

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 7301. General Requirements for Insurers.

(a) *Must Have Authority.*

(1) No person may act as an insurer and no insurer may transact insurance in the Commonwealth other than as authorized by a certificate of authority granted to it by the Insurance Commissioner, except as to such transactions as are expressly otherwise provided for in this division.

(2) Every certificate of authority shall specify the name of the insurer, the location of its principal office, the name of and location of the principal office of its attorney in fact, if a reciprocal insurer, and the classes of insurance it is authorized to transact in the Commonwealth.

(3) The investigation and adjustment of claims in the Commonwealth arising under insurance contracts issued by an unauthorized insurer, except surplus line insurance, shall be deemed to constitute the transaction of insurance in the Commonwealth, unless the same are isolated or nonrecurring transactions.

(b) *Qualifications for Authority.*

(1) To qualify for and hold a certificate of authority an insurer must:

(A) Be a stock, mutual, or reciprocal insurer of the same general type as may be required by law;

(B) Have capital funds as required by law based upon the type and domicile of the insurer and classes of insurance which the insurer is authorized to transact in its domicile;

(C) Transact or propose to transact in the Commonwealth insurance which are among those authorized by its charter, and only such insurance as meets the standards and requirements of this division;

(D) Have appointed a general agent who is qualified according to the standards set forth in [4 CMC § 7303\(a\)](#);

(E) Have continuously, actively, and successfully transacted the business of insurance for at least five years immediately prior thereto, except that in the case of a reorganization (including a merger, corporate acquisition, or formation of a subsidiary) of a capital stock of mutual insurer, the five year period shall be computed from the date of the organization of the original or parent insurer or insurers, if substantially the same management continues; and

(F) Fully comply with and qualify according to the other provisions of this division or rules and regulations promulgated thereto.

(2) Any non-life alien or foreign insurer who has continuously, actively and successfully transacted the business of insurance for a period of at least one year prior to applying for a certificate of authority under [4 CMC § 7301\(b\)](#) and (d) shall be exempted from the five year provision of [4 CMC § 7301\(b\)\(1\)\(E\)](#), provided that said insurer furnish to the commissioner:

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

(i) Evidence of the good character, financial responsibility, business experience and ability of its incorporators, directors and officers to transact the business of insurance;

(ii) Upon completion of one year's operation of business and every year thereafter evidence that at least 40 percent of the company's employees working in the Commonwealth are U.S. citizens or persons of Northern Marianas descent as defined in N.M.I. Const. art. XII, § 4;

(iii) For each class of insurance for which a certificate of authority is sought such proof as the commissioner may from time to time require that the applicant insurer has, in the Commonwealth, unencumbered United States dollar bank funds or deposits of \$350,000 continuously available for payment of claims in the Commonwealth; and

(iv) Such proof as the commissioner may initially require that the company can and will reinsure at least 60 percent of its potential liability and such proof as the commissioner may from time to time require, until the company has held a certificate of authority from the Commonwealth for five years, that the company has reinsured at least 60 percent of its potential liability; and

(v) Provided, further, that to qualify for exemption from the five year provision of [4 CMC § 7301\(b\)\(1\)\(E\)](#), the state or country of domicile of an alien or foreign insurer must offer reciprocal treatment to Commonwealth domestic insurers wishing to do insurance business in the home jurisdiction of the alien or foreign insurer.

(3) Subsections (b)(1)(D) and (b)(1)(E) and (b)(2) of this section do not apply to domestic insurers.

(c) *Classes of Insurance Authorized.* An insurer which otherwise qualifies may be authorized to transact any one or more classes of insurance. A life insurer shall not transact any insurance in addition to life insurance except disability, personal injury liability, employer's liability, and workers' compensation insurance. A reciprocal insurer shall not transact life or disability insurance. An offshore surety insurer shall not transact any other class of insurance.

