

**Sixty-third Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 8, 2013**

HOUSE BILL NO. 1194
(Representatives Keiser, Porter)
(Senators Klein, Sitte)

AN ACT to create and enact a new section to chapter 26.1-36 of the North Dakota Century Code, relating to short-term insurance; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 26.1-36 of the North Dakota Century Code is created and enacted as follows:

Short-term care insurance - Rules - Penalty.

1. "Short term care" means any insurance policy, group certificate of insurance, or rider advertised, marketed, offered, or designed to provide coverage for less than twelve consecutive months for each covered period on an expense-incurred, indemnity, prepaid, or other basis for one or more necessary or medically necessary diagnostic, preventative, therapeutic, rehabilitative, maintenance, adult day care, or personal care services provided in an insured's own home or a licensed facility setting other than an acute care unit of a hospital.
2. Any policy or rider advertised, marketed, or offered as short-term care insurance must comply with this section and all other applicable insurance laws to the extent the other laws do not conflict with this section.
3. The insurance commissioner:
 - a. May adopt rules that include standards for full and fair disclosure setting forth the manner, content, and required disclosures for the sale of short-term care insurance policies, terms of renewability, initial and subsequent conditions of eligibility, nonduplication of coverage provisions, coverage of dependents, preexisting conditions, termination of insurance, continuation or conversion, probationary periods, limitations, exceptions, reductions, elimination periods, requirements for replacement, recurrent conditions, incontestability, rescission, return of policy provisions, and definitions of terms.
 - b. May adopt rules establishing loss ratio standards for short-term care insurance policies; provided, that a specific reference to short-term care insurance policies is contained in the rules.
 - c. May adopt rules to promote premium adequacy; protect the policyholder in the event of substantial rate increases; and to establish minimum standards for correcting abusive marketing practices, replacement forms, insurance producer testing, penalties, and reporting practices for short-term care insurance.
4. In addition to any other penalties provided by the laws of this state, any insurer and any insurance producer found to have violated any requirement of this title relating to the regulation of short-term care insurance or the marketing of such insurance is subject to a fine of up to three times the amount of any commission paid for each policy involved in the violation or up to ten thousand dollars, whichever is greater.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-third Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1194.

House Vote: Yeas 88 Nays 0 Absent 6

Senate Vote: Yeas 46 Nays 0 Absent 1

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2013.

Approved at _____ M. on _____, 2013.

Governor

Filed in this office this _____ day of _____, 2013,

at _____ o'clock _____ M.

Secretary of State