

January 7, 2025

North Dakota Legislature
House Industry, Business and Labor

RE: HB 1088, Penalties and Restitution for Violation of Title

Dear Representative Warrey, Chairman, Representative Ostlie, Vice-Chairman, and Honorable Committee Members,

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the January 8, 2025 public hearing on HB 1088.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC has 134 members who write property/casualty in the State of North Dakota, which represents 40% of the marketplace.

NAMIC is opposed to the proposed legislation for the following reasons:

- 1) **There is ambiguity in the proposed legislation** – While restitution may seem straightforward, the proposed legislation leaves critical questions unanswered. For instance, how far back would restitution claims apply? Without a defined time frame, insurers could face liability for claims spanning years. Furthermore, the legislation does not clarify who qualifies for restitution or how amounts would be calculated, taking into account factors such as interest, inflation, and other associated costs.
- 2) **Applying this uniformly may be challenging** – The legislation lacks clear guidance on how and when restitution should be applied. This ambiguity creates challenges for insurers and consumers alike. Every dispute involves unique circumstances, and the proposed language fails to address how restitution decisions would be made. During the investigation and disciplinary processes, neither insurers nor consumers will have clarity on whether restitution applies or the amount owed.
- 3) **Calculating restitution creates additional challenges** – Determining restitution presents additional difficulties. While some losses, like the cost of a new roof, are straightforward to quantify, others are far more complex. For example, valuing a family heirloom could lead to further disputes between insurers and



insureds, prolonging resolution and complicating the complaint and disciplinary process.

For these reasons, we respectfully request the committee vote “No” on HB 1088.

Respectfully,
Phillip Arnzen

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