

January 12, 2021

ND Senate Industry, Business and Labor Committee

ND SB 2072

The American Property Casualty Insurance Association (APCIA) is composed of over 1,200 member companies and 330 insurance groups and represents the broadest cross-section of home, auto, and business insurers of any national insurance trade association. In North Dakota, APCIA member insurers provide almost 69 percent of all the insurance purchased by the state's citizens and businesses.

ND Insurance Commissioner Godfread, as chair of the NAIC's Innovation and Technology Task Force, has been a leader on this subject and should be commended for his role in advancing this forward leaning legislation which will benefit insurance consumers.

We urge you to support SB 2072, as amended. This is important legislation that will afford insurers clearer authority to provide insurance consumers with loss control and mitigation products and services without running afoul of any prohibitions regarding the prohibited practice of rebating. In short, without this legislation and its amendments, based upon legislation pending at the National Association of Insurance Commissioners (NAIC), insurers would not be able to easily provide their customers with devices as simple as moisture sensors (which warn a property owner of a leaking hot water heater or similar damage or loss) or similar products for fear of violating the state insurance anti-rebating law which prohibits insurers from providing certain benefits to their customers in connection with their insurance policies.

We propose several amendments to SB 2072 which are largely the product of negotiations between insurance regulators at the NAIC, led by Commissioner Godfread, and insurers. The text of the amendments is attached to this statement.

The essential thrust of these important amendments is to clarify certain terms that might otherwise be interpreted as ambiguous (for example, removing the word "fair" but retaining the phrase "not unfairly discriminatory").

Also, the amendment clarifies that "upon request" the policyholder may obtain additional information regarding the product or service.

The amendment also notes that the insurer or producer may document the criteria used for the product or service, a more inclusive and current term than being required to keep a "written" record of the product or service.

Finally, the amendment addresses the use of pilot programs and specifies that they may only be one year in duration and that the Department must be notified of the pilot program and has twenty-one days to object to it.

The APCIA believes these amendments are important to clarify the intent and enforcement of this new law and ask for your support.

Thank you.

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