

2023 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1094

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1094
1/4/2023

Relating to the prosecution of insurance fraud.

9:45 AM Chairman Louser called the meeting to order

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

Discussion Topics:

- Jurisdiction or county location
- Resident or relationship impact
- Impact on premium costs
- Insurance investigative process

In favor:

J. Dale Pittman, Director Fraud Division ND Insurance Department
#12295

Chairman Louser adjourned the meeting 10:20 AM

Diane Lillis, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1094
1/10/2023

Relating to the prosecution of insurance fraud.

Chairman