2009 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2300

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2300

Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 27, 2009

Recorder Job Number: 7858

Committee Clerk Signature

Minutes:

Chairman Klein: Called IBL back to order. We will hear SB2300.

Senator Olafson: This is intended to provide protection for political subdivisions under the bond fund. This bill will provide for a minimum of ten thousand dollars.

Ken Yantes, Executive Secretary of the North Dakota Township Officers Association: Written Testimony Attached. In support of the bill. Handouts on the century code.

Chairman Klein: Can you give us an example or concern.

Ken: At the meeting the discussion was that the township has an issue. Maybe every ten years, someone walks off with the money and the township has no way of replacing it.

Chairman Klein: Do you sue that person and get it back?

Ken: That's to be decided whether we would get it back or not.

Senator Potter: If the solution wasn't general funds and we were charging premiums, how would the township officials feel about increasing premiums all across the state for these rare cases?

Ken: It would have to be a reasonable figure.

Senator Wanzek: You're saying the language is where the problem is, why are we not changing the language also?

Ken: I believe that deals specifically with the application and the one above deals with the actual coverage.

Jeff Bitz, Administrator, and State Bonding Fund North Dakota Insurance Department: Written Testimony Attached. Neutral on the bill.

Chairman Klein: What we do in that case is that the whole bond fund was set up with bond holders having a stack in it up to 1993?

Jeff: That's correct.

Chairman Klein: Now were saying we're going to get a bail out from the state, to get that fund back up?

Jeff: What happened back in 2005 there was a bill that transferred money from the bonding fund to the general fund. The original floor on the bonding fund was 2.5 million with that OMB bill that dropped the floor to 2 million. The bill is asking for some of the money back.

Discussion followed.

Chairman Klein: We need to make sure we have everyone on board.

Senator Potter: What would the affect be on the bond fund overtime if you raise it?

Jeff: We get three or four claims a year under this fund. It is tough to determine what is going to be incurred.

Chairman Klein: Senator Andrist and Senator Horne will you work with Jeff and Rachel to come up with an amendment. Let's take a break.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2300

Senate Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 28, 2009

Recorder Job Number: 8045

Committee Clerk Signature

Minutes:

Chairman Klein: Going back to Senate Bill 2300. Senator Andres did you and Senator Horne talk to Ken Yantes?

Senator Andrist: They didn't give it to me.

Chairman Klein: Senator Olafson said that the amendment was unacceptable.

Senator Andrist: The amendment was unacceptable? When I talked to him he told me it looked good to him.

Chairman Klein: He came up to me and told me it wouldn't work. We need to look in to that. Committee we will adjourn for today.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2300

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: February 2, 2009

Recorder Job Number: 8375

Committee Clerk Signature

Minutes:

Chairman Klein reopened SB 2300, Senator Behm absent

SA: Made a motion to Do Pass as written.

Senator Potter: Seconded

SH: After all this, the motion is made to Do Pass?

Chairman Klein: Yes

Roll call vote: 6-0, 1 absent

Date: 2/2/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2300

Senate Committee

Industry, Business and Labor

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ **Pass** ☐ **Do Not Pass** ☐ **Amended**

Motion Made By Senator Andrist Seconded By Senator Potter

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm		
Senator Terry Wanzek – V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Andrist

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2300: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2300 was placed on the Eleventh order on the calendar.

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2300

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2300

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: March 10, 2009

Recorder Job Number: 10620

Committee Clerk Signature	Ellen LeTaine

Chairman Keiser: Opened the hearing on SB 2300 relating to bond fund coverage.

Senator Curtis Olafson~District 10. SB 2306 is intended to provide a minimum level of bonding coverage for protection for our smallest and most vulnerable political subdivisions. What it will do is provide minimum of $10,000 of bonding coverage or less. The reason behind the bill is highly unlikely that anyone could abscond with all the money in a large city. That would certainly be noticed before that could ever happen but in a small political subdivision, such as a township, it's certainly not be out of the realm of possibility that someone could abscond with a substantial amount of the funds before it were ever noticed. It would be difficult for a small township to find a way to replace those funds. It doesn't happen that often but would provide coverage those most vulnerable subdivisions at very little risk to bonding fund.

