

HOUSE BILL 1094

Presented by: J. Dale Pittman
Director, Fraud Division
North Dakota Insurance Department

Before: House Industry, Business and Labor Committee

Date: January 5, 2023

Chairman Louser and members of the committee, my name is Dale Pittman and I am the director of the North Dakota Insurance Department's Fraud Division. I've been with the North Dakota Insurance Department for over ten years and have investigated hundreds of cases of insurance fraud.

The purpose of 1094 is to help our investigators and prosecutor establish geographical jurisdiction (venue) related to the crime of Fraudulent Insurance Act. Proving jurisdiction for insurance fraud has become increasingly difficult. In the not so distant past if you wanted to file an insurance claim you went to your agent's office or called him or her on a landline phone. Then an adjuster would visit with you at a fixed location and adjust your claim. Jurisdiction was easy to establish – it was either the address of the agent's office or the location where the adjuster investigated the claim. Now there are phone apps and websites that completely replace the agent and the adjuster. You click on the claim button, type in the details, take photos of the damage and upload everything to the insurance company – all from your phone. In most instances the insurance company will call you to get more details regarding the claim – again, on your cell phone, which is not fixed to any particular location. The cell phone becomes the center piece for most of the insurance fraud cases that we investigate. Proving where that phone was located when the suspect lied to the insurance company can be difficult. We do obtain search warrants for cell phone records and in a lot of cases we can establish jurisdiction based upon that data. But in several instances the geo-location information is not there, or the cone of possible locations crosses jurisdictions – Fargo v Moorhead, Grand Forks v East Grand Forks, Bismack v Mandan.

With the passage of 1094 the State will have additional tools to prove jurisdiction, such as where payment was issued and or where the check was cashed, where the fraudulent insurance act was prepared or planned, or the location of an associated crime such as arson or a staged accident. With the passage of this bill, we won't be solely reliant on where the suspect was standing during a phone call.

As a matter of housekeeping, I believe that for ease of reading and understanding, a comma should be added to line 9 in between the words "offense" and "was." I would ask that you make that small edit.

We ask for passage of 1094 as amended.
I would be happy to answer any questions you may have at this time.