

Fifty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1209

Introduced by

Representatives Dorso, Kempenich, Severson

1 A BILL for an Act to create and enact a new subsection to section 26.1-05-19 of the North  
2 Dakota Century Code, relating to an insurance company's authorized investment of funds in a  
3 North Dakota low-risk incentive fund; to amend and reenact sections 26.1-50-06 and  
4 26.1-50-07 of the North Dakota Century Code, relating to tax credits available to a North  
5 Dakota low-risk incentive fund and the admitted assets of insurers; and to provide a penalty.

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

7 **SECTION 1.** A new subsection to section 26.1-05-19 of the 1997 Supplement to the  
8 North Dakota Century Code is created and enacted as follows:

9 Loans, securities, or investments in a North Dakota low-risk incentive fund  
10 organized under chapter 26.1-50. The aggregate admitted value of the company's  
11 investment under this subsection may not at anytime exceed the lesser of five  
12 percent of the company's admitted assets or the amount equal to the company's  
13 capital and surplus in excess of the minimum capital and surplus required by law.  
14 A company making an investment under this subsection may value at par any  
15 investment purchased at par.

16 **SECTION 2. AMENDMENT.** Section 26.1-50-06 of the 1997 Supplement to the North  
17 Dakota Century Code is amended and reenacted as follows:

18 **26.1-50-06. Tax credit - Penalty.** If the requirements of this chapter are met, an  
19 insurer is entitled to a credit against taxes due under section 26.1-03-17 or 26.1-11-06 as  
20 determined under this section. If the insurer is a member of an insurance holding company  
21 system, the insurer or any affiliate insurer is entitled to a credit against taxes under section  
22 26.1-03-17 or 26.1-11-06 as determined under this section.

- 1           1. An insurer making or participating in a loan under this chapter or an affiliate insurer  
2           under this chapter is entitled to a premium tax credit calculated for each calendar  
3           year the loan is in place. The amount of the credit is the difference between:  
4           a. The participating insurer's share of the interest earned on the loan during the  
5           calendar year; and  
6           b. The participating insurer's share of an amount of interest that would have  
7           been earned during the same period by applying an interest rate, calculated  
8           by adding three hundred basis points to a comparable treasury security rate  
9           at the date of the issuance of the loan.
- 10          2. The maximum credit allowed an insurer for any calendar year is the amount of  
11          interest that would have been earned during the period by applying an interest rate  
12          of three hundred basis points. A credit may not be allowed if the interest earned  
13          exceeds the interest that would have been earned by applying the calculation in  
14          subdivision b of subsection 1.
- 15          3. The credit may not exceed the total amount of the insurer's tax liability under  
16          subsection 1 of section 26.1-03-17 and no unused credit may be carried forward.
- 17          4. Credits under this section for all insurers may not exceed seven hundred fifty  
18          thousand dollars in a calendar year.

19           **SECTION 3. AMENDMENT.** Section 26.1-50-07 of the 1997 Supplement to the North  
20   Dakota Century Code is amended and reenacted as follows:

21           **26.1-50-07. Assets of insurers.** The amount of a loan made by an insurer or the  
22   amount of an insurer's participation in a loan made under this chapter may not be considered or  
23   reported on the insurer's annual statement as an admitted asset except to the extent provided  
24   under ~~subsection 33 of~~ section 26.1-05-19.