

# PRODUCER NEWSLETTER



## Greetings from the Commissioner

Greetings and Happy Holidays!

Another year has passed and we are quickly approaching the holiday season, which means the legislative session is just around the corner. Deputy Commissioner Jeff Ubben and I recently completed producer forums and I want to thank those of you who made it out to hear from your North Dakota Insurance Department. We changed the model this year, in order to hear more from you, the producers. We are always looking for feedback regarding what would make these events more helpful to you, so if you have feedback or would like to see something changed, please don't hesitate to let us know!

I wanted to make you aware of a few priorities we will be bringing to the Legislature this session. First, we will be submitting a budget that will involve some restructuring of our agency. The Department currently administers the state fire and tornado fund and state bonding fund. These are constitutional funds that have been in existence since 1919. This year we will be proposing that the operation of those funds move to the North Dakota Insurance Reserve Fund (NDRF). Many of you have experience with NDRF and are aware of the excellent service they provide to political subdivisions across the state.

This move will allow that same service to be offered to state entities and remove our Department from "offering" insurance. This move makes a lot of sense to us and we have been working with NDRF over the past six months to iron out the details. This change would also allow for us to focus more on continued consumer education and protection while being ever mindful of our state's limited resources.

A large piece of legislation we are working on is a reinsurance program for our individual health insurance market. This program could be administered by the Department and would seek to reduce rates on the individual market by 10-20 percent. Reinsurance is a fundamental insurance principle and we have recently completed a study that gives us a pathway to stabilizing the individual market.

This session is shaping up to be a busy one and I encourage you to stay informed and not be afraid to reach out to your legislators if there are issues you would like to see addressed. Additionally, if you have questions regarding any insurance legislation, please reach out to us. We are happy to help!

Thank you, as always, for everything you do for consumers across North Dakota. It truly is an honor to serve as your Insurance Commissioner

Merry Christmas and Happy New year!

Jon Godfread

## HIGHLIGHTS

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Jon Godfread was elected North Dakota's 22nd Insurance Commissioner on November 8, 2016. His background includes leadership efforts within North Dakota's business community, government affairs, banking and professional athletics.

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# Meet the New Director of Producer Licensing - Greg Nelson



## Where did you grow up?

I grew up in Central Minnesota. My free time was spent playing with motorcycles, go-karts, snowmobiles and spending time at the local lakes. I raced motocross for approximately 14 years before entering the “grown up” world.

## Where did you go to college?

I went to school for Law Enforcement at Alexandria Technical College and later obtained my bachelors degree in Management through the College of St. Scholastica.

## Where did you work prior to joining the Insurance Department?

I spent approximately 17 years in law enforcement. I worked in Western Stearns County and North Hennepin County before joining the Insurance Department about seven years ago. In addition to standard law enforcement duties, I also worked as a Field Training Officer, Use of Force Instructor, Controlled Force Instructor and Gracie Survival Tactics Jiu-Jitsu instructor. Working in the legal division at the Department has given me the opportunity to learn and work with various divisions of the Department. Over time I’ve learned that legal is one division that touches every other division in some capacity.

## What do you like to do in your free time?

My free time now is spent chasing perch, crappie or walleye. Although, I would have as good of luck fishing for the Loch Ness monster because I am not good at fishing. I also teach/train Jiu-Jitsu two to three times a week.



We are excited for Greg to settle into his new role. His background in law enforcement and the past six years with the Department have prepared him well for this next step. He will continue to be a great asset to the Department and we are excited for him to start working with our producer community.