(d) *Application for Authority.* To apply for an original certificate of authority an insurer shall:

(1) File with the Insurance Commissioner its request therefor showing:

(A) Its name, home office location, type of insurer, organization date, and state or country of its domicile, and if a reciprocal, the name and location of principal office of its attorney in fact;

(B) The classes of insurance it proposes to transact;

(C) A copy of its annual statement as of December 31 last preceding;

(D) If a foreign insurer, or a domestic reciprocal insurer, an appointment of the commissioner as its attorney to receive service of legal process. If a foreign or alien insurer, the name and business address of its authorized resident agent upon whom process may be served in all cases.

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

(E) If an alien insurer, a copy of the appointment and authority of its United States manager, certified by its proper officer;

(F) If a foreign or alien insurer, a certificate from the public official of its state or country of domicile showing that it is duly organized and is authorized to transact the classes of insurance proposed to be transacted;

(G) If a domestic reciprocal insurer, the declaration required by subsection (d)(1)(E) of this section;

(H) Certificate of the proper official as to any deposit made or held as compliance with this division;

(I) Copy of report of the last examination made of the insurer certified by the insurance supervisory official of its state of domicile or entry into the United States;

(J) Certificate of appointment of general agent;

(K) Other documents or stipulations as the commissioner may reasonably require to evidence compliance with this division.

(2)(i) Health insurance issuers covering more than 200 lives in the CNMI shall submit eligibility, claims, and other insurance data in the file and data formats of ANSI ASC 5010 270/271, 834, 835, 837 i/p/d and NCPDP standards as provided for or established or updated under the Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996, as amended. The Commissioner may issue a data submission guide that includes the data from the HIPAA ANSI ASC standards to simplify the data submission file and data formats and/or other data definitions. The Commissioner shall provide the claims data to the CHCC in accordance with [3 CMC § 2824\(w\)](#) for health cost and care, public health surveillance, and other purposes.

(ii) The claims data for plan years 2011-2015 shall be submitted to the Commissioner in an electronic form to be approved by the Commissioner within four months upon signing of the bill and within 45 days of the ending of a calendar quarter basis following the initial submission of the first two quarters of 2016, beginning with the January 1 to March 31, 2016 and April 1 to June 30, 2016 quarters with the 2011-2015 calendar year data described herein.

(3) Deposit with the commissioner any fees required by law.

(e) *Organization of Reciprocal Insurer.*

(1) Twelve or more persons domiciled in the Commonwealth may organize a domestic reciprocal insurer and in compliance with this section make application to the Insurance Commissioner for a certificate of authority to transact insurance.

(2) When applying for a certificate of authority, the original subscribers and the proposed attorney shall fulfill the requirements of and shall execute and file with the commissioner a declaration setting forth:

(A) The name of the Insurer;

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

(B) The location of the insurer's principal office, which shall be the same as that of the attorney and shall be maintained within the Commonwealth;

(C) The classes of insurance proposed to be transacted;

(D) The names and addresses of the original subscribers;

(E) The designation and appointment of the proposed attorney and a copy of the power of attorney;

(F) The names and addresses of the officers and directors of the attorney, if a corporation, or of its members, if a partnership;

(G) The powers of the subscribers' advisory committee and the names and terms of office of the members thereof;

(H) That all moneys paid to the reciprocal, after deducting therefrom any sum payable to the attorney, shall be held in the name of the insurer, and for the purpose specified in the subscribers' agreement;

(I) A copy of the subscriber's agreement;

(J) A statement that each of the original subscribers has in good faith applied for insurance of the classes proposed to be transacted, and that the insurer has received from each such subscriber the full premium or premium deposit required for the policy applied for, for a term of not less than 12 months at the rate theretofore filed with and approved by the commissioner; and

(K) A statement of the financial condition of the insurer, and a schedule of its assets.

(f) *Authority Issued.* If the Insurance Commissioner finds that an insurer has met the requirements for and is fully entitled thereto under this division, the commissioner shall issue to it a proper certificate of authority. If the commissioner does not so find, the authority shall be refused within 90 days of the time following filing by the insurer of its application.

