



TESTIMONY OPPOSING HB 1398

John Arnold, Deputy Commissioner

House Industry, Business and Labor Committee

January 20, 2025

Good morning, Chairman Warrey and members of the committee. My name is John Arnold, I am the Deputy Insurance Commissioner, and I stand before you today in opposition of HB 1398.

As I write this in advance of the hearing, I presume that much will be discussed by those supporting HB 1398 that this bill is about transparency, the importance of legal notices to our democracy, and maybe even the honest fact that the fees associated with the publication insurance company abstracts are vital to smaller newspapers. With respect, I disagree with all of these assertions.

I'll begin by addressing the misconception that HB 1398 increases transparency. Currently, §26.1-03-10 requires the Commission to designate one newspaper printed and published in each judicial district in which these abstracts are to be published. Commissioner Godfread has reasonably designated the newspapers with the greatest circulation in each judicial district to ensure that the broadest audience has access to the print version of these abstracts. By evenly distributing the abstracts between all newspapers within a judicial district we wholeheartedly believe that transparency of the print version of the abstract will be reduced.

Using myself as an example, I reside just south of the city of Bismarck in the South Central Judicial District. The designated newspaper for this district is the Bismarck Tribune, with a circulation of 12,285 according to the North Dakota Newspaper Association's (NDNA) 2025 *Comprehensive Guide to N.D. Media*. If HB 1398 is enacted as introduced the print version of my insurance company's abstract could be published in the Grant County News (circulation: 658) or the McClusky Gazette (circulation 398).

I concede that the current application only ensures transparency of the print version of the abstract to a plurality of residents in each judicial district, but I strongly argue that the very real possibility that the print version of an abstract for a large insurer covering property throughout the district being printed in one of these small newspapers is not the solution.

Next, I'll address the fallacy that these abstracts are legal notices. Simply put, they are not. These are not notices of public comment periods or the meeting minutes of public bodies. I would never presume to suggest that newspapers should not serve as a record for these types of public information. These, however, are incomplete financial statements of private companies. I am not aware of any other industry that is asked to publish this sort of

information. In our conversations with the NDNA any other type of statement has never been brought to our attention.

Historically it may have made some sense to publish this type of information. In a time when smaller, local companies were more relevant, and prior to the robust financial examinations that the Insurance Department now conducts, these abstracts may have given consumers some level of assurance that their insurer was solvent. Those days are over. For starters, in addition to the abstract being available on the Department's website, any consumer wishing to have a more compressive review of an insurance company's financials can reach out to the Department and request all publicly available information. Furthermore, the abstracts of the most local insurance companies, the county mutual's, are not impacted by HB 1398. They will continue to be printed in the newspaper designated by members of the company.

Lastly, I dispute the belief that these abstracts should be used as a method to distribute wealth to smaller newspapers. First, it needs to be recognized that the publication of these abstracts is a mandated fee for insurance companies, and that it is a fee that private companies pay to other private companies. As I argued before this very committee during the 67th Legislative Assembly, this is a fee that can be eliminated since the abstracts are also published on the Insurance Department's website.

If there is a legislative desire to provide financial aid to newspapers, the Insurance Department has suggested to the NDNA what we felt to be a workable compromise. Since we've established that the print versions of these abstracts, under current law or if HB 1398 were to be enacted, neither increase transparency nor are legal notices we believe that something else could be published that would have actual value and not result in a fee for insurance companies. The Insurance Department could be mandated to periodically publish notifications informing residents about our consumer assistance services. We feel that it would be more beneficial to let residents know that the state provides a resource in navigating the insurance sector than maybe give them an incomplete look into their company's financial records.

Chairman Warrey and members of the committee, I encourage you all to ponder other possibilities rather than HB 1398 offers. Please consider amending HB 1398 into something that actually provides value for consumers and eliminates a fee for insurance companies and completely repealing the requirement that abstracts be printed.