



TESTIMONY SUPPORTING SB 2124

John Arnold, Deputy Commissioner

Senate Industry and Business Committee

January 14, 2025

Good afternoon, Chairman Barta and member of the Senate Industry and Business Committee,

Today I am introducing, and asking for your support of, Senate Bill 2124, an agency bill submitted by the Insurance Department. We are requesting the passage of SB 2124 to both modernize the Commissioner's data call authority and to allow for coordinating data calls with other states to better understand the insurance market.

However, before delving into the provisions in SB 2124, I'd like to provide some background information. Currently the Department has complete authority to gather information from insurance companies. §26.1-02-03 requires a company response to inquiries within 20 days, although there is no confidentiality protection in that statute which limits the Department's ability to utilize the information in meaningful ways. Chapter 26.1-03, which grants the Commissioner examination authority, requires everything collected under that chapter to be confidential and requires us to do an examination report.

With the increasing impacts of multistate events and a hardening market in the insurance sector, combined with recent activity by the Federal Insurance Office in attempting to gather data themselves, the Department felt that it was time to participate in the Market Conduct Annual Statement (MCAS) process through the National Association of Insurance Commissioners (NAIC). To do so, we need to address the limitations of current law and ensure confidentiality of carrier data.

Sections 1 through 3 of the bill address the modernization of the data call process; however the crux of the issue can be found in section 3. Section 3 does the following:

- Maintains the existing timeframe language for companies to respond to the Department.
- Allows the Commissioner to designate the NAIC as the repository for the data calls, which is the same process used for our annual financial statements.
- Grants the same confidentiality protection as examination information collected under the same chapter.
- Allows the Department to use the information in administrative actions or other legal actions in alignment with other information collected by the Department.
- Permits the Department to make public aggregate or anonymized data information.
- Empowers the Commissioner to adopt administrative rules to administer data calls.

Section 4 of the bill allows the state to participate in MCAS, which again allows for participation in coordinated data calls to better understand the insurance market. Currently, North Dakota and New York are the only two states that do not participate in MCAS. The section:

- Authorizes the Commissioner to require companies to annually file the MCAS statement.
- Permits the Commissioner to designate the NAIC or other entity to be the repository of the information.
- Grants the Commissioner the discretion to exclude companies from the data call for good cause.
- Empowers the commissioner to adopt administrative rules to administer the MCAS process.

With that Chairman Barta and members of the committee, I'd be happy to take any questions that you may have.