Jeff Bitz~Administrator of the State Bonding Insurance Department. We worked with this bill to provide the language that is currently before you and we support the changes to allow this minimum amount of coverage for these small entities.

Representative N Johnson: What would it cost a small entity to get bonded for under $10,000?

Bitz: Right now there is no cost to an entity to be bonded with state bonding fund. As long as the minimum of the surplus is above two million dollars, there is no charge. We haven't charged for a bond since 1953.

Representative Clark: There are no premiums involved at all for the smaller subdivisions?

Bitz: Right now there are no premiums for anybody. As long as the surplus is up to two million dollars, there is no cost to anybody to participate.

Vice Chairman Kasper: If there is no charge for a bond right now and any political subdivision is eligible for a bond right now, why do we need this bill?

Bitz: Right now to be covered, we provide coverage up to 25% of the amount of money an entity. A bond holder has in their possession or that they are budgeted for, the revenue they receive for the previous 12 months. We provide coverage up to ability, to provide to pay a claim which we would right now to the two million dollars. How we have been handling coverage is that an entity has funding for the previous 12 months of, say for $100,000, we would provide coverage for them up to $25, 000. The entity is audited at least every two years and that they provide separation of duties between who handles the authorization, posts, deposits & who writes the checks out and try to make sure that dual signatures are required so that we minimize the opportunity for defalcation. This bill basically says for those smaller entities, say they have a small township, has revenue of $10,000 and under the 25% rule, then they would be bonded for $2,500. This bill basically says that they have revenue of $10,000, they will be bonded for $10,000.

Vice Chairman Kasper: So what you are doing is reducing the liability of the bonding fund for the smaller political subdivisions?

Bitz: Actually, we are increasing the liability because giving them more coverage than what we would afford under 25%.

Vice Chairman Kasper: You are going to give them at least $10,000 of bond coverage or is there some place in the statue that talks about the 25% that not here?

Bitz: Yes, it is in the actual state bonding fund in the chapter where it talks about the 25% of the fund that they have control of.

Representative N Johnson: So the larger political subdivision, one that has more dollars, you are saying that they have a three million dollar budget and somebody absconds, the likely hood of them taking all the three million is pretty small. So 25% of that is where the coverage might be reasonable and if it's a real small political subdivision, with the small amount of money they handle, it would cover their entire loss? Is that correct?

Bitz: Yes, I think the township concern was that they are dealing with smaller amounts of money, that there is a less opportunity for them to notice someone absconding from monies over a period of time. A larger entity, you can take three million dollars, that's $750,000 in coverage. That will more likely be caught.

Representative Ruby: Does this increase it for the larger cities or counties as well? I don't see any language that distinguishes between a small or is this only under the township section?

Bitz: It not just for townships, it's for any entity their budget is in the smaller amount of the $10,000 range. It could be for a park district, a small municipality where they are dealing smaller amounts of money. It's not limited to a township.

Representative Clark: The current 25% coverage that you are affording them already, is also without charge?

Bitz: Correct.

Representative Clark: There has been no charge since 1953?

Bitz: Correct.

Vice Chairman Kasper: Anyone here to testify in opposition SB 2300, neutral. Closes the hearing and we will hold the bill until Chairman Keiser returns.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2300

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: March 10, 2009

Recorder Job Number: 10622

Committee Clerk Signature Ellen LeTang

Chairman Keiser: Opened the committee work session on SB 2300.

Chairman Keiser: I would like to ask one question, the way this bill reads, "the amount of money or property actually handled or $10,000, which is ever is less", can that amount be significantly greater than $10,000?

Vice Chairman Kasper: In another part of the statue that is a 25% limitation, so if there was a bond for two million dollars, the benefit would be 25% or $500,000.

Chairman Keiser: So the exposure would be $500,000 but they could get away with $10,000? Shouldn't it be the greater of the two?

