

FIRST ENGROSSMENT
with Senate Amendments

Sixty-first
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1035

Introduced by

Legislative Council

(Industry, Business, and Labor Committee)

1 A BILL for an Act to amend and reenact section 65-04-02 of the North Dakota Century Code,
2 relating to workforce safety and insurance reserves.

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

4 **SECTION 1. AMENDMENT.** Section 65-04-02 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **65-04-02. Reserves - Surplus.**

7 1. The organization shall maintain adequate financial reserves to ensure the solvency
8 of the fund and the payment of future benefit obligations, based upon actuarially
9 sound principles. The discount rate used in evaluating the financial reserves may
10 not exceed six percent. The level of financial reserves plus available surplus
11 determined as of June thirtieth of each year must be at least one hundred twenty
12 percent but may not exceed one hundred forty percent of the actuarially
13 established discounted reserve.

14 2. If the level of financial reserves plus available surplus determined as of June
15 thirtieth of any year is below one hundred twenty percent of the actuarially
16 established discounted reserve, notwithstanding section 65-04-01 the organization
17 shall modify premium rates for the next year so that one-tenth of the difference
18 between the actuarially discounted reserve and one hundred twenty percent of the
19 actuarially discounted reserve is estimated to be collected during the following
20 year.

21 3. If the level of financial reserves plus available surplus determined as of June
22 thirtieth of any year is above one hundred forty percent of the actuarially
23 established discounted reserve, the organization shall issue premium dividends in

- 1 a fiscally prudent manner so that the organization is estimated to come into
2 compliance with the requirements of subsection 1 within the following two years.
- 3 4. For the purposes of this section, "available surplus" means net assets as stated on
4 the statement of net assets of the organization, but does not include funds
5 designated or obligated to specific programs or projects pursuant to a directive or
6 specific approval by the legislative assembly.
- 7 5. The independent annual financial audit of the organization must report the
8 organization's financial reserves.