

**FIRST ENGROSSMENT
with Conference Committee Amendments**

ENGROSSED HOUSE BILL NO. 1035

Introduced by

Legislative Council

(Industry, Business, and Labor Committee)

1 A BILL for an Act to amend and reenact subdivision a of subsection 1 of section 65-02-03.1 and
2 section 65-04-02 of the North Dakota Century Code, relating to the workforce safety and
3 insurance board of directors and workforce safety and insurance reserves.

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

5 **SECTION 1. AMENDMENT.** Subdivision a of subsection 1 of section 65-02-03.1 of the
6 North Dakota Century Code is amended and reenacted as follows:

7 a. Six board members represent employers in this state which maintain active
8 accounts with the organization. Two of the employer members must be
9 employers with annual premiums, which at the time of the member's initial
10 appointment were greater than twenty-five thousand dollars; one of the
11 employer members must be an employer with an annual premium, which at
12 the time of the member's initial appointment was ~~at least ten thousand dollars~~
13 ~~but~~ less than twenty-five thousand dollars; one of the employer members
14 must be an employer with an annual premium, which at the time of the
15 member's initial appointment was less than ten thousand dollars; and two of
16 the employer members must be employer at large representatives. Except
17 for the employer at large representatives, each employer representative must
18 be a principal owner, chief executive officer, or chief financial officer of the
19 employer.

20 **SECTION 2. AMENDMENT.** Section 65-04-02 of the North Dakota Century Code is
21 amended and reenacted as follows:

22 **65-04-02. Reserves - Surplus.**

23 1. The organization shall maintain adequate financial reserves to ensure the solvency
24 of the fund and the payment of future benefit obligations, based upon actuarially

1 sound principles. The discount rate used in evaluating the financial reserves may
2 not exceed six percent. The level of financial reserves plus available surplus
3 determined as of June thirtieth of each year must be at least one hundred twenty
4 percent but may not exceed one hundred forty percent of the actuarially
5 established discounted reserve.

6 2. If the level of financial reserves plus available surplus determined as of June
7 thirtieth of any year is below one hundred twenty percent of the actuarially
8 established discounted reserve the organization may not issue premium dividends
9 and, notwithstanding section 65-04-01, the organization shall modify
10 recommended premium rate levels so that the organization is estimated to come
11 into compliance within the following two years.

12 3. If the level of financial reserves plus available surplus determined as of June
13 thirtieth of any year is above one hundred forty percent of the actuarially
14 established discounted reserve, the organization shall issue premium dividends in
15 a fiscally prudent manner so that the organization is estimated to come into
16 compliance with the requirements of subsection 1 within the following two years.
17 However, premium dividends issued may not exceed fifty percent of the preceding
18 year's premium in any given year.

19 4. If the level of financial reserves plus available surplus determined as of June
20 thirtieth of any year is between one hundred twenty percent and one hundred thirty
21 percent of the actuarially established discounted reserve, the organization may not
22 issue premium dividends.

23 5. If the level of financial reserves plus available surplus determined as of June
24 thirtieth of any year is one hundred thirty percent to one hundred forty percent of
25 the actuarially established discounted reserve, the organization may issue
26 premium dividends. However, premium dividends issued may not exceed forty
27 percent of the preceding year's premium in any given year, and the level of
28 financial reserves plus available surplus may not be reduced below one hundred
29 thirty percent.

30 6. For the purposes of this section, "available surplus" means net assets as stated on
31 the statement of net assets of the organization, but does not include funds

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- 1 designated or obligated to specific programs or projects pursuant to a directive or
2 specific approval by the legislative assembly.
- 3 7. The independent annual financial audit of the organization must report the
4 organization's financial reserves.