Representative N Johnson: I think what they were doing was for a smaller political subdivision that would the max would be $10,000 but it would be the actual amount handled or up to $10,000. If it goes above $10,000 it just would jumps into the 25%.

Chairman Keiser: What are the wishes of the committee?

Representative Clark: Motions a Do Pass.

Representative N Johnson: Second.

Chairman Keiser: Further discussion.

Voting rolling was taken on SB 2300 for a Do Pass with 13 ayes, 0 nays, 0 absent and Representative Clark is the carrier.

Date: Mar 10- 2009

Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2300

House House, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ As Amended

Motion Made By Clark Seconded By N Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Representative Amerman	✓	
Vice Chairman Kasper	✓		Representative Boe	✓	
Representative Clark	✓		Representative Gruchalla	✓	
Representative N Johnson	✓		Representative Schneider	✓	
Representative Nottestad	✓		Representative Thorpe	✓	
Representative Ruby	✓				
Representative Sukut	✓				
Representative Vigesaa	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Clark

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2300: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2300 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2300

SENATE BILL NO. 2300

Presented by: **Jeff Bitz**
Administrator, State Bonding Fund
North Dakota Insurance Department

Before: **Senate Industry, Business and Labor Committee**
Senator Jerry Klein, Chairman

Date: **January 27, 2009**

TESTIMONY

Mr. Chairman and members of the committee:

My name is Jeff Bitz and I am the Administrator of the State Bonding Fund. I appear before you today on Senate Bill No. 2300.

The State Bonding Fund provides fidelity bond coverage to the State of North Dakota and its political subdivisions, including counties, townships, cities, park districts, and school districts. The bond issued by the Fund is a fidelity blanket bond, which covers public officials and employees for theft of money and property by public officials and employees.

Established by the Legislature in 1919, no premium has been charged for this coverage since 1953. Collection of premiums resumes if the Fund reserve is depleted below $2 million and continues until the reserve fund reaches $3 million.

The State Bonding Fund serves 2,956 bondholders with a combined insured value of approximately $527 million.

Section 26.1-21-07: This proposed amendment appears to limit the Fund's ability to provide coverage to all bondholders to a maximum of $10,000 or the actual amount of

money or property handled, whichever is less. As an example, if a bondholder has a sum of $4 million based on the total of monthly balances for the preceding year, the most coverage we could provide is $10,000. Under our current method of determining coverage amount, we could provide $1 million.

Currently Section 26.1-21-10 requires that a bondholder's coverage be based on the amount of money and property handled and the opportunity for defalcation and any other condition imposed by law and list 25% of the money in control of the public officials or employees for which the bond is requested for the preceding year based on the total monthly balances. The Fund uses this requirement as a matter of fairness to all bondholders.

For example: If a bondholder has a total for all monthly balances of $800,000, the bonding limit would be $200,000 (25%). If the total of all monthly balances is $10 million, the coverage would be limited to $2 million (amount of surplus) because 25% or $2.5 million would exceed surplus. The Fund limits the maximum coverage afforded to a bondholder to the amount of its surplus. The Fund cannot provide coverage greater than its ability to pay a claim.

Both large and small bondholders present their own unique risk to the Fund. Large bondholder risk is unique based on their large monthly balances and number of transactions. However, audit rules require they have separation duties such as different employees signing checks, doing deposits and approving transactions. Smaller bondholder unique risk is that they cannot separate responsibilities of depositing funds, posting funds and approving transactions. If the Fund provides coverage for the total of all monthly balances, then the incentive for a bondholder to comply with any financial controls is negated. The bondholder assumes no risk as a result of defalcation.

This year for the first time since 1953, the State Bonding Fund is faced with assessing each bondholder a premium because the Fund's reserve balance (surplus) appears to have dropped below the statutory requirement of $2 million. The decrease in surplus

did not result in an increase in the frequency of claims, large claim payments or increased operating costs, but because of poor investment results due principally from the collapse of the world financial markets.

