

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 1: REVENUE AND TAXATION**

**§ 7103. Definitions.**

(a) “Alien insurer” means an insurer formed under the laws of a nation other than the United States or a state as defined in this division.

(b) “Capital funds” means the excess of the assets of an insurer over its liabilities. Capital stock, if any, shall not be deemed to be a liability unless otherwise provided in this division.

(c) “Charter” means articles of incorporation of agreement, of association or other basic constituent document of a corporation or business entity, or subscribers’ agreement and power of attorney of a reciprocal insurer.

(d) “Classes of insurance” means, for purposes of this division:

- (1) Disability insurance; (including group disability insurance);
- (2) General casualty insurance;
- (3) Life insurance (including industrial and group life insurance);
- (4) Marine insurance;
- (5) Offshore surety insurance;
- (6) Property insurance;
- (7) Surety insurance;
- (8) Vehicle insurance; and
- (9) Such other classes as may be authorized by law.

(e) “Commissioner” means the Insurance Commissioner established by [4 CMC § 7104](#).

(f) “Department” means the Department of Commerce and Labor.

(g) “Disability insurance” means insurance against bodily injury, disablement, or death by accident, or accidental means, or the expense thereof; against disablement or expense resulting from sickness; and every insurance appertaining thereto. Disability insurance may be referred to as accident and sickness insurance.

(h) “Domestic insurer” means an insurer formed under the laws of the Commonwealth.

(i) “Foreign insurer” means an insurer formed under the laws of any state as defined in this division.

(j) “General casualty insurance” includes vehicle insurance as defined in subsection (t) of this section, disability insurance as defined in subsection (g) of this section, and, in addition, is insurance:

- (1) Against legal liability for the death, injury, or disability of any human being, or from damage to property.
- (2) Of medical, hospital, surgical, and funeral benefits to persons injured, irrespective of legal liability of the insured, when issued with or supplemental to insurance against legal liability for the death, injury, or disability of human beings.
- (3) Of the obligation accepted by, imposed upon, or assumed by employers under law for death, disablement, or injury to employees.

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(4) Against loss or damage by burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, confiscation, or wrongful conversion, disposal or concealment, or from any attempt of any of the foregoing; also insurance against loss or damage to moneys, coins, bullion, securities, notes, drafts, acceptances, or any other valuable papers or documents, resulting from any cause, except while in the mail.

(5) Upon personal effects of individuals, by an all-risk type of policy commonly known as the personal property floater.

(6) Against loss or damage to glass and its appurtenances resulting from any cause.

(7) Against any liability and loss or damage to property resulting from accidents to or explosions of boilers, pipes, pressure containers, machinery, or apparatus.

(8) Against loss of or damage to any property of the insured resulting from the ownership, maintenance, or use of elevators, except loss or damage by fire.

(9) Against loss of or damage to any property caused by the breakage or leakage of sprinklers, water pipes, and containers, or by water entering through leaks or openings in buildings.

(10) Against loss of or damage resulting from failure to debtors to pay their obligations to the insured (credit insurance).

(11) Against loss of or damage to any domesticated or wild animal resulting from any cause (livestock insurance).

(12) Against loss of or damage to any property of the insured resulting from collision of any other object with such property, but not including collision to or by vessels, craft, piers, or other instrumentalities of ocean or inland navigation (collision insurance).

(13) Against legal liability of the insured, and against loss, damage, or expense incident to a claim of such liability, and including any obligation of the insured to pay medical, hospital, surgical, and funeral benefits to injured persons, irrespective of legal liability of the insured, arising out of the death or injury of any person, or arising out of injury to the economic interest of any person as the result of negligence in rendering expert, fiduciary, or professional service (malpractice insurance).

(14) Against any other kind of loss, damage, or liability, properly the subject of insurance and not within any other class of insurance as defined in this division, if such insurance is not contrary to law or public policy.