(g) *Extension; Amendment.*

(1) When the Insurance Commissioner issues or extends a certificate of authority, the commissioner shall determine the date prior to which the certificate of authority must be extended and shall so notify the authority must be extended and shall so notify the insurer in writing. This date is called the extension date. The extension date shall be any date no less than one year and not more than three years after date of issue or extension of the certificate of authority. If the insurer qualifies therefor, its certificate of authority shall be extended, upon application and payment of any required fees.

(2) The commissioner shall amend a certificate of authority at any time in accordance with changes in the insurer's charter of insuring powers.

(h) *Refusal or Revocation; Mandatory Provisions.* The Insurance Commissioner shall refuse to extend or shall revoke or suspend an insurer's certificate of authority, in addition to any other grounds in this division, if the insurer:

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

(1) Is a foreign or alien insurer and no longer qualifies or meets the requirements for the authority.

(2) Is a domestic mutual or domestic reciprocal insurer, and fails to make good a deficiency of assets as required by the commissioner.

(3) Is a domestic stock insurer and has assets less in amount than its liabilities, including its capital stock as a liability, and has failed to make good such deficiency as required by the commissioner;

(4) Knowingly exceeds its charter powers or its certificate of authority.

(i) *Refusal, Suspension, Revocation; Discretionary Provision.* The Insurance Commissioner may after a hearing suspend, revoke, or refuse to extend an insurer's certificate of authority, in addition to any other grounds therefor in this division, if the insurer:

(1) Knowingly fails to comply with or violates any provision of this division other than those for violation of which refusal, suspension, or revocation of mandatory;

(2) Knowingly fails to comply with any proper order of the commissioner;

(3) Is found by the commissioner upon examination, or other valid evidence, to be in unsound condition or in such condition as to render its further proceedings in the Commonwealth financially hazardous to the public or to its policyholders in the Commonwealth;

(4) Refuses to remove or discharge a director or officer who has been convicted of any crime involving fraud or dishonesty;

(5) Usually compels claimants under policies either to accept less than the amount due them or to bring suit against it to secure full payment of the amount due;

(6) Is affiliated with and under the same general management, or interlocking directorate, or ownership as another insurer which transacts insurance other than reinsurance in the Commonwealth without having a certificate of authority, except as is permitted by this division;

(7) Refuses to be examined, or if its directors, officers, employees, or representatives refuse so submit to examination or give testimony concerning its affairs, or to produce its accounts, records, and files for examination by the commissioner when required by this division, or refuses to perform any legal obligation relative to the examination;

(8) Fails to pay any final judgement rendered against it upon any policy, bond, recognizance, or undertaking issued or guaranteed by it, within 60 days after the judgement became final or within 60 days after time for taking an appeal has expired or within 60 days after dismissal of an appeal before final determination, whichever date is the later.

(j) *Procedure Upon Revocation; Suspension of Certificate of Authority.* Upon revoking, suspending, or refusing to extend an insurer's authority to transact insurance, the Insurance Commissioner shall:

(1) Give notice to the insurer not less than 10 days in advance of the effective date of the revocation or suspension;

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

(2) Revoke or suspend all agents' authority to represent the insurer in the Commonwealth and give notice thereof to the agents;

(3) Give notice to the insurance supervisory official of each state in which the insurer is authorized to transact insurance.

(k) *Suspension Period.* Except as otherwise expressly provided in this division, the Insurance Commissioner may suspend an insurer's certificate of authority for a period not to exceed one year. The commissioner shall state in the order of suspension the period during which it will be effective.

(l) *Revival.* An insurer whose certificate of authority has been suspended, revoked, or refused may subsequently be authorized, if the grounds for the suspension, revocation, or refusal no longer exist and the insurer is otherwise fully qualified and the insurer has reimbursed the Insurance Commissioner for all reasonable and necessary expense incurred by virtue of the suspension, revocation, or revival of the certificate of authority.

