



TESTIMONY

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Senate State and Local Government

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Good morning, Chairwoman Roers, and members of the committee. My name is Johannes (Johnny) Palsgraaf, and I am the General Counsel and Legal Division Director for the North Dakota Insurance Department. I am here today to provide testimony for Senate Bill 2027.

In December of 2022, a North Dakota Insurance agent contacted our office to report a concern related to the National Flood Insurance Program (“NFIP”). This agent had two clients that had made claims on their NFIP policies, but their claims were denied, and their policies were cancelled. It turned out the policies of these two insureds were cancelled because their properties were situated in North Dakota organized townships that did not have participation agreements allowing for the townships’ eligibility for NFIP coverage, which the Federal Emergency Management Agency (“FEMA”) administers.

After researching the issue, working with the North Dakota Department of Water Resources, and FEMA, we learned that the NFIP interpreted federal law to exclude coverage for organized townships that did not have direct participation agreements with the NFIP or did not have participation agreements with the municipality or county in which the organized township resides to administer the program.

After further investigation, we learned that North Dakota insurance agents do not have access to accurate township participation information that would permit them to correctly identify properties eligible for NFIP coverage. While FEMA does have a website, the Community Status Book, that lists participating communities, that information is not always up to date or accurate, as FEMA relies upon the state communities to provide that information to them to keep the Status Book updated.

Then Representative Thomas and the 2023-2024 Interim Agriculture and Natural Resources Committee did an outstanding job in drafting this bill to ensure NFIP participation for townships, municipalities, and counties are updated accurately and regularly to ensure insurance agents have the access they need to write accurate policies. This will protect North Dakota consumers from possible denials and/or cancellations on their NFIP policies by FEMA.

I urge the committee to give SB 2027 a do pass recommendation, and I will stand for any questions from the committee.