

**SENATE BILL NO. 2056**

**Presented by:**           **John Arnold**  
                                  **Deputy Insurance Commissioner**  
                                  **North Dakota Insurance Department**

**Before:**                   **Senate Industry and Business Committee**  
                                  **Senator Doug Larsen, Chairman**

**Date:**                     **January 9, 2023**

Good morning, Chairman Larsen and members of the Committee. My name is John Arnold, Deputy Insurance Commissioner. I stand before you today on behalf of Commissioner Godfread in support of Senate Bill 2056, which is an agency bill created as a result of the Department's involvement with Governor Burgum's Red Tape Reduction Task Force.

Sections one and two of the bill relate to the reports carriers file that the Department uses to accurately distribute funds from the insurance tax distribution fund to the fire districts. Currently, in addition to the detailed reporting that the Department actually uses, the Century Code also allows carriers to file a certification stating that the carrier has reported premiums and losses with an advisory organization. This certification is not used by the Department. Additionally, tying this reporting to a carrier maintaining its certificate of authority given the late filing penalty passed by the 67<sup>th</sup> Legislative Assembly is excessive, and so we are requesting that the language in 26.1-02-02 be removed.

Additionally, section two strikes the need for the Department to calculate interest when issuing a refund. To date, we have not granted any refunds. Had we granted any refunds, the amount of interest would likely be insignificant to the company and the code is unclear as to how interest is calculated.

Section three removes the need for carriers to file forms disclosing experience. The Department does not regularly use the information on these forms but does have access to the necessary information through the carriers other required product filings, should we ever need it.

Lastly, section four removes the requirement that the Reinsurance Association of North Dakota (RAND) conduct an independent audit and replaces it with language allowing for an independent audit to be conducted if one has not been performed during the section 1332 waiver period. RAND is subject to audit by both the State Auditor and the US Department of Health and Human Services, making a third audit an unnecessary expense to that fund.

Chairman Larsen and members of the committee, I respectfully request a Do Pass recommendation, and am happy to answer any questions that you may have.