(k) "Insurance" means a contract whereby one undertakes to indemnify another or pay a specified amount upon determinable contingencies. The following contracts are not insurance for the purposes of this division:

- (1) A title insurance contract;
- (2) A bond with respect to which no premium is charged or paid;
- (3) A bond or contract or undertaking in the performance of which the surety has an interest other than that of surety;

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(4) A plan or agreement between an employer and any employee or any employee's representative, individually or collectively, by the terms of which the employer or the parties to the plan or agreement agree to contribute to the cost of nonoccupational disability benefits, medical attention, treatment, or hospitalization for the employee or members of the employee's family unless the plan is underwritten by an insurer as defined in this division;

(5) A prepaid legal service plan other than plans in which either the group offering the plan or the person administering the plan is otherwise subject to this division.

(l) "Insurer" means every person engaged in the business of making contracts of insurance and includes reciprocal or interinsurance exchanges whether domestic, foreign or alien.

(m) "Life insurance" means insurance on human lives and insurance appertaining thereto or connected therewith. For the purposes of this division the transacting of life insurance includes the granting of annuities, except those private annuities defined in subsection (o) of this section, and endowment benefits.

(n) "Marine insurance" means insurance upon ocean and inland risks and transportation but not including any other casualty insurance as may be provided in the division.

(o) "Offshore surety insurance" means insurance by a domestic insurer guaranteeing the performance of private annuity contracts between persons who are not residents or citizens of the Commonwealth.

(p) "Surety insurance" includes the execution of all bonds, undertakings and contracts of suretyship and guaranteeing of the performance of contracts other than insurance policies. It also includes fidelity insurance which is the guaranteeing of persons holding public or private trust.

(q) "Person" means any individual, company, insurer, association, organization, group, reciprocal or interinsurance exchanges, partnership, trust, corporation, or business or business entity.

(r) "Reciprocal insurer" means an unincorporated aggregation of subscribers operating individually and collectively through a common attorney in fact to enter exchange agreements of indemnity among themselves.

(s) "State" means any state of the United States, the governments of Puerto Rico, American Samoa, Guam, the American Virgin Islands, the District of Columbia, and the political entities of the Trust Territory of the Pacific Islands or their successors, excluding the Commonwealth of the Northern Mariana Islands.

(t) "Vehicle insurance" means:

(1) Insurance against loss of or damage to any land vehicle or aircraft or any draft or riding animal or to property while contained therein or thereon or being loaded or unloaded therein or therefrom, and against any loss, expense or liability for loss or damage to persons or property resulting from or incident to ownership, maintenance, or use of any such vehicle or aircraft or animal.

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(2) Insurance against accidental death or accidental injury to individuals including the named insured while in, entering, alighting from, adjusting, repairing, cranking, or caused by being struck by a vehicle, aircraft, or draft or riding animal, if such insurance is issued as part of insurance on the vehicle, aircraft, or draft or riding animal, shall be deemed to be vehicle insurance.

(u) *Commissioner*. Means the Insurance Commissioner established by [4 CMC § 7104](#).

(v) *Rating organization*. As used in this chapter, unless the context requires otherwise, “rating organization” means:

(1) Every person, including an insurer or health insurance carrier, whether located within or outside the Commonwealth, who has as one of the person’s object or purpose the making of rates, rating plans or rating systems; or

(2) Two or more insurers which act in concert for the purpose of making rates, rating plans or rating systems.

(w) *Advisory organization*. As used in this chapter, unless the context requires otherwise, “advisory organization” means every group, association or other organization of insurers, whether located within or outside the Commonwealth, which assists authorized insurers which make their own filings or licensed rating organizations in rate making, by the collection and furnishing of loss or expense statistics or by the submission of recommendations, but which does not make filings under this chapter.

(x) *Member; subscriber*. As used in this chapter, unless the context requires otherwise,

(1) “Member” means:

(A) An insurer that participates in or is entitled to participate in the management of a rating, advisory or other organization.

(2) “Subscriber” means an insurer that is furnished at its request:

(A) With rates and rating manuals by a rating organization of which it is not a member; or

(B) With advisory services by an advisory organization of which it is not a member.

(y) *Individual market*. The term “individual market” means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

(z) *Group market*. The term “group market” means the health insurance market under which individuals obtain health insurance coverage (directly or through any arrangement) on behalf of themselves (and their dependents) through a group health plan maintained by an employer or group.

