



REQUEST TO EMERGENCY COMMISSION
SECRETARY OF STATE
(See SFN 02580)

Received: 05/30/2024

Request #: 2130

Requestor Information

Department name: Insurance Department

Department number: 401

Name of contact person: John Arnold

Telephone number: (701) 328-4984

Purpose of Request

Is this request related to a state emergency? No

Purpose of request: Seeking other approval

Provide explanation:

We are requesting a total of \$1.5 million. We would initially request any General Fund dollars available from the Emergency Commission Contingency Fund. We would then request the remaining balance of, or the entire, \$1.5 million request be appropriated from the Insurance Regulatory Trust Fund (239) in case general funds are not available for the full request.

Background Information

Was any portion of the request presented during the previous legislative session? No

Is the request for a new program? No

Does the request require an FTE increase? No

Does the request conform with legislative intent? Yes

Provide explanation:

During the 2023 legislative session, the Bank of North Dakota was tasked with studying the impacts of external ESG policies on the state. One of the recommendations that has emerged from that interim study is the need to strengthen the property and casualty marketplace. Additionally, since the 2023 legislative session, the Property and Casualty insurance market has experienced unprecedented volatility. Factors contributing to this include:

1. Inflationary Pressures: The nation has faced larger than expected insurance losses due to persistent inflationary pressures, which were not anticipated during the 2023 legislative session.
2. Increased Storm Severity: There has been a notable increase in the severity and frequency of storms, exacerbating the financial strain on our insurance markets.
3. Long-term Hard Market: The insurance market has entered a prolonged hard phase, characterized by elevated rates and reduced availability of coverage.

Other Information

Statutory provisions that relate to this request:

26.1-01-03(1) Duties of commissioner; 26.1-25 Fire, Property, and Casualty Insurance Rates; 26.1-30 Insurance Policies; 26.1-39 Property and Casualty Insurance; 26.1-40 Automobile Insurance and Warranties.

Provide an explanation as to how the request supports state priorities, improves state efficiencies, and promotes effective state government:

1. Immediacy: Given the Legislature meets biennially, any delay in addressing these issues would defer necessary reforms until 2027. By then, the situation may deteriorate further, potentially leading to an availability crisis.
2. Consumer Impact: Consumers are already facing increased rate pressures. Without timely intervention, these pressures are likely to escalate, placing a significant financial burden on residents.
3. Unforeseen Nature: The rapid increase in insurance rates and the persistent hard market were not anticipated during the 2023 legislative session. The combination of inflation, severe weather events, and other contributory factors were unforeseen and necessitate an urgent response.
4. Leadership Opportunity: We have an opportunity to lead in reforming the property insurance market. By undertaking this study, we can position our state as a model for effective insurance regulation, benefiting our residents and potentially serving as a benchmark for other states.



Provide any other relevant information:

Signature

I, the undersigned, have read this Request, know the contents, and believe the statements contained within to be true.

Jon Godfread

05/30/2024

Sign Here

Date