer all or part
23 of the assessment if the commissioner determines the payment of the assessment
24 would place the insurer in a financially impaired condition. If all or part of the
25 assessment is deferred, the amount deferred must be assessed against other insurers
26 in a proportionate manner consistent with this section. The insurer that receives a
27 deferral remains liable to the association for the amount deferred and is prohibited
28 from reinsuring any person through the association until such time as the insurer pays
29 the assessments.

30 ~~8.9.~~ The board shall use any surplus, including any interest earned on the surplus, to:
31 a. Offset future losses;

1 b. Reduce future assessments to insurers writing or otherwise issuing group health
2 benefit plans; or

3 c. Pay off a line of credit issued pursuant to section 26.1-36.7-07.

4 ~~9-10.~~ The commissioner may suspend or revoke, after notice and hearing, the certificate of
5 authority to transact insurance in this state of any member insurer that fails to pay an
6 assessment. As an alternative, the commissioner may levy a penalty on any member
7 insurer that fails to pay an assessment when due. In addition, the commissioner may
8 use any power granted to the commissioner by this title to collect any unpaid
9 assessment.

10 **SECTION 8. AMENDMENT.** Section 26.1-36.7-07 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **26.1-36.7-07. Bank of North Dakota line of credit. (~~Effective through December 31,~~**
13 **~~2021~~)**

14 The Bank of North Dakota shall extend to the association a line of credit not to exceed
15 twenty-five million dollars. The association shall repay the line of credit from assessments
16 against insurers writing or otherwise issuing group health benefit plans in this state or from
17 other funds appropriated by the legislative assembly. The association may access the line of
18 credit to the extent necessary to provide reimbursements to member insurers as required by
19 this chapter.

20 **SECTION 9. AMENDMENT.** Section 26.1-36.7-08 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **26.1-36.7-08. Reinsurance. (~~Effective through December 31, 2021~~)**

23 For claims of an insured which total one hundred thousand dollars to one million dollars
24 incurred per plan year, a member insurer must be reinsured by the association at seventy-five
25 percent of the member insurer's responsibility for claims incurred by the insured pursuant to the
26 terms of an individual's nongrandfathered individual health benefit plan.

27 **SECTION 10. AMENDMENT.** Section 26.1-36.7-09 of the North Dakota Century Code is
28 amended and reenacted as follows:

1 **26.1-36.7-09. Reimbursement of member insurer. (~~Effective through December 31,~~**
2 **~~2021~~)**

3 For nongrandfathered individual health benefit plans issued or renewed after the November
4 second preceding to the date the association begins operation, a member insurer may seek
5 reimbursement from the association and the association shall reimburse the member insurer
6 pursuant to the provisions of section 26.1-36.7-08 to the extent the claims incurred by the
7 insured and submitted by the member insurer to the association are eligible for coverage and
8 reimbursement according to the terms of insured's individual health benefit plan.

9 **SECTION 11. AMENDMENT.** Section 26.1-36.7-10 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **26.1-36.7-10. Rulemaking. (~~Effective through December 31, 2021~~)**

12 The commissioner may adopt rules for the implementation and administration of this
13 chapter.

14 **SECTION 12.** A new section to chapter 26.1-36.7 of the North Dakota Century Code is
15 created and enacted as follows:

16 **Third-party reinsurance.**

17 The association may use federal funding received under section 1332 of the federal Patient
18 Protection and Affordable Care Act [Pub. L. 111-148; 119 Stat. 124; 42 U.S.C. 1801 et seq.] to
19 procure third-party reinsurance for the association's portion of eligible claims.

20 **SECTION 13. INSURANCE DEPARTMENT STUDY - COMBINING INDIVIDUAL MARKET**
21 **AND SMALL GROUP MARKET FOR REINSURANCE.** During the 2021-22 interim, the
22 insurance department shall study ways the state may be able to establish an invisible
23 reinsurance pool for the combination of the individual health insurance market with the small
24 group health insurance market.

25 **SECTION 14. APPROPRIATION.** There is appropriated out of special funds derived from
26 the reinsurance association of North Dakota, not otherwise appropriated, the sum of \$200,000,
27 or so much of the sum as may be necessary, to the insurance commissioner for the purpose of
28 a study relating to the establishment of an invisible reinsurance pool for the combination of the
29 individual health insurance market with the small group health insurance market, and
30 implementing the findings of the study, for the biennium beginning July 1, 2021, and ending
31 June 30, 2023.

1 **SECTION 15. EMERGENCY.** This Act is declared to be an emergency measure.