According to the Retirement and Investment Office (RIO), the Fund had a negative return on investments for the last quarter of 2008 (October-December) which reduced the Fund's balance as of December 31, 2008. The estimated balance is between $1,532,225 and $1,929,004. We are currently waiting for actual results. This compared with the Fund's balance as of September 30, 2008, of $2,352,098.

There is a Senate bill (SB 2249) that has not been heard yet which addresses an emergency appropriation transfer to bring the Fund balance comfortably above $2 million thereby averting the need to assess each bondholder.

I respectfully take no position on this bill and only present this testimony to inform the committee on the current state of the State Bonding Fund.

I would be happy to try and answer any questions the committee members may have.

Thank you.

North Dakota Township Officers Association
Testimony on SB2300

Mr. Chairman and Senate Industry, Business and Labor Committee Members.

My name is Ken Yantes. I am the Executive Secretary of the North Dakota Township Officers Association.

I appear in front of you in support of SB2300. This is a bill we have asked it's sponsor to introduce to you.

At a meeting of our members a policy was adopted which asked for the State Bonding Fund to cover more than the 25% of the money each township handles as the fund used to do prior to the 2005 change.

I have a three page handout to give to you.

The first page is from the township chapter of our ND Century Code Chapter 58.

Please follow along with me in 58-05-05.

Note under paragraph #2 it says the treasurer must be covered for not less than the maximum amount of the money that shall be subject to such treasurer's control at any one time.

The next page in the handout comes from Chapter 26, the insurance section of our century code.

Under 26.1-21-07, in the second line, it says the coverage may be greater than but not less than the amount required by law or determined under law for a position.

The next section of NDCC I would ask you to look at is found on the bottom of this page under 26.1-21-10, the automatic insurance of state and political subdivisions.

The reference to 25% in the last line seems to have set the maximum coverage we can get.

The Officers present at our annual meeting indicated that was all they were insured for through the Fund. After submitting their applications for coverage they received notification that they were covered for 25% of their requests.

An average township usually has about a $10,000 budget and a $2500 coverage is not enough.

Mr. Chairman and Committee members the State Bonding Fund was started and has been maintained to bond this states entities should disaster strike in the form of defalcation.

SB2300 asks for coverage in the amount of at least equal to the amount of money or property handled or $10,000 which ever is less.

It is possible for some townships to have less than $10,000 in their control so losses could be less. Nothing in the proposed wording speaks to the maximum coverage provided to other states entities that have a greater exposure. The form provided by the Fund still allows them to use the 25% for these other entities.

Please support the passage of SB2300 and direct the Bonding Fund to cover more than 25% of our states township budgets.

second annual meeting; and one supervisor to serve until the third annual meeting. All the other township officers must be elected to serve until the annual township meeting in an even-numbered year.

58-05-05. Bonds of officers. Each person elected or appointed to the office of township clerk, assessor, or treasurer, within ten days after the person is notified of the person's election or appointment, and before entering upon the duties of the person's office, must be bonded for the faithful discharge of the person's duties in the same manner as other civil officers are bonded and in the following amounts:

1. The bond of the township clerk must be in such amount as may be determined by the board of township supervisors.

2. The bond of the treasurer must be in such amount as may be determined by the board of township supervisors and must be not less than the maximum amount of money that shall be subject to such treasurer's control at any one time.

3. The bond of the assessor must be in the amount of one thousand dollars.

Such bonds, or the certificates issued in lieu thereof, must be filed in the office of the township clerk.

58-05-06. Bonds of township officers - Premiums. All bonds required by this title for any township officer must be obtained from the North Dakota state bonding fund or from a corporate surety company authorized to do business in this state. Personal sureties may not be accepted on any such bond. The premiums for bonds of the North Dakota state bonding fund must be paid by the township, and the township may not pay the premium upon any other bond except such as is procured to replace a bond canceled by the state bonding fund.

