

Testimony for SB 2349– ND House Ag Committee

Chairman Thomas and members of the House Agriculture Committee for the record my name is Steve Becher and I am the Executive Director of the Professional Insurance Agents of ND. PIA of ND represents approximately 300 main street insurance agencies with well over 1000 independent agents across the state of North Dakota. I am providing testimony today and asking you for a Do Not Pass recommendation on Senate Bill **2349**.

Insurance is a complex product that can be the only protection that stands between a secure financial future and bankruptcy for many consumers. Without the proper insurance coverage many consumers would have no way to pay for the unexpected things that can happen that damage their health, income earning ability, or the assets that they have obtained such as housing, vehicles, equipment, and businesses. A complex product like insurance requires diligent regulation so that the consumer knows that the product they are buying has been fully vetted by a governmental entity with the ultimate goal of consumer protection. This regulation needs to verify that consumers are being protected, companies are formulating the policies that are fair to the consumer and charging premiums that will allow them to remain financially viable, and to regulate the conduct of those that are selling the product to make sure that consumers are being advised properly to make the right decisions.

Senate bill 2349 basically carves out one type of organization, a nonprofit ag membership organization and one type of insurance coverage, health care coverage and makes them exempt from any regulation by the ND Insurance

Department. In other words, this bill allows them to formulate and sell health insurance without being subject to the same regulation and consumer protection requirements that all other insurance companies and insurance agents are required to abide by. This is wrong on so many levels and a dangerous precedent to set in the insurance industry. With no regulation who is going protect the consumer? Who is going to verify that the health care coverage is appropriately formulated and that the money being collected is adequate to pay everyone should disastrous claims occur? Who is going to make sure that those selling this coverage to the consumer are advising the client properly and giving the client the correct information? With this legislation – NO ONE if your belong to a nonprofit ag membership organization and buy your health care coverage through them! The ag membership group will tell you that they will look out for their members as they want to do what's best for them and they are being honest. However, good intentions can sometime lead to unintended bad consequences.

For example, when an insurance agent works with the customer and for some reason a mistake is made the consumer can go to the Insurance Dept for help and/or they can sue the agent under their Errors and Omissions insurance. If this bill passes, the consumer would have nowhere to go for help as it will not be considered insurance so the Insurance Dept can't get involved and the agent's Errors and Omissions policy would not response since it is not insurance. Also, if the ag membership group doesn't set up the policies correctly or collect enough money to pay out claims there will be no money there to take care of their members and the consumer will have no place to turn. It is one thing to operate a nonprofit ag membership organization and whole other thing to run an

actuarially sound insurance company. If an organization wants to operate as an insurance company and sell insurance policies they should be subject to the same regulation and insurance consumer protection requirements that everyone else in the industry is required to follow.

In the interest of consumer protection and fairness to everyone else in the insurance industry, I would strongly ask for a “Do Not Pass” recommendation on Senate Bill **2349**.