(aa) *Large and small group markets*. The terms “large group market” and “small group market” mean the health insurance market under which individuals obtain health insurance coverage (directly or through any arrangement) on behalf of themselves (and their dependents) through a group health plan maintained by a

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large employer (as defined in [4 CMC § 7103\(a\)](#)) or by a small employer (as defined in [4 CMC § 7103\(cc\)](#)), respectively.

(bb) *Large employer*. The term “large group” means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 51 employees on business days during the preceding calendar year and who employs at least 1 employee on the first day of the plan year. This definition will remain in effect until federal statute mandates an amendment.

(cc) *Small group*. The term “small group” means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 1 but not more than 50 employees on business days during the preceding calendar year and who employs at least 1 employee on the first day of the plan year. This definition will remain in effect until federal statute mandates an amendment.

(dd) *CMS*. The Centers for Medicare and Medicaid Services.

(ee) *Effective Rate Review Program*. A program which has been deemed effective by the Centers for Medicare and Medicaid Services (CMS) pursuant to 45 C.F.R. § 154.301.

(ff) *Federal Medical Loss Ratio (MLR)*—This ratio measures the share of a health care premium dollar spent on medical benefits, as opposed to company expenses such as overhead or profits.

(gg) *Health Insurance Issuer*. Any entity licensed, or required to be licensed, by the Insurance Division of the Department of Commerce that offers health benefit plans or policies covering eligible individuals or groups pursuant to Title 4, Division 7, Chapter 6. For the purposes of Chapter 6, health insurance issuer includes an insurance company, a health maintenance organization, and any other entity providing a plan of health insurance or health benefits subject to state insurance regulation.

(hh) *Product*. Means a package of health insurance coverage benefits with a discrete set of rating and pricing methodologies that a health insurance issuer offers in a State.

(ii) *Rate Insurance Increase*. Means any increase of the rates for a specific Product offered in the Individual or Small Group market.

(jj) *Rate Increase Subject to Review*. A rate increase that is equal to or greater than 10%, or more than one rate revision within 12 months, or has accumulated to more than 27% over three consecutive years, in the non-grandfathered individual and small group market.

(kk) *Unreasonable Rate Increase*. A rate increase that is, excessive, inadequate or unfairly discriminatory for the purposes of this chapter and as defined below:

(1) Excessive rate increase—The rate increase is an excessive rate increase if the increase causes the premium charged for the health insurance coverage to be unreasonably high in relation to the benefits provided under the coverage.

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(2) Unjustified rate increase—The rate increase is an unjustified rate increase if the health insurance issuer provides data or documentation to the Commissioner in connection with the increase that is incomplete, inadequate or otherwise does not provide a basis upon which the reasonableness of an increase may be determined.

(3) Unfairly discriminatory—The rate increase is an unfairly discriminatory rate increase if the increase results in premium differences between insureds within similar risk categories that are not permissible under applicable state and federal statutes and regulations.

(ll) “Calendar year” means the period of time from January 1, YYYY to December 31, YYYY.

(mm) “Plan year” means calendar year as defined in this section.

**Source:** [PL 3-107](#), § 3; amended by [PL 6-18](#), §§ 4, 5, 6; subsections (u) through (kk) added by amendment by [PL 18-34](#) § 3 (Feb. 14, 2014), modified; (ll) and (mm) enacted by amendment by [PL 19-56](#) § 3 (July 27, 2016).

**Commission Comment:** With respect to the reference to the “Department of Commerce and Labor,” see Executive Order 94-3 (effective Aug. 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to [1 CMC § 2001](#).

See Commission Comment at [1 CMC § 7601](#) for information regarding [PL 18-34](#) (Feb. 14, 2014); The Commission changed spacing, capitalization, and punctuation for consistency pursuant to [1 CMC § 3806](#)(f) and (g), and substituted “Title 4, Division 7, Chapter 6” for “this act” as appropriate pursuant to § 3806(d). Subsections (aa) through (kk) were originally designated as subsections (aa) through (ak) in [PL 18-34](#). The Commission changed the designations to match other subsections within the code pursuant to [1 CMC § 3806](#)(g).