58-05-07. Officers to take oath. Each person elected or appointed to the office of supervisor, township clerk, assessor, treasurer, or township overseer of highways, within ten days after the person is notified of the person's election or appointment, shall take and subscribe the oath prescribed in section 4 of article XI of the Constitution of North Dakota. If the oath is administered by the township clerk, no fee may be charged therefor.

58-05-08. Certificate of oath to be filed. The person taking the oath described in section 58-05-07, immediately and before entering upon the duties of the person's office, shall file the certificate of such oath in the office of the township clerk.

58-05-09. Penalty for neglect to take oath. If any township officer who is required by law to take an oath of office enters upon the duties of the office before taking such oath, the person shall forfeit to the township the sum of fifty dollars.

58-05-10. Neglect to qualify deemed refusal to serve. If any person elected or appointed to a township office, of whom an oath or bond is required, neglects to file the same within the time prescribed by law, such neglect must be deemed a refusal to serve in such office.

58-05-11. Poundmaster to file acceptance - Neglect deemed refusal to serve. Each person appointed to the office of poundmaster, before entering upon the duties of the office and within ten days after being notified of the election or appointment, shall file a notice signifying acceptance of such office in the office of the township clerk. A neglect to file such notice must be deemed a refusal to serve.

58-05-12. Officers interested in contracts of township. Except as otherwise provided by this section, no township officer may become a party to or be interested, directly or indirectly, in any contract made by the board of which the officer is a member. Every contract or payment voted for or made contrary to this section is void. Any violation of this section constitutes malfeasance in office which subjects the offending officer to removal from office. A township

bond. The blanket bond is conditioned on the public employee or public official, as principal, rendering a true account of all moneys and property possessed as a public employee or public official, and delivering the money or the property as required by law. The provisions of this chapter and of any statute requiring a bond constitute the bond of each public official and public employee for the purposes of any law of this state requiring the bond and constitute the entire contract between the fund and a state agency or a political subdivision as the obligee for the bond.

26.1-21-07. Coverage. The amount of coverage afforded to each state agency or political subdivision must be determined by the commissioner based upon the amount of money or property handled and the opportunity for defalcation. The coverage may be greater than but not less than the amount required by law or determined under law for a position. The coverage for a state legislative or judicial branch agency, however, may be determined by the legislative council or supreme court, respectively.

26.1-21-08. Review of coverage by auditor. When conducting an audit examination of a state agency or political subdivision, the auditor shall evaluate the blanket bond coverage and, if necessary the auditor shall include recommendations for changes in the amount of that coverage in the auditor's report.

26.1-21-09. Premiums - Amount to whom paid - Minimum. The commissioner shall determine the premium for a blanket bond. Each state agency and political subdivision shall pay the premium in advance to the state treasurer who shall keep the premiums collected in the fund. The state treasurer shall issue receipts in triplicate. The treasurer shall file one of these receipts in the treasurer's office, shall mail one to the official making the payment, and shall mail one to the commissioner. The minimum premium for each bond must be two dollars and fifty cents per year. Payments must be made for one year or for a longer term as prescribed by the commissioner. The premiums referred to in this section must be waived until the reserve fund of the state bonding fund has been depleted below the sum of two million dollars. The collection of premiums must be resumed on the bonds, at the rates provided under this section, whenever the reserve fund is depleted below the sum of two million dollars. The premiums must continue to be collected until the reserve fund reaches a total of three million dollars, at which time all premiums must again be waived until the reserve fund has been depleted below the sum of two million dollars.

26.1-21-09.1. Bonds of agents appointed to distribute hunting and fishing licenses or stamps - Premiums - Determination of eligibility. The annual premium for a bond of an agent appointed by a county auditor to distribute hunting and fishing licenses or stamps pursuant to section 20.1-03-17 is ten dollars. The premium must be paid to the fund pursuant to rules adopted by the commissioner. The commissioner shall deposit the premiums with the state treasurer to the credit of the fund. The commissioner may reduce or waive the premium if it is determined that funds received pursuant to this section are sufficient to cover potential claims on the bonds of agents appointed to distribute hunting and fishing licenses or stamps. The commissioner shall determine the conditions and qualifications of agents bonded under this section. The amount of coverage afforded under this section is fifteen thousand dollars per agent per year.

