



TESTIMONY SUPPORTING HB 1123

John Arnold, Deputy Insurance Commissioner

Senate Industry and Business Committee

February 18, 2025

Good morning, Chairman Barta and members of the Industry and Business Committee. For the record, my name is John Arnold and I serve as the Deputy Insurance Commissioner for the Insurance Department. I stand before you today in support of House Bill 1123, which is an agency bill created to address outdated fees charged to companies and producers, as well as create uniformity with where fees are described within Title 26.1.

To provide some background on the proposed fee increases, we conducted a thorough review of the fees charged by other states for similar services. We found that North Dakota's renewal and annual fees, rather than initial application fees, were notably lower compared to most other states. Additionally, we researched the legislative and Century Code history and found that, although this section of code has been amended several times, there have been very few significant fee increases in the past 30 to 40 years.

I would like to address the fiscal impact of this bill, as reflected in the fiscal note. If enacted, we estimate that the proposed fee increases will generate approximately \$1.4 million in additional revenue for our Special Fund, which is ultimately transferred back to the General Fund at the end of each fiscal year. Our revenue projections are conservative.

Currently, in North Dakota, companies are required to pay a renewal fee of \$100, an annual statement fee of \$25, and an abstract fee of \$30. Under the second engrossment of HB 1123, the renewal fee will increase to \$150, the annual statement fee to \$100, and the abstract fee to \$50. In total, the company renewal process will increase from \$155 to \$300. This change is expected to generate approximately \$130,000 in additional revenue per biennium.

For County Mutuals operating in our state, the renewal fees will also be adjusted to \$250. Additionally, we are proposing an increase in the fee for articles and copies from \$25 to \$50. Further detail on the fiscal impact for the articles and copies is referenced in the fiscal note.

On the producer side, the most significant change involves increasing the appointment fee from \$10 to \$25. This adjustment will generate an estimated \$1.3 million in additional revenue per biennium. Appointment fees are charged when an insurance carrier formally acknowledges that a producer or agency is authorized to sell its products in North Dakota. These fees are required both for new appointments and on an annual basis thereafter.

Also on the producer side, we are also proposing increases to two fees for Life Settlement Brokers and Life Settlement Providers. The renewal fee for Life Settlement Brokers, which is currently \$12, will increase to \$25 under this bill and for the Life Settlement Provider Annual Statement fee, which is currently \$25, will be raised to \$100.

In Section 1, line 29 page 3, we are proposing a clean-up of language to clarify a requirement that should

have been included previously. In Section 1, Subsection (3) line 5 page 4, we are seeking clarification regarding refund scenarios. Specifically, there have been instances where companies have requested refunds for certain filings two to three years after the fact. This change will set a clear time frame and establish guidelines for refunds, similar to existing premium tax refund procedures, with discretion given to the Commissioner.

Sections 2 through 8 contain various clean-up provisions, primarily related to fee references, and they standardize fee language to align with Title 26.1-01-07 for consistency across the code. These changes are technical and do not have any fiscal impact.

Chairman Barta and members of the committee, I respectfully request your support for a "Do Pass" recommendation for House Bill 1123. I'm happy to answer any questions you may have.