

HOUSE BILL NO. 1283

Presented by: Jon Godfread, Insurance Commissioner
North Dakota Insurance Department

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

Date: January 24, 2023

Good morning, Chairman Louser and members of the committee. My name is Jon Godfread, and I am the North Dakota Insurance Commissioner. I am here today in opposition to House Bill 1283.

As introduced, we have to oppose HB 1283 as it would place certain regulatory authority over the insurance industry in the Department of Financial Institutions rather than maintaining that authority with the Insurance Commissioner. Due to this, my team has worked with Rep. Novak to draft an amendment that would remove references to the insurance industry and Insurance Commissioner from Section 1 and create Section 2 of this bill, relating to the goal of prohibiting discrimination based solely on ESG and DE&I considerations in the insurance industry.

The only exception in the amendment is when environmental factors are applied as a part of sound underwriting and actuarial principles related to actual or reasonable anticipated loss experience. For example, someone wanting to insure a structure at the base of a cliff that is prone to landslides should expect to have that environmental risk factored into their underwriting and the insurance company could either set the premium accordingly or chose not to take on the risk at all.

If the amendment is adopted, I can support Section 2 of the bill. I have been an active participant at the national level in warning that the effect of ideological social policies espoused from boardrooms in New York, London, and Basel have a very real impact on this nation's access to reliable energy sources.

Thank you, Chairman Louser. I am happy to answer any questions that you may have.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1283

Page 1, line 1, after “6” insert “and subdivision e of subsection 7 of section 26.1-04-03”

Page 1, line 2, after “financial” insert “and insurance”

Page 1, line 9, after “union,” insert “and”

Page 1, line 10, remove “, and any insurance company”

Page 1, line 11, remove “registered and operating in this state under title 26.1”

Page 1, line 15, remove “provides insurance services,”

Page 2, line 6, remove “and the insurance”

Page 2, line 7, remove “commissioner”

Page 2, after line 23, insert:

“**SECTION 2.** Subdivision e of subsection 7 of section 26.1-04-03 of the North Dakota Century Code is created and enacted as follows:

- e. Refusing to insure solely in consideration of the risk’s environmental, social, and governance criteria; diversity, equity, and inclusion policies; or political and ideological factors, unless the refusal is the result of the application of sound underwriting and actuarial principles related to actual or reasonably anticipated loss experience.”

Re-number accordingly