

HOUSE BILL NO. 1189 TESTIMONY

Presented by: Tyler Erickson
Legal Counsel
North Dakota Insurance Department

Before: Industry Business and Labor Committee
Representative Scott Louser, Chairman

Date: January 16, 2023

Good morning, Chairman Louser and members of the House IBL Committee. My name is Tyler Erickson, and I'm an attorney with the North Dakota Insurance Department. I was the Department's primary contact point on this bill and after an in-depth review, we determined that the Department doesn't have any concerns with the language. As a result, the Department is offering this neutral testimony on HB 1189.

1. Initially, there was some slight disagreement between us and legal shield about whether legal shield's products were covered by our current law, and after a thorough review of our current law, we ultimately concluded that they were covered. As a result, they brought this bill to carve out their specific product from our code.
2. Once we had an opportunity to review the proposed language, the Department's number one concern when we reviewed these proposed exemptions (26.1-19 & 26.1-43) was to ensure that the carve outs do not result in any unnecessary or unanticipated regulatory shortfalls or gaps.
3. Under current law, all prepaid legal services contracts or legal expense insurance plans are subject to the regulatory oversight of our agency.
 - a. And although there are slight differences between prepaid legal services and legal expense insurance plans, the common denominator between them, rests in their use of indemnity, assumption of risk by a third party, or reimbursement for services.
 - b. (Differences if asked): prepaid legal services are typically used in a discounted legal services plan, where multiple people pay a