26.1-21-10. Automatic insurance of state and political subdivisions.

1. Each state agency and each political subdivision shall apply to be bonded in the fund on a biennial basis or if a change in coverage is requested. Unless an application is denied within sixty days from the date it is received by the commissioner, the application will be deemed approved and bond coverage in force. If a bond is in the discretion of the state agency or political subdivision and a bond is not requested, the state agency or political subdivision is exempt from this section.

2. The application must include a requested amount of bond coverage based on the amount of money and property handled and the opportunity for defalcation and any other condition imposed by law and list twenty-five percent of the money in control of

the public officials or employees for which the bond is requested for the preceding year based on the total monthly balances. In addition, the application must include any information requested by the commissioner to determine the amount of money and property handled and the opportunity for defalcation, including the procedure used to determine the amount of bond requested, revenues for the last budget period by type, expenditures for the last budget period by type, the number of people that handle money, any portion of the last audit, and any financial procedures.

26.1-21-10.1. State employee - Defense. Repealed by S.L. 1997, ch. 286, § 11.

26.1-21-10.2. State employee defense - Expenses withdrawn by attorney general. Repealed by S.L. 1997, ch. 286, § 11.

26.1-21-11. Default of public employees or public officials - Limitation on filing of claims against fund. Within sixty days after the discovery of any default or wrongful act on the part of any public employee or public official for which the fund is or may become liable, the state auditor, county auditor, city auditor, township clerk, or business manager of the school district; the treasurer of the state or state agency or political subdivision if the defaulting officer is the auditor or clerk of the state or state agency or political subdivision; and any other officer having supervision of a defaulting public employee or public official shall file a claim with the commissioner against the fund. Any person injured by a default or wrongful act may present the claim to the commissioner within sixty days after the discovery of such default or wrongful act. If a claim is not filed within the time limited by this section, the claim is waived. A claim filed under this section must contain an abstract of the facts upon which the claim is based and must be verified by the claimant or by someone in the claimant's behalf. The claim and all papers relating to the claim must remain on file with the commissioner.

26.1-21-12. Commissioner to notify state auditor of default of public employee or public official - Duty of state auditor. If any public employee or public official defaults or creates a liability against the fund, the commissioner shall notify the state auditor. The state auditor immediately shall investigate the accounts of the public employee or public official and file a report with the commissioner stating any amount due from the fund because of the default or wrongful act. For these services, the auditor must be paid out of the fund the same fees as the auditor is paid for auditing the accounts of county officers.

26.1-21-13. Audit of claims against state bonding fund - Register of claims. All liability claims against the fund must be audited by the commissioner, and such audit must be approved by the attorney general. The commissioner has the authority to prescribe the forms upon which claims must be presented and may administer oaths and examine witnesses in connection with claims presented to the commissioner. If the commissioner, with the approval of the attorney general, finds a claim or any part thereof to be a valid, just, and proper charge against the fund, the commissioner shall make and file an order to that effect and state therein the amount allowed upon the claim. A brief description of every claim filed against the fund must be entered by the commissioner in a register provided for that purpose showing the name of the claimant, the amount and character of the claim, the action taken upon the claim, and the date when such action was taken.

26.1-21-14. Filing claim is condition precedent to bringing action - Failure to act is disallowance. An action may not be maintained against the fund upon a claim until the claim has been presented for allowance as provided in this chapter and the commissioner has refused to allow the claim. A claim that has not been allowed within sixty days after presentation for allowance is disallowed. The filing and disallowance of the claim must be alleged in the complaint in any action brought against the fund.

26.1-21-15. Limitation of time for bringing action against the fund - Interest - Limitation on time for fund liability. An action may not be maintained against the fund upon any claim unless the action is commenced within one year after filing of the claim with the commissioner. Interest on the claim runs from the date of filing the claim with the commissioner.