

January 20, 2025

House Industry, Business and Labor Committee
HB 1398

CHAIRMAN WARREY AND COMMITTEE MEMBERS:

My name is Cecile Wehrman. I represent the North Dakota Newspaper Association and the state's 73 newspapers. Please accept this testimony IN FAVOR of House Bill 1398.

The law governing publication of insurance abstracts has existed in its present form with only minor tweaks since the state's earliest days. It has always granted the insurance commissioner discretion in selecting one newspaper for publication of abstracts in each judicial district. But our research has discovered, these abstracts have not been distributed that way for about 100 years.

This bill codifies the actual distribution practice used since at least 1930 – placing insurance abstract statements across all newspapers in the state. That's always made sense because of the sheer number of these statements, but especially in modern times when about 2,000 insurance companies are required to publish them. Following the law as currently written concentrates publication of these statements in just 8 newspapers instead of 73. And it shifts the income from these publications almost entirely away from smaller community newspapers.

Insurance Department staff formally notified NDNA last February that the commissioner would assert his right to determine which newspapers receive these notices. Because we were too far along in the process for distributing the 2024 statements we could not comply. In the interim, we attempted to work with the department to come up with a compromise, but staff told us they favored making it a state appropriation rather than an industry-paid publication and we didn't believe a proposal like that would be successful.

The insurance commissioner's decision to publish these abstracts in just 8 newspapers – one in each judicial district -- upends a practice that has remained unchallenged even through many calls to abolish publication outright. It also favors high population centers for dissemination of this information, with only two weekly newspapers chosen to receive these notices. The majority of publications

will now be concentrated in the state's biggest cities, rather than spread evenly across both rural and urban areas.

Time and again, the legislature has rejected attempts to abolish the requirement to publish this material because they have heard from newspapers in every legislative district about the importance of retaining them. This year, with publication in just 8 newspapers, the likelihood of withstanding the next challenge is slim, because so few legislators will hear from a newspaper publisher. And at that point, it's likely these notices will no longer be published for the benefit of the consumer at all.

Some have argued these abstract statements are useless to the average consumer but we know publication does at least two things: It lets citizens know this information is being collected and monitored; but more importantly, it puts the companies on notice this information will be shared publicly, so it better be accurate.

Just last week, the commissioner disseminated an op-ed to newspapers, asking them to publish vital information to consumers in light of the great pressure widespread natural disasters have placed on the insurance industry. He didn't send that op-ed to just eight newspapers, but to ALL newspapers. Newspapers run that kind of information for free.

Likewise abstract publication **costs the state NOTHING**. Insurance companies pay just \$250 a year to provide transparency to North Dakota consumers about their financial solvency. It's a drop in the bucket to them, but to small town newspapers it's \$5,000 to \$20,000 a year – money that literally helps keep the lights on.

If the law stands without this change, the next time a state agency needs vital, timely information disseminated to the state's 300,000-plus newspaper readers, they may find fewer outlets available to help them reach that audience.

We urge a DO PASS on HB 1398.