~Commissioner Jon Godfread



# 2019 Legislative Session Preview



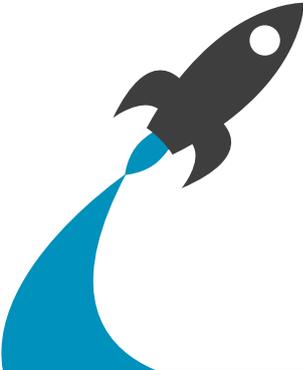
By Jeff Ubben, Deputy Commissioner and General Counsel



**The 2019 legislative session is rapidly approaching! The Insurance Department has been busy drafting legislation, reviewing legislation that others have drafted and meeting with stakeholders. The bill filing deadline for state agencies was Dec. 6, so the Department has finalized its agency bill drafts and filed them with Legislative Council.**

This year, the Department has filed seven bills. Below is a brief summary of each of these bills:

1. Health insurance invisible reinsurance pool – This legislation establishes the Reinsurance Association of North Dakota and sets up an invisible reinsurance pool for the state’s individual health insurance market. The reinsurance pool is “invisible” because the policyholder does not know they are part of the pool, is not rated or treated any differently than people who are not in the pool, and allows the same choices of health insurance plans that everyone else has. The reinsurance pool would pay 75 percent of claim amounts from \$100,000 to \$1,000,000, with the insurance company paying the remaining 25 percent. After \$1,000,000, a federal reinsurance pool pays 60 percent of the claims and the insurance company pays the remaining 40 percent. An actuarial study conducted by the Department estimates North Dakota’s individual health insurance market would see an approximate rate decrease of 20 percent with this program in place. As the legislation is currently drafted, the funding for the pool would come from two sources. The first source is the federal subsidy money that is saved as a result of the rate reductions that would be passed through to North Dakota. The second funding source is an assessment on small and large group health insurance premiums as well as self-funded health insurance groups regulated by the Department, and by an assessment on third-party administrator premium equivalents.



2. Discount plans – A discount plan is essentially a membership club that provides discounts when visiting certain health care providers. It is not comprehensive, major medical insurance. We’ve seen issues where people believe they are purchasing major medical insurance when they purchase a discount plan, mostly through false or misleading marketing practices. This proposed legislation grants the Department regulatory authority

cont.

Jan. 3	Session begins (Tribal-State Relationship Message, State of the Judiciary and State of the State Address)	Feb. 25-26	Recess
		Feb. 27	Reconvene
Jan. 14	Deadline for Representatives to introduce bills	April 3	Bills and resolutions must be reported out of committee in second house
Jan. 21	Deadline for Senators to introduce bills Martin Luther King Day	April 19	Good Friday
Feb. 18	George Washington’s Birthday	April 30	80th legislative day
Feb. 22	Crossover date for bills		

## Important Legislative Session Dates



over the marketing and sale of discount plans and requires these plans to be registered with the Department. The goal is to make sure these products are being sold in a fair and transparent manner and provide the Department with tools to address instances where these plans have not been sold fairly.

3. Short-term, limited duration plans – The Department has seen numerous issues with false and deceptive marketing of short-term, limited duration plans being marketed and sold as comprehensive, major medical insurance. This proposed bill sets standards for the marketing and sale of short-term, limited duration health insurance plans along with rules for the issuance and renewability of these plans.
4. Surplus lines – This bill puts a cap on the amount of penalties the Department collects for late filings of reports of placement and affidavits.
5. Insurance fraud – This legislation clarifies the level of penalty for insurance fraud offenses and allows the statute of limitations to begin running on the date the insurance fraud is discovered as opposed to the date the fraud occurred. The general statute of limitations is three years for a felony offense and two years for a misdemeanor.
6. Corporate governance – This legislation only applies to domestic insurance companies and ensures appropriate policies and procedures for an insurer’s Board of Directors and internal oversight are in place and effective.
7. Life and health guaranty association – This bill would add health insurance companies into the assessment base when a long-term care insurance company insolvency occurs. This is necessary to ensure policyholders are more adequately covered by the life and health guaranty association in the event of a long-term care insurance company insolvency.



## Contact Us



It is the mission of the North Dakota Insurance Department to protect the public good by fairly and effectively administering the laws of North Dakota. We are committed to vigorous consumer protection efforts while fostering a strong, competitive marketplace that provides consumers with choices and access to high-quality insurance products and services at competitive prices. In pursuit of our mission, we will treat all of our constituencies with the highest ethical standards and respect they deserve.



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