

**Fifty-fifth Legislative Assembly, State of North Dakota, begun in the
Capitol in the City of Bismarck, on Monday, the sixth day of January,
one thousand nine hundred and ninety-seven**

SENATE BILL NO. 2132
(Industry, Business and Labor Committee)
(At the request of the Commissioner of Insurance)

AN ACT to create and enact a new subsection to section 26.1-05-19, relating to insurance company investments; and to amend and reenact subsection 6 of section 26.1-03-17, subsection 4 of section 26.1-36.1-01, subsection 4 of section 26.1-36.1-05, and section 26.1-44-05 of the North Dakota Century Code, relating to an annual insurance premium tax filing fee, medicare supplement insurance, and endorsement of surplus lines insurance policies.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 6 of section 26.1-03-17 of the North Dakota Century Code is amended and reenacted as follows:

6. ~~An annual filing fee in the amount of two hundred dollars must be collected by the commissioner from each entity subject to this section. This fee must be reduced by an amount equal to the net tax due under subsections 1 and 2. In lieu of the tax required by subsection 1, the commissioner shall collect from each entity subject to this section an annual filing fee in the amount of two hundred dollars, provided the total tax liability of the entity pursuant to subsection 1 is less than two hundred dollars. No annual filing fee is due or may be collected from an entity if its total tax liability pursuant to subsection 1 is in excess of two hundred dollars. The annual filing fee may be reduced by any credits available pursuant to subsections 2 and 5.~~

SECTION 2. A new subsection to section 26.1-05-19 of the North Dakota Century Code is created and enacted as follows:

Loans, securities, or investments in addition to those permitted in this section, whether or not the loans, securities, or investments qualify or are permitted as legal investments under its charter, or under other provisions of this section or under other provisions of the laws of this state. The aggregate admitted value of the company's investments under this section may not at any one time exceed either seven percent of the company's admitted assets, or the amount equal to the company's capital and surplus in excess of the minimum capital and surplus required by law, whichever is less.

SECTION 3. AMENDMENT. Subsection 4 of section 26.1-36.1-01 of the North Dakota Century Code is amended and reenacted as follows:

4. "Medicare supplement policy" means a group or individual accident and health insurance policy or a subscriber contract of a health service corporation or a health care plan of a health maintenance organization or preferred provider organization, other than a policy issued pursuant to a contract under section 1876 ~~or 1833~~ of the federal Social Security Act [42 U.S.C. 1395 et seq.] or an issued policy under a demonstration project ~~authorized pursuant to amendments to the federal Social Security Act specified in 42 U.S.C. 1395ss(g)(1),~~ which is advertised, marketed, or designed primarily as a supplement to reimbursements under medicare for the hospital, medical, or surgical expenses of persons eligible for medicare. The term does not include a policy or contract of one or more employers or labor organizations, or of the trustees of a fund established by one or more employers or labor organizations, or combination thereof, for employees or former employees, or combination thereof, or for members or former members, or combination thereof, of the labor organizations.

SECTION 4. AMENDMENT. Subsection 4 of section 26.1-36.1-05 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner may adopt rules for captions or notice requirements, determined to be in the public interest and designed to inform prospective insureds that particular insurance coverages are not medicare supplement coverages, for all accident and health insurance policies sold to persons eligible for medicare, other than:
 - a. Medicare supplement policies: ~~;~~ or
 - b. Disability income policies.
 - e. ~~Basic, catastrophic, or major medical expense policies.~~
 - d. ~~Single premium, nonrenewable policies.~~

SECTION 5. AMENDMENT. Section 26.1-44-05 of the North Dakota Century Code is amended and reenacted as follows:

26.1-44-05. Endorsement of policy. Every policy issued under this chapter must be endorsed "THIS POLICY IS ISSUED PURSUANT TO THE NORTH DAKOTA SURPLUS LINES INSURANCE STATUTE UNDER THE SURPLUS LINES BROKER'S LICENSE ~~NO.~~ OF _____. THE INSURER IS A QUALIFIED SURPLUS LINES INSURER, BUT IS NOT OTHERWISE LICENSED BY THE STATE OF NORTH DAKOTA AND DOES NOT PARTICIPATE IN THE NORTH DAKOTA INSURANCE GUARANTY ASSOCIATION." The surplus lines insurance broker shall properly complete the endorsement by typing or printing the broker's full name in the space provided and shall sign and date the endorsement.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Fifty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2132.

Senate Vote: Yeas 46 Nays 0 Absent 3

House Vote: Yeas 90 Nays 1 Absent 6

Secretary of the Senate

Received by the Governor at _____ M. on _____, 1997.

Approved at _____ M. on _____, 1997.

Governor

Filed in this office this _____ day of _____, 1997,
at _____ o'clock _____ M.

Secretary of State