

Introduced by

Industry, Business and Labor Committee

(At the request of the Insurance Commissioner)

1 A BILL for an Act to create and enact a new subdivision to subsection 1 of section 26.1-01-07  
2 and a new subsection to section 26.1-26.7-02 of the North Dakota Century Code, relating to the  
3 licensing of insurance producers; and to amend and reenact subsection 2 of section  
4 26.1-02.1-01, section 26.1-02.1-02.1, subdivision c of subsection 1 of section 26.1-26-13.3,  
5 section 26.1-26-33, subsection 5 of section 26.1-26-42 and section 26.1-26-42.1, subdivision c  
6 of subsection 1 of section 26.1-26.9-03, and subsection 2 of section 26.1-26.9-05 of the North  
7 Dakota Century Code, relating to the licensing of insurance producers.

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

9 **SECTION 1.** A new subdivision to subsection 1 of section 26.1-01-07 of the North Dakota  
10 Century Code is created and enacted as follows:

11 For applying for written consent granting permission to participate in the business  
12 of insurance to a person that has been convicted of a felony involving dishonesty  
13 or breach of trust or has been convicted of an offense under title 18, United  
14 States Code, section 1033, one hundred dollars.

15 **SECTION 2. AMENDMENT.** Subsection 2 of section 26.1-02.1-01 of the North Dakota  
16 Century Code is amended and reenacted as follows:

17 2. "Business of insurance" means the writing of insurance or the reinsuring of risks by an  
18 insurer, including acts necessary or incidental to writing insurance or reinsuring risks  
19 and the activities of persons who act as or who are officers, directors, agents,  
20 producers, or employees of insurers, or who are other persons authorized to act on  
21 their behalf. The term does not include the activities of the North Dakota life and health  
22 insurance guaranty association or the North Dakota insurance guaranty association.

23 **SECTION 3. AMENDMENT.** Section 26.1-02.1-02.1 of the North Dakota Century Code is  
24 amended and reenacted as follows:

1       **26.1-02.1-02.1. Fraudulent insurance acts, interference, participation, and licensure of**  
2 **convicted felons prohibited.**

- 3       1. A person may not commit a fraudulent insurance act.
- 4       2. A person may not knowingly or intentionally interfere with the enforcement of the  
5       provisions of this chapter or investigations of suspected or actual violations of this  
6       chapter.
- 7       3. a. AUnless a person has obtained the written consent of the commissioner as  
8       described under subdivision b, a person convicted of a felony involving  
9       dishonesty or breach of trust or convicted of an offense under title 18, United  
10       States Code, section 1033, may not participate in the business of insurance. The  
11       commissioner shall deny an application for license under chapter 26.1-26, or  
12       shall revoke or shall refuse to renew a license issued under chapter 26.1-26, if  
13       the commissioner finds the applicant or licensee has been convicted of a felony  
14       involving dishonesty or breach of trust or has been convicted of an offense under  
15       title 18, United States Code, section 1033, unless the person has obtained the  
16       written consent of the commissioner as described under subdivision b.
- 17       b. The commissioner may grant written consent granting permission to participate in  
18       the business of insurance to a person that has been convicted of a felony  
19       involving dishonesty or breach of trust or has been convicted of an offense under  
20       title 18, United States Code, section 1033. To receive the written consent of the  
21       commissioner, a person shall make application as prescribed by the  
22       commissioner and pay the fees set forth in section 26.1-01-07. Upon receipt of  
23       written consent of the commissioner, a person may make an application under  
24       chapter 26.1-26.
- 25       c. A person in the business of insurance may not knowingly or intentionally permit a  
26       person convicted of a felony involving dishonesty or breach of trust to participate  
27       in the business of insurance without written consent of the commissioner.

