



TESTIMONY OPPOSING HB 1398

John Arnold, Deputy Commissioner

Senate Industry and Business Committee

March 17, 2025

Good morning, Chairman Barta and members of the committee. I respectfully stand before you today in opposition of HB 1398.

I'd like to begin by addressing the fallacy that insurance company abstracts are legal notices. Simply put, they are not. These are not notices of public comment periods or the meeting minutes of public bodies. I would never presume to suggest that newspapers should not serve as a record for these types of public information. These, however, are incomplete financial statements of private companies. I am not aware of any other industry that is asked to publish this sort of information. In our conversations with the NDNA any other similar type of statement has never been brought to our attention.

Historically it may have made some sense to publish this type of information. In a time when smaller, local companies were more relevant, and prior to the robust financial examinations that the Insurance Department now conducts, these abstracts may have given consumers some level of assurance that their insurer was solvent. Those days are over. For starters, in addition to the abstract being available on the Department's website, any consumer wishing to have a more comprehensive review of an insurance company's financials can reach out to the Department and request all publicly available information; information that is far more in depth than what can reasonably fit within a newspaper. Furthermore, the abstracts of the most local insurance companies, the county mutual's, are not impacted by HB 1398. They will continue to be printed in the newspaper designated by members of the company.

Next, I'll address the misconception that HB 1398 increases transparency. Currently, §26.1-03-10 requires the Commission to designate one newspaper printed and published in each judicial district in which these abstracts are to be published. Commissioner Godfread has reasonably designated the newspapers with the greatest circulation in each judicial district to ensure that the broadest audience has access to the print version of these abstracts. By evenly distributing the abstracts between all newspapers within a judicial district we wholeheartedly believe that transparency of the print version of the abstract will be reduced.

Using myself as an example, I reside just south of the city of Bismarck in the South Central Judicial District. The designated newspaper for this district is the Bismarck Tribune, with a circulation of 12,285 according to the North Dakota Newspaper Association's (NDNA) 2025 *Comprehensive Guide to N.D. Media*. If HB 1398 is enacted as introduced the print version

of my insurance company's abstract could be published in the Grant County News (circulation: 658) or the McClusky Gazette (circulation 398).

To further illustrate the example, in terms of market share, the top five companies writing homeowners insurance in the state are State Farm, Agraria (Farmers Union), Auto Owners, Nodak, and North Star Mutual. With the amendment being proposed to §26.1-03-10 it is possible that the abstracts for these five companies could all be published in newspapers with a circulation significantly smaller than the business written within primary circulation area of any of the designated newspapers.

I concede that the current application only ensures transparency of the print version of the abstract to a plurality of residents in each judicial district, but I strongly argue that the very real possibility that the print version of an abstract for a large insurer covering property throughout the district being printed in one of these small newspapers is not the solution. In fact, I would go so far as to say that the current process is simply the least bad option so long as the policy requiring the publication of these abstracts remains in code.

Lastly, I dispute the belief that these abstracts should be used as a method to distribute wealth to smaller newspapers. First, it needs to be recognized that the publication of these abstracts is a mandated fee for insurance companies, and that it is a fee that private companies, again in only one industry, are required to pay to other private companies. As I argued before this very committee during the 67th Legislative Assembly, this is a fee that can be eliminated since the abstracts are also published on the Insurance Department's website.

The Insurance Department has suggested to the NDNA what we felt to be a workable compromise. Since I believe that we've established that the print versions of these abstracts, whether under current law or if HB 1398 were to be enacted, are neither legal notices nor increase transparency we believe that something else could be published that would have actual value and not result in a fee for insurance companies. The Insurance Department could be mandated to periodically publish notifications informing residents about our consumer assistance services. We feel that it would be more beneficial to let residents know that the state provides a resource in navigating the insurance sector than maybe give them an incomplete look into their company's financial records. I understand that Wyoming has a law like this, so there is some precedence for this type of policy.

Chairman Barta and members of the committee, I encourage you all to ponder other possibilities rather than what HB 1398 offers. Please consider amending HB 1398 into something that actually provides value for consumers and eliminates a fee for insurance companies while supporting all newspapers.



Be Legendary.

Abstract of Statement

North Dakota Insurance Department
SFN 4802

Select Your Company Type

Property and Casualty

Is this an amendment?

No

NAIC Company Code

25143

Name of Company

State Farm Fire and Casualty Company

State of Domicile

IL

For Year Ending December 31, 20

24

DATA FROM ANNUAL STATEMENT OF COMPANY

TOTAL ASSETS 60365226220.51

TOTAL LIABILITIES 37719844505.24

Aggregate write-ins for special surplus funds 8122424390.95

Common Capital Stock 10000000

Preferred Capital Stock 0

Aggregate Write-ins for Other Than Special Surplus Funds 0

Surplus Notes 0

Gross Paid in and Contributed Surplus 3060786638

Unassigned Funds 11452170686.32

Less Treasury Stock, at Cost 0

TOTAL CAPITAL AND SURPLUS 22645381715.27

TOTAL LIABILITIES, CAPITAL AND SURPLUS 60365226220.51

NORTH DAKOTA BUSINESS ONLY

North Dakota Title Companies

Source of Data from Schedule T, Line 35

North Dakota Life Companies

North Dakota Health Companies

Accident and Health

Property and Casualty Companies From State Page

Total Direct Premiums Earned 76689296.02

Total Direct Losses Incurred 37612536.34

Total Accident and Health Direct Premiums Earned (Line 13-15.6) 0

Total Accident and Health Direct Losses Incurred (Line 13-15.6) 0

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