

SENATE BILL NO. 2143

Presented by: Jon Godfread
Insurance Commissioner
North Dakota Insurance Department

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

Date: March 14, 2023

Good morning, Chairman Louser and members of the Committee. For the record, my name is Jon Godfread, Insurance Commissioner. I stand before you today in support of Senate Bill 2143, which is a policy bill that stems from the language brought forth by the Insurance Department last legislative session.

As the bill was introduced it would eliminate the need for insurance companies to have published an abstract of the annual statement that they file with the Department. Currently, this abstract must be published three times in one newspaper of general circulation in each judicial district in which the company conducts business, or once in the county of the principal place of business for a state or a county mutual. Our understanding is the publication of the abstract information is at the discretion of the newspaper, meaning the consumer would not know what day their company's information will be published.

In addition, if you are a consumer with a state or county mutual and you do not live in the same county as the principal place of business as your insurance company, the abstract is not printed in a newspaper that you likely have access. For example, if a policyholder lives in Bismarck and has coverage with the county mutual located in New Salem, that abstract may only be printed in the New Salem Journal or the Mandan News and not the Bismarck Tribune. Under both scenarios above, if you don't subscribe to the newspaper that is selected to fulfill this publication requirement, it is likely you will never see the abstract of your insurance company. As an alternative, the Department is suggesting that this abstract be made available solely on our website.

The North Dakota Newspaper Association keeps an archive of abstracts published in newspapers within the state, which the NDNA noted during the last legislative session. The Department's website also has a free abstract search function but is updated whenever a company submits its abstract. The NDNA's archive is only updated when a newspaper publishes an abstract, which can happen at the newspaper's discretion. Newspapers are businesses. Abstracts can be kicked down the road if the paper runs out of room or a more lucrative offer comes their way. We searched that archive and found that the abstract for one of the state's largest domestic property and casualty insurers appears to have been published in only one newspaper for 2019, 2020, and 2021. This abstract should have been published in numerous other newspapers since the company operates across the state. Admittedly, the abstract could have been published in multiple newspapers, and the NDNA website may be out-of-date, however that presents another problem. If the archive is a true representation of what was printed, it shows many papers failed to publish these abstracts. Additionally, our search function contains fewer steps and is more up-to-date than the NDNA's website.

I have brought copies of both the abstract available on our website and a copy of one from a newspaper publication. As you can see the information on the abstract is limited to a just a few points of financial information. If a member of the public wants the entire annual statement, which includes over 200 pages of financial information, they can request a free electronic copy from our office. Now I want to take a moment and walk you through just what it looks like to search for and find, or in some cases not find, the information on the available options for consumers. Matt Fischer from my office, will walk the committee through the search process. First there is our website. As you will see, we search for Nodak Insurance Company, our largest domestic P&C company, Blue Cross Blue Shield of ND, our largest domestic company, and State Farm. We first search our website, then the Newspaper Association website, and then finally on the Bismarck Tribune website.

[Link to video of the demonstration.](#)

As you will notice, the form and substance of the search did not change, but the results are dramatically different. I would argue that our site is more transparent and easier to navigate for

a consumer who is looking for this information. I would also argue that the average consumer is not looking for this information in the public notice sections of the newspapers, these are not school board meeting minutes, these are not land or tax notices, these are publications of a private company's financial information in the newspaper. I am not arguing with the requirement that this information be made available to the public, I am asking to end the requirement of our companies needing to pay for placement in a form where it's either inaccessible, as shown by the website overview, or you need to pay for a subscription to receive the information.

Since the last legislative session, we have made abstracts more accessible to those who want them. We pulled website analytics from the Department's website. Our data shows that in the past seven months of having the information on our website in 2022, we had 215 visits to the webpage where the public can search for abstracts. That's only a mere fraction of the total number of visitors we receive in a month, even a week, let alone seven months. During the first week of January, we had over two-thousand visitors to our website. During the month of December, over sixty-five hundred visitors. The information is readily available to the public on the Department's website; however, the public isn't going to our website or the newspapers for this information. They're most likely going to call our office, or the insurance companies themselves.

We believe the access to the public through our website is purposeful enough and reduces an expense to insurance companies, which is ultimately passed on to policyholders. This information is free to the consumer if they contact our office or visit our website. This would remove the mandate that the information be published in a newspaper that charges a subscription to the consumer. When I took office, I sought to create more efficiencies within the Department and in the state's insurance marketplace. I believe that SB 2143 takes a small step in that direction while maintaining transparency for the public.

We would ask that this committee remove the Senate amendments and take this bill back to the original bill as it was introduced. With the Senate amendments it ends the requirement for our state and county mutuals to publish their abstracts, but the requirement remains the same for

all other insurance companies. In an interest of fairness, any changes should apply broadly to the insurance marketplace and not to just certain subsections.

Finally, the opponents of this bill will say this is an issue of transparency, I would argue that with our examples and the demonstration that we showed, it's clear that we are providing a free, transparent and easy to navigate system for those who want access to this information.

This is not an issue of transparency, this is an issue of finances, if the state wishes to appropriate dollars to local newspapers in order to help them survive, I would support that. However, I struggle with the state requiring a private business to publish their financial data in a form that is not reasonable, or accessible to the public, especially when there is another free accessible option already in place. We have solved the transparency problem. What the opponents are looking at is a simple potential loss of revenue to their business and I understand that. Let's have that conversation, but it cannot be couched in an argument about transparency, that is factually dishonest.

An example of the abstract is attached to this testimony.

Thank you, Mr. Chairman, I am happy to stand for any questions.

Abstract of Statement

North Dakota Insurance Department
SFN 4802

Select Your Company Type *

Property and Casualty

Is this an amendment? *

Yes No

NAIC Company Code (Enter the company code and tab out. This will automatically populate Name and State of Domicile.) *

34606

Name of Company *

Center Mutual Insurance Company

State of Domicile *

ND

For Year Ending December 31, 20 *

2021

DATA FROM ANNUAL STATEMENT OF COMPANY

TOTAL ASSETS (Page 2)

*

69,639,659.00

TOTAL LIABILITIES (Page 3)

*

27,191,415.00

Aggregate write-ins for special surplus funds

*

0.00

Common Capital Stock (Page 3)

*

0.00

Preferred Capital Stock (Page 3)

*

0.00

Aggregate Write-ins for Other Than Special Surplus Funds (Page 3)

*

0.00

Surplus Notes (Page 3)

*

0.00

Gross Paid in and Contributed Surplus (Page 3)

*

0.00

Unassigned Funds (Page 3)

*

41,877,215.00

TOTAL CAPITAL AND SURPLUS

*

41,877,215.00

TOTAL LIABILITIES, CAPITAL AND SURPLUS

*

69,068,630.00

NORTH DAKOTA BUSINESS ONLY

Total Direct Premiums Earned *

29,855,004.00

Total Direct Losses Incurred *

16,860,476.00

Total Accident and Health Direct Premiums Earned (Line 13-15.6) *

0.00

Total Accident and Health Direct Losses Incurred (Line 13-15.6) *

0.00

Name of Person Completing the Form *

Kristi J. Volk

Telephone Number (prefer toll-free, if available) *

701

776

5279

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Title *

Chief Financial Officer

Name of Person to Send Invoice To *

Kristi J. Volk

Email Address *

kvolk@centermutual.com

Division and/or Department *

Accounting

Address for Invoice *

PO Box 365

City *

Rugby

State *

ND

ZIP Code *

58368