(m) *Power to Fine.* After hearing and in addition to or in lieu of the suspension, revocation or refusal to extend any certificate of authority, the Insurance Commissioner may levy a fine upon the insurer in an amount not less than \$500 and not more than \$25,000. The order levying the fine shall specify the period within which the fine shall be fully paid, and which period shall not be less than 30 nor more than 45 days from the date of the order. Upon failure to pay any such fine when due, the commissioner shall revoke the insurer's certificate of authority if not already revoked, and the fine shall be recovered in a civil action brought in behalf of the commissioner by the Attorney General. Any fine so collected shall be deposited to the General Fund.

(n) *Insurer's Name.*

(1) Every insurer shall conduct its business in its own legal name.

(2) No insurer shall assume or use a name deceptively similar to that of any other authorized insurer, nor which tends to deceive or mislead as to the type of organization of the insurer.

(o) *Service of Legal Process.*

(1) Each authorized foreign or alien insurer shall appoint the Insurance Commissioner as its attorney to receive service of, and upon whom may be served, all legal process issued against it in the Commonwealth. Service upon the commissioner as attorney shall constitute service upon the insurer.

(2) With the appointment the insurer shall designate by a name and address the person to whom the commissioner shall forward legal process so served upon him. The insurer may change such person by filing a new designation. However, the insurer's last known principal office may be used by the commissioner in lieu of the designated person.

(3) The insurer shall file with the commissioner a resolution adopted by its board of directors or other governing board consenting that service of process upon the commissioner in any action or proceeding against the insurer brought or pending in the Commonwealth upon any cause of action arising in or growing out of business transactions in the Commonwealth, shall be valid

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

service upon the insurer, and the consent shall be irrevocable, so long as a policy of insurance of such insurer shall remain in force in the Commonwealth, or any loss remains unpaid therein.

(4) The insurer shall also file the name and business address of its authorized resident agent upon whom process may be served in all cases. Until such time as the agent's authority is revoked by a notice in writing filed in the office of the commissioner, service may be had upon the insurer by personal service upon the agent. In case a corporation is designated as an agent, service of process may be had by serving the same upon the president, vice-president, secretary, treasurer, or any director thereof; and in case a partnership is designated as an agent, service of process may be had by serving the same upon any member thereof. Service may be had on either the authorized agent or the commissioner.

(p) *How Service on Commissioner is Made.*

(1) Triplicate copies of legal process against an insurer for whom the Insurance Commissioner is attorney shall be served upon the commissioner by a person competent to serve a summons. At the time of service the plaintiff shall pay five dollars, taxable as costs in the action. In the absence of the commissioner the process may be served upon the Director of Commerce and Labor.

(2) The commissioner shall send one of the copies of the process, by registered mail with return receipt requested, to the person designated for the purpose by the insurer in its most recent designation filed with the commissioner, or to the insurer at its last known principal office, if no such designation is on file, and return one copy to the plaintiff with his acknowledgment of service.

(3) The commissioner shall keep a record of the day and hour of service upon him of all such legal process. No proceedings shall be had against the insurer, and the insurer shall not be required to appear, plead, or answer until the expiration of 60 days after the date of service upon the commissioner.

Source: [PL 3-107](#), § 15; amended by [PL 6-18](#), §§ 2, 3, 7; (d)(2) enacted by amendment by [PL 19-56](#) §§ 6, 7 (July 27, 2016).

Commission Comment: With respect to the references to the "Director 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](#).

[PL 19-56](#) was enacted on July 27, 2016.

The Commission renumbered (d)(2) as (d)(2)(i) and numbered [PL 19-56](#) § 7(a) as (d)(2)(ii) pursuant to [1 CMC § 3806](#)(a). The Commission struck the figure "(4)" in (d)(2)(ii) as a mere repetition of written words pursuant to [1 CMC § 3806](#)(e).