



February 8, 2021

North Dakota Senate
Industry, Business and Labor Committee

Subject: Support Statement – House Bill 1092

Dear Committee Members:

The National Insurance Crime Bureau (NICB) is a national, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies including many who write business in North Dakota. Working with our member companies and law enforcement, we investigate organized criminal conspiracies dealing with insurance fraud and vehicle crime.

We write in support of House Bill 1092 which seeks to add a civil penalty to the insurance fraud statute. Several states have enacted similar laws that allows for civil actions to be pursued against individuals convicted of violating any provision of state insurance fraud laws.

Often fraud rings and criminal organizations have enriched themselves at the expense of innocent policyholders who pay for the fraud through higher insurance premiums. States with a civil remedy against the criminal organizations and individuals convicted of defrauding the insurance industry have the ability to recoup those funds, which can be used to pay restitution, as well as defray fraud unit investigative and prosecutorial expenses.

One of the more recent states to enact a civil penalty law is the State of Maryland. According to statistics on the Maryland Insurance Administration website, their fraud department over the past few years has sanctioned over 200 individuals with committing insurance fraud in Maryland with penalties totaling \$890,000 and those individuals ordered to pay over \$300,000 in restitution.

We urge the swift passage of HB 1092 to aid the North Dakota Insurance Fraud Unit in their ongoing efforts to combat insurance fraud.

If you have any questions or need any additional information, please feel free to contact me at tlynch@nicb.org.

Regards,

A handwritten signature in blue ink, appearing to read "Tim Lynch", is written over a horizontal line.

Tim Lynch, Senior Director of Government Affairs – National Insurance Crime Bureau