

**ARTICLE 45-05**  
**PROPERTY AND CASUALTY INSURANCE**

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**CHAPTER 45-05-01**  
**SELF-INSURANCE USED AS SECURITY REQUIRED BY THE NORTH DAKOTA AUTO  
ACCIDENT REPARATIONS ACT**

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**45-05-01-01. Definitions.**

As used in this chapter:

1. "Certificate of self-insurance" means the certificate issued by the commissioner authorizing a person to be a self-insurer.
2. "Commissioner" means the insurance commissioner of North Dakota.
3. "Person" or "persons" means any individual, partnership, corporation, or other legal entity who are owners of one or more motor vehicles operated in North Dakota by them or with their permission.
4. "Security requirement" means the financial ability of a person to make payment of basic no-fault benefits of thirty thousand dollars per person per accident; motor vehicle liability insurance of twenty-five thousand dollars per person, fifty thousand dollars per accident, and twenty-five thousand dollars property damage; and uninsured motorist protection of twenty-five thousand dollars per person and fifty thousand dollars per accident.
5. "Self-insurance" means any person who establishes a self-administered plan to meet the security requirements as required by North Dakota Century Code chapter 26.1-41, the North Dakota Auto Accident Reparations Act.
6. "Self-insurer" means a person who has an approved plan of self-insurance and holds a certificate of self-insurance.
7. "Undertaking" means a continuing agreement by any person, or persons, or their duly authorized officers and agents, to pay basic no-fault benefits and the liabilities covered by

motor vehicle liability insurance and to perform all other obligations imposed by North Dakota Century Code chapter 26.1-41.

**History:** Amended effective January 1, 1987.

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-01

**45-05-01-02. Self-insurers - Restrictions.**

Only persons in whose name one or more motor vehicles are registered may qualify as self-insurers. Such persons must file satisfactory evidence that they are possessed and will be continued to be possessed of the ability to provide for the prompt and efficient administration of all claims, benefits, and obligations provided by North Dakota Century Code chapter 26.1-41 and that reliable financial arrangements, deposits, or commitments exist to meet their security requirement as required by North Dakota Century Code chapter 26.1-41 substantially equivalent to those afforded by a policy of insurance that would comply with that chapter.

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-02(2)

**45-05-01-03. Evidence to be submitted by persons to obtain a certificate of self-insurance.**

The commissioner will not issue a certificate of self-insurance until the person attempting to qualify as a self-insurer shall have filed all of the following with the commissioner:

1. A completed application for a certificate of self-insurance (Appendix I).
2. An executed undertaking signed and sworn to by either the person or its president or secretary or other similar officers (Appendix II).

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-02(2)

**45-05-01-04. Issuance of certificate of self-insurance.**

If a person files sufficient evidence to satisfy the commissioner that the person is qualified to be a self-insurer under North Dakota Century Code chapter 26.1-41, the commissioner will issue a certificate of self-insurance to that person. The certificate of self-insurance shall authorize any person to be a self-insurer under North Dakota Century Code chapter 26.1-41 until that certificate is canceled by the commissioner, or the commissioner's successors in office.

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-02(2)

**45-05-01-05. Requirement of deposit.**

The commissioner may require persons seeking to qualify as self-insurers, or persons qualified as self-insurers in order to maintain their certificate of self-insurance, to make and maintain such deposits or bond as the commissioner may require to assure that those persons will meet their security requirements and all other obligations imposed by North Dakota Century Code chapter 26.1-41.

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-02(2)

**45-05-01-06. Filing of annual statement.**

As a condition to the continuance of a certificate of self-insurance, every self-insurer shall transmit to the commissioner, not later than the first day of March in each year, a copy of its last annual

statement showing consolidated report and profit and loss statement as certified by a certified public accountant or a reputable firm of public accountants. Any self-insurer who fails to comply with this provision will have its certificate of self-insurance canceled.

**General Authority:** NDCC 26.1-41-05(3)

**Law Implemented:** NDCC 26.1-41-02(2)

APPENDIX I  
(Article 45-05)

Insurance Commissioner  
600 East Boulevard Avenue, Dept. 401  
Bismarck, ND 58505

\_\_\_\_\_  
Date Application Received

APPLICATION FOR CERTIFICATE OF SELF-INSURANCE

The undersigned, herein referred to as the applicant, being the owner of one or more motor vehicles, hereby makes application for a certificate of self-insurance. In connection with such application the applicant makes the following declarations, for the purpose of enabling the insurance commissioner to make a finding as to whether the applicant possesses the ability to handle and process claims and make payments of basic no-fault benefits and the liabilities covered by motor vehicle liability insurance as required by a self-insurer under North Dakota Century Code chapter 26.1-41, the North Dakota Auto Accident Reparations Act.

