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HB 1284 – House Judiciary

Good morning, Chairman Klemin and members of the House Judiciary. My name is Jaci Hall and I am the Executive Director of the North Dakota Association for Justice. I am here today in support of HB 1284.

HB1284 gradually increases the caps for employee misconduct for charitable organizations. This statute was originally created in 2007 as a way for some nonprofit organizations who received state and federal funds to reduce their premiums for non-reimbursable expenses. In some RFP's, this type of insurance is not reimbursable and so they use donor dollars to cover the expense.

In 2021, Representative Pyle, myself, NDIRF and the North Dakota Association of Counties worked together to increase the liability caps for political subdivisions and state agencies gradually until 2027. These caps had not been raised since 1977. About a year ago, we noticed that this cap was not reviewed with the others and should receive the same gradual increase as state agencies and political subdivisions across the state.

While reviewing the statute, I interviewed charitable organizations and insurance agencies to see what current coverage these organizations carried and whether or not increasing the coverage would have on their premiums.

Of all the organizations I interviewed, they all had a minimum of \$500,000 in Employee Practices Liability Insurance and many had \$1,000,000 per person. The insurance agents that I interviewed indicated they do not sell coverage lower than \$500,000.

HB1284 will gradually increase the cap on charitable organizations through 2029 to \$500,000 per person and \$2,000,000 per occurrence.

The gradual increase will allow charitable organizations to adjust their budgets to account for any premium increases. However, as many already have the coverage at this level, the premium will be equal throughout the transition.

Today, I ask the committee to recommend a Do Pass on HB 1284. I will stand for questions.