

SENATE BILL NO. 2077

Presented by: **John Arnold**
 Deputy Insurance Commissioner
 North Dakota Insurance Department

Before: **House Industry, Business, and Labor Committee**
 Representative Mike Lefor, Chairman

Date: **March 16, 2021**

TESTIMONY

Good afternoon Chairman Lefor and members of the committee. My name is John Arnold and I am the Deputy Insurance Commissioner for the North Dakota Insurance Department. Senate Bill No. 2077 was introduced at the request of Insurance Commissioner Jon Godfread.

Senate Bill No. 2077 amends the existing statistical data failure to report chapter in the insurance code, Title 26.1, and the requirement for insurance companies to report premium in Title 18. For those members of the committee not familiar with the fire reporting requirement, insurance companies issuing policies for fire, allied lines, homeowner's multiple peril, farmowner's multiple peril, and commercial multiple peril insurance in the state must complete a form containing the names of all cities, rural fire protection districts, and rural fire departments and the amount of the premium sold in such districts when submitting their annual statement.

Senate Bill No. 2077 establishes a penalty for insurance companies failing to report this data by the March 1st deadline for filing their annual statements. The penalty being requested is one hundred dollars per day and the authority to revoke a company's certificate of authority should the company fail to file the required information. The insurance commissioner, if satisfied that the delay was excusable, may waive the penalty; or if the penalty has been paid, issue a premium tax credit for all or any part of the penalty and interest. The penalties collected under this section would be deposited in the insurance tax distribution fund and would lessen the diversion from the general fund that prepares the fund for distribution to the fire districts.

We have seen an increased lack of awareness on the importance of this filing and the need for this data to be timely submitted. In the last four years, we have seen \$1,119,157 in premium not reported, or reported after the distribution checks have been calculated. The sooner the form is received the sooner the Department can compute the tax distribution to the fire districts. Quicker turnaround could also help fire districts with accurate budgeting as the Department would be able to provide a number to the fire districts before the checks are cut. The penalty would also hopefully cut down on the administrative costs of contacting the delinquent companies which has proven to be time consuming for Department staff.

The Fire District Reporting Form is a part of the checklist that the Company Licensing Division requires companies to use to track filings for the state of North Dakota, so companies are aware of the deadline and requirements.

In conclusion, this bill will hold the insurance companies accountable for filing the necessary report to accurately disperse much needed funding to your fire districts, thereby assisting fire districts in protecting the insured.

Chairman Lefor and members of the committee, I respectfully request a “do pass” recommendation on Senate Bill No. 2077 and I am happy to take any questions. Thank you.