28       **SECTION 4. AMENDMENT.** Subdivision c of subsection 1 of section 26.1-26-13.3 of the  
29 North Dakota Century Code is amended and reenacted as follows:

- 30       c. Has paid to the commissioner or the commissioner's designee the fees set forth  
31       in section 26.1-01-07; and

1       **SECTION 5. AMENDMENT.** Section 26.1-26-33 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **26.1-26-33. Notification of address change - Duty of licensee.**

4       Every licensee shall notify the commissioner of any change in the licensee's residential or  
5 business address or legal name within thirty days of the change. Notification may occur through  
6 the insurance producer database maintained by the national association of insurance  
7 producers, its affiliates, or subsidiaries. Any licensee who ceases to maintain residency in this  
8 state shall deliver the insurance license to the commissioner by personal delivery or by mail  
9 within thirty days after terminating residency.

10       **SECTION 6. AMENDMENT.** Subsection 5 of section 26.1-26-42 of the North Dakota  
11 Century Code is amended and reenacted as follows:

12       5. The applicant or licensee has been convicted of a felony or convicted of an offense, as  
13 defined by section 12.1-01-04, determined by the commissioner to have a direct  
14 bearing upon a person's ability to serve the public as an insurance producer,  
15 insurance consultant, or surplus lines insurance producer, or the commissioner finds,  
16 after conviction of an offense, that the person is not sufficiently rehabilitated under  
17 section 12.1-33-02.1 or has not received written consent of the commissioner as  
18 permitted in subsection 3 of section 26.1-02.1-02.1 regarding the felony or offense.

19       **SECTION 7. AMENDMENT.** Section 26.1-26-42.1 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21       **26.1-26-42.1. Revocation of nonresident license.**

22       Notwithstanding the provisions of subsection 13 of section 26.1-26-42, any nonresident  
23 license issued pursuant to this chapter may be suspended or revoked without notice and  
24 hearing to the licensee and without proceeding in conformity with chapter 28-32, upon evidence  
25 ~~in the form of a certified copy that the authority which issued the resident license to of~~ the North  
26 Dakota nonresident licensee has been revoked or suspended ~~the resident license.~~ This  
27 evidence may be in the form of a certified copy or through the insurance producer database  
28 maintained by the national association of insurance producers, its affiliates, or subsidiaries.

29       **SECTION 8.** A new subsection to section 26.1-26.7-02 of the North Dakota Century Code is  
30 created and enacted as follows:

1           A vendor, and the vendor's employees or authorized representatives, are exempt from  
2           the continuing education requirements of section 26.1-26-31.1.

3           **SECTION 9. AMENDMENT.** Subdivision c of subsection 1 of section 26.1-26.9-03 of the  
4 North Dakota Century Code is amended and reenacted as follows:

5           c. Provide the actual terms of the self-service storage insurance coverage, or  
6           summarize the material terms of the insurance coverage, including:

7           (1) The identity of the insurer;

8           (2) The identity of the supervising entity, ~~if any~~;

9           (3) The amount of any applicable deductible and how the deductible is to be  
10           paid;

11           (4) Benefits of the coverage; and

12           (5) Key terms and conditions of the coverage.

13           **SECTION 10. AMENDMENT.** Subsection 2 of section 26.1-26.9-05 of the North Dakota  
14 Century Code is amended and reenacted as follows:

15           2. a. ~~In lieu of providing the information for all officers, directors, and shareholders~~  
16           ~~owning more than ten percent of the applicant, the~~The applicant shall provide the  
17           name, residential address, and other information required by the commissioner  
18           for ~~an employee or officer of the owner or~~the supervising entity designated by the  
19           applicant as the person responsible for the owner's compliance with the  
20           ~~requirements~~insurance laws, rules, and regulations of this ~~chapter~~state. ~~However,~~  
21           if

22           b. If the owner derives more than fifty percent of the owner's revenue from the sale  
23           of self-service storage insurance, the names, residential addresses, and other  
24           information required ~~under this subsection~~by the commissioner must be provided  
25           for all officers, directors, and shareholders of record having beneficial ownership  
26           of ten percent or more.