

CHAPTER 26.1-28 INSURANCE VENDING MACHINES

26.1-28-01. Sale of insurance from vending machines restricted. No insurance may be offered for sale, issued, or sold by or from any vending machine or appliance or any other medium, device, or object designed or used for vending purposes, in this chapter referred to as a vending machine, except as provided in this chapter.

26.1-28-02. Sale of insurance through vending machines under certain conditions. Insurance producers licensed by the commissioner under this title to solicit applications for and to sell policies of personal travel accident insurance providing benefits for accidental bodily injury or accidental death may also solicit applications for and issue or sell such insurance by means of vending machines supervised by them and placed in locations for the convenience of the traveling public, upon the following conditions:

1. That each policy is reasonably suited for sale and issuance through a vending machine, and that use of a vending machine in a proposed location would be of material convenience to the traveling public.
2. That the type of vending machine proposed to be used is reasonably suitable and practical for the purpose.
3. That reasonable means, as determined by the commissioner, are provided for informing the prospective purchaser of the benefits, limitations, and exclusions of the policy, the premium rates, the name and address of the insurance producer, and the name and home office address of the insurer.
4. That the vending machine is constructed and operated to retain, or is provided with a suitable place for deposit and safekeeping of, a copy of the application, which shows the date of the application, name and address of the applicant and the beneficiary, and the amount of insurance.
5. That no policy of insurance sold through a vending machine may be for a period of time longer than the duration of a specified one-way or round trip not exceeding one hundred eighty days.
6. That the vending machine has provided on it or immediately adjacent thereto, in a prominent location, adequate envelopes for use of purchasers in mailing policies vended through the machine, or that the policy itself, if designed to permit the procedure, may be mailed without an envelope; provided, however, that the commissioner may modify or waive this requirement, by a writing delivered to the insurance producer.
7. That each vending machine is supervised, inspected, and tested by the insurance producer with such frequency as may reasonably be required by the commissioner, and if any machine is not in good working condition the insurance producer shall promptly cause a notice to be displayed on the machine that the machine is out of order, and cause the machine to be promptly removed from service until it is in proper working order.
8. That prompt refund by the insurance producer is provided to each applicant or prospective applicant of money deposited in any defective vending machine and for which no insurance, or a less amount than paid for, is actually received.

The commissioner may adopt by rule additional conditions for types and locations of vending machines, their maintenance and operation, and the methods to be used by the insurance producer in the solicitation and sale of insurance by means of vending machines as are reasonable and necessary.

26.1-28-03. Licensing of vending machine devices - Expiration date. The insurance producer shall apply for a license for each vending machine to be used. The commissioner shall prescribe the form of the application. A fee of two dollars for each vending machine must be paid at the time of making the application. Upon approval of the application, the commissioner shall issue to the insurance producer a special vending machine license. The license applies to a specific vending machine or to any machine of identical type which, after written notice by the insurance producer to the commissioner, is substituted for it. The license must specify the name and address of the insurance producer, the name and home office address of the insurer, the name or other identifying information of the policy or policies to be sold, the serial number or other identification of the vending machine, and the address, including the location on the premises, where the machine is to be in operation. A vending machine for which a license has been issued for operation at a specific address may be transferred to a different address during the license year upon written notice to the commissioner at the time of the transfer. The license for each vending machine expires April thirtieth of each year, but may be renewed from year to year by the commissioner upon approval of the application of the insurance producer, the furnishing of information requested by the commissioner, and the payment of two dollars for each license year or part thereof for each machine. Proof of the existence of a subsisting license must be displayed on or about each vending machine in use in the manner the commissioner may reasonably require.

26.1-28-04. Suspension, revocation, or refusal of license - Notice and opportunity to be heard. The license for each vending machine is subject to expiration, suspension, or revocation coincidentally with that of the insurance producer or the insurer. The commissioner also may suspend, revoke, or refuse to renew the license as to any vending machine concerning which the commissioner finds any conditions upon which the machine was licensed or referred to in section 26.1-28-02 have been violated, or no longer exist, or that the machine is being used or operated by the insurance producer in violation of the laws of this state. Before suspending, revoking, or refusing to renew a license for a vending machine, the commissioner shall conduct a hearing and shall make a determination upon the basis of the standards, conditions, and requirements of this section.

26.1-28-05. Penalty. Any person who violates this chapter is guilty of a class B misdemeanor.