The applicant hereby agrees that if this application be approved, such approval shall be subject to making and maintaining with the commissioner such deposits or bonds as the commissioner may require.

It is further agreed and understood that the commissioner may cancel at any time the applicant's certificate of self-insurance.

Name of Applicant \_\_\_\_\_ Nature of Business \_\_\_\_\_

FEIN # \_\_\_\_\_

Address (Principal Office) \_\_\_\_\_

1. Are you now operating as a self-insurer? \_\_\_\_\_

If so, how long? \_\_\_\_\_

2. Have you a claim department for investigating and adjusting claims?

\_\_\_\_\_  
If not, how are claims investigated and adjusted? \_\_\_\_\_

3. Have you set up a reserve fund for accident claims? \_\_\_\_\_

If so, (a) Under what caption does it appear on your financial statement?

\_\_\_\_\_  
and (b) What basis is used for determining reserve requirements?

\_\_\_\_\_  
If not, how do you determine your outstanding liability?

\_\_\_\_\_  
\_\_\_\_\_

4. Give the following information concerning accidents in which your vehicles were involved during the past three years.

Accident Years

20\_\_\_\_      20\_\_\_\_      20\_\_\_\_

A. Number of accidents:

Personal injury			
Property damage			
Total			

B. Number of claims:

PERSONAL INJURY			
Settled by payment			
Settled without payment			
Open and pending			
Total			

PROPERTY DAMAGE			
Settled by payment			
Settled without payment			
Open and pending			
Total			

Number of accidents for which no claims were made			
---	--	--	--

C. Payments on claims:

Personal injury			
Property damage			
Total			

D. Reserves for pending claims:

Personal injury			
Property damage			
Total			

5. Are any automobile liability judgments open and unsatisfied? \_\_\_\_\_

If so, how many? \_\_\_\_\_ Total amount involved \$ \_\_\_\_\_

Are any other judgments open and unsatisfied? \_\_\_\_\_

If so, how many? \_\_\_\_\_ Total amount involved \$ \_\_\_\_\_

6. Is your company a self-insurer under any other phase of your business?

\_\_\_\_\_

If so, give particulars \_\_\_\_\_

7. Describe motor vehicles owned by applicant (in North Dakota) under the following headings:

Year of Manufacture	Make Vehicle	Type	Model	License Number

SELF-INSURANCE USED AS SECURITY

- An Individual
- A Copartnership
- A Corporation

FINANCIAL STATEMENT

Submitted by \_\_\_\_\_

With principal offices at \_\_\_\_\_

Condition at close of business \_\_\_\_\_, 20\_\_\_\_\_

ASSETS

		Dollars	Cents
(1) Cash	(a) On hand	\$	_____
	(b) In banks	\$	_____
(2) Accounts receivable	(a) Current	\$	_____
	(b) Slow	\$	_____
	(c) Past due	\$	_____
(3) Notes receivable	(a) Due within 30 days	\$	_____
	(b) Due after 90 days	\$	_____
	(c) Past due	\$	_____
(4) Inventories	(a) Finished goods	\$	_____
	(b) Work in process	\$	_____
	(c) Other	\$	_____
(5) Other current assets (attach list)		\$	_____
(6) Fixed assets	Land	\$	_____
	Buildings		
	Less reserves	\$	_____
	Equipment		
	Less reserves	\$	_____

Other

	Less reserves	\$ _____
	Total	\$ _____
(7) Other assets (attach list)		\$ _____
	Total Assets	\$ _____

LIABILITIES

(1) Accounts payable trade	(a) Not past due	\$ _____
	(b) Past due	\$ _____
(2) Notes payable trade	(a) To banks	\$ _____
	(b) To others	\$ _____
(3) Accounts payable others (attach list)		\$ _____
(4) Notes payable others (attach list)		\$ _____
(5) Other liabilities (attach list)		\$ _____
(6) Other reserves (attach list)		\$ _____
	Total liabilities	\$ _____

NET WORTH

(7) Capital stock paid in	(a) Common	\$ _____
	(b) Preferred	\$ _____
(8) If individual (or other), amount of investment		\$ _____
(9) Surplus, earned \$ _____ (Paid in or other)		\$ _____
	Total net worth	\$ _____
	Total liabilities and net worth	\$ _____

A. Contingent liabilities

- (1) Liability on notes discounted, or sold, accounts pledged or sold, or as guarantor on contracts or other contingent liabilities.

Total contingent liabilities (attach schedule)

\$ \_\_\_\_\_

In lieu of filling in the financial statement above, applicants may attach a copy of their last annual statement showing consolidated report and profit and loss statement as certified by certified public accountant or a reputable firm of public accountants. Said statement to be a part of this application.

Give following additional information:



A. Names and addresses of banks in which company has accounts.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

B. Insurance on:

Inventories \_\_\_\_\_

Plants \_\_\_\_\_

C. Attach statement of profit and loss to date of balance sheet.

D. When and where incorporated or established \_\_\_\_\_

E. Are any assets pledged to secure notes, loans or mortgages payable?

\_\_\_\_\_  
\_\_\_\_\_

F. If you have any notes or accounts receivable or payable from or to officers or stockholders, give details concerning method and terms of payment.

\_\_\_\_\_  
\_\_\_\_\_

G. List names of officers or partners of company.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

H. If foreign entity, or nonresident individual, list agent for service of process.

\_\_\_\_\_  
\_\_\_\_\_

Witness our hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at

\_\_\_\_\_.

STATE OF \_\_\_\_\_

SS.

COUNTY OF \_\_\_\_\_

\_\_\_\_\_  
(Official Title) \_\_\_\_\_

\_\_\_\_\_  
(Official Title) \_\_\_\_\_

Before me, \_\_\_\_\_, a notary public in and for said county and state, personally appeared \_\_\_\_\_, respectively of the above-named

(corporation), (partnership), or (proprietorship), and severally acknowledged the execution of the foregoing and swore to the contents thereof this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires  
\_\_\_\_\_.

\_\_\_\_\_

FOR DEPARTMENT USE ONLY

Financial ability approved \_\_\_\_\_ Date \_\_\_\_\_

Chief Examiner

Application approved \_\_\_\_\_ Date \_\_\_\_\_

Insurance Commissioner

APPENDIX II  
(Article 45-05)

UNDERTAKING

The undersigned, pursuant to North Dakota Century Code chapter 26.1-41, the North Dakota Auto Accident Reparations Act, being the owner of one or more motor vehicles as a condition to the issuance of a certificate of self-insurance, hereby executes this undertaking and agrees as follows:

1. The undersigned will respond in the payment of the minimum security requirements as provided under North Dakota Century Code chapter 26.1-41.
2. The undersigned will promptly and efficiently administer all claims made by injured persons, or their successors, and make payment of no-fault benefits to them resulting from accidental bodily injuries sustained in motor vehicles owned by the undersigned.
3. The undersigned agrees and understands that North Dakota Century Code chapter 26.1-41 imposes an absolute liability at law for payment of basic no-fault benefits as a result of being the owner of motor vehicles.
4. The undersigned agrees that the undersigned and any other person occupying the undersigned's motor vehicle or motor vehicles with the expressed or implied permission of the undersigned shall be insured against loss from the liability imposed by law for damages arising out of the operation of such motor vehicles within the United States of America, its territories or possessions, or Canada, with respect to each such motor vehicle as follows: twenty-five thousand dollars because of bodily injury to or death of one person in any one accident and subject to said limit for one person, fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and ten thousand dollars because of injuries to or destruction of property of others in any one accident; and coverage for the protection of such persons who are legally entitled to recover damages from owners or operators of uninsured motor vehicles and hit and run motor vehicles because of bodily injury, sickness or disease, including death, resulting therefrom, in the amount of twenty-five thousand dollars because of bodily injury to or death of one person in any one accident and subject to said limit for one person, fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident.
5. The undersigned will promptly and efficiently administer and make a good-faith disposal of all no-fault benefits, liability, and uninsured motorist claims.
6. The undersigned will perform all other obligations not specifically mentioned herein imposed on a basic no-fault insurer by North Dakota Century Code chapter 26.1-41.
7. That any breach of this undertaking, or of the conditions imposed by North Dakota Century Code chapter 26.1-41, will result in the cancellation of the undersigned's certificate of self-insurance.
8. This undertaking shall bind not only the undersigned, but the undersigned's successors, survivors, assigns, and legal representatives.

Witness our hands and seals this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, at  
\_\_\_\_\_.

\_\_\_\_\_  
(Official  
Title)

\_\_\_\_\_  
\_\_\_\_\_  
(Official  
Title) \_\_\_\_\_

STATE OF \_\_\_\_\_

SS.

COUNTY OF \_\_\_\_\_

Before me, \_\_\_\_\_, a notary public in and for said county and state, personally appeared \_\_\_\_\_, respectively, of the above-named (corporation), (partnership), or (proprietorship), and severally acknowledged the execution of the foregoing and swore to the contents thereof this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_.

FOR DEPARTMENT USE ONLY

Undertaking approved

Date  
\_\_\_\_\_

\_\_\_\_\_  
Chief Examiner

Undertaking approved

Date  
\_\_\_\_\_

\_\_\_\_\_  
Insurance Commissioner

**History:** Amended effective October 1, 1984.