

**2023 SENATE INDUSTRY AND BUSINESS**

**SB 2056**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

SB 2056  
1/9/2023

Relating to the insurance commissioner's red tape reduction

11:15 AM Chairman Larsen opened the meeting.

Members Present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator, Boehm, and Senator Klein.

### Discussion Topics:

- Red tape reduction
- Distributing and reporting funds
- Interest
- Disclosing experience
- Independent audit

11:15 AM John Arnold, Deputy Insurance Commissioner, speaking on behalf of Commissioner Godfred in support of SB 2056. #12600

11:30 AM Chairman D. Larsen closed the hearing.

11:30 AM Senator Barta moved to Do Pass SB 2056.  
Seconded by Senator Boehm.

### Roll Call Vote

Senators	Vote
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Motion passed. 5-0-0

Senator Barta will carry the bill.

11:32 AM Chairman D. Larsen adjourned the meeting.

*Brenda Cook, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2056: Industry and Business Committee (Sen. Larsen, Chairman) recommends DO PASS (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).** SB 2056 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**SB 2056**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

SB 2056  
3/6/2023

Relating to the insurance commissioner's red tape reduction.

Chairman Louser called meeting to order 10:11 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Dakane, Johnson, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Member absent: Representative Kasper

### Discussion Topics:

- Excessive penalty
- Independent auditor
- Penalty interest

### In Favor:

John Arnold, Deputy Insurance Commissioner, ND Insurance Department, #21409

Representative Tveit moved a do pass.

Representative Dakane seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	Y
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 13-0-1

Representative J. Johnson will carry the bill.

House Industry, Business and Labor Committee

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Chairman Louser adjourned the meeting 10:18 AM

*Diane Lillis, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2056: Industry, Business and Labor Committee (Rep. Louser, Chairman)**  
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB  
2056 was placed on the Fourteenth order on the calendar.

**TESTIMONY**

**SB 2056**



**SENATE BILL NO. 2056**

**Presented by:** John Arnold  
Deputy Insurance Commissioner  
North Dakota Insurance Department

**Before:** Senate Industry and Business Committee  
Senator Doug Larsen, Chairman

**Date:** January 9, 2023

Good morning, Chairman Larsen and members of the Committee. My name is John Arnold, Deputy Insurance Commissioner. I stand before you today on behalf of Commissioner Godfread in support of Senate Bill 2056, which is an agency bill created as a result of the Department's involvement with Governor Burgum's Red Tape Reduction Task Force.

Sections one and two of the bill relate to the reports carriers file that the Department uses to accurately distribute funds from the insurance tax distribution fund to the fire districts. Currently, in addition to the detailed reporting that the Department actually uses, the Century Code also allows carriers to file a certification stating that the carrier has reported premiums and losses with an advisory organization. This certification is not used by the Department. Additionally, tying this reporting to a carrier maintaining its certificate of authority given the late filing penalty passed by the 67<sup>th</sup> Legislative Assembly is excessive, and so we are requesting that the language in 26.1-02-02 be removed.

Additionally, section two strikes the need for the Department to calculate interest when issuing a refund. To date, we have not granted any refunds. Had we granted any refunds, the amount of interest would likely be insignificant to the company and the code is unclear as to how interest is calculated.

Section three removes the need for carriers to file forms disclosing experience. The Department does not regularly use the information on these forms but does have access to the necessary information through the carriers other required product filings, should we ever need it.

Lastly, section four removes the requirement that the Reinsurance Association of North Dakota (RAND) conduct an independent audit and replaces it with language allowing for an independent audit to be conducted if one has not been performed during the section 1332 waiver period. RAND is subject to audit by both the State Auditor and the US Department of Health and Human Services, making a third audit an unnecessary expense to that fund.

Chairman Larsen and members of the committee, I respectfully request a Do Pass recommendation, and am happy to answer any questions that you may have.

**SENATE BILL NO. 2056**

**Presented by:**           **John Arnold**  
                                  **Deputy Insurance Commissioner**  
                                  **North Dakota Insurance Department**

**Before:**                   **House Industry, Business and Labor Committee**  
                                  **Representative Scott Louser, Chairman**

**Date:**                     **March 1, 2023**

Good morning, Chairman Louser and members of the Committee. My name is John Arnold, Deputy Insurance Commissioner. I stand before you today on behalf of Commissioner Godfreed in support of Senate Bill 2056, which is an agency bill created as a result of the Department's involvement with Governor Burgum's Red Tape Reduction Task Force.

Sections one and two of the bill relate to the reports carriers file that the Department uses to accurately distribute funds from the insurance tax distribution fund to the fire districts. Currently, in addition to the detailed reporting that the Department actually uses, the Century Code also allows carriers to file a certification stating that the carrier has reported premiums and losses with an advisory organization. This certification is not used by the Department. Additionally, tying this reporting to a carrier maintaining its certificate of authority given the late filing penalty passed by the 67<sup>th</sup> Legislative Assembly is excessive, and so we are requesting that the language in 26.1-02-02 be removed.

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Chairman Louser and members of the committee, I respectfully request a Do Pass recommendation, and am happy to answer any questions that you may have.