Glenn Pomeroy
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

BULLETIN 98-4

TO: All Companies Writing Life and Accident/Health Business in North Dakota

FROM: Glenn Pomeroy, Commissioner

DATE: September 28, 1998

SUBJECT: North Dakota Insurance Department's Position on Application Fees and Association Dues

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APPLICATION FEES
(ACCIDENT AND HEALTH BUSINESS ONLY)

It is the Department's position that all application fees for policies/certificates must be fully refundable, as part of the premium, during the free-look period. N.D. Cent. Code § 26.1-36-02.1 states:

> Accident and health policies and certificates must have a notice prominently printed on or attached to the first page of the policy or certificate stating in substance that the applicant may return the policy or certificate within ten days of its delivery and have the premium refunded if, after examination of the policy or certificate, the applicant is not satisfied for any reason.

Also, please note that application fees must also be included as part of the insurance premium for purposes of computing premium taxes and policy loss ratios. Therefore, any application that fails to state application fees are refundable is in violation of North Dakota law.

ASSOCIATION DUES
(ALL LINES)

Association dues should be billed separately or may be collected by the agent if a receipt and adequate disclosure concerning association membership is provided at the time of solicitation. If

(over)

association membership is required before insurance coverages become effective or before applications will be taken, this should be disclosed up front by the agent. Agents should also disclose association benefits and the annual association membership dues whether the agent collects the dues or they are billed separately.

Insurance companies collecting association dues or membership fees are required to pay North Dakota premium taxes on these amounts as part of the gross premium pursuant to N.D. Cent. Code § 26.1-03-17 and must also include association dues or membership fees in the total premium amount used to compute loss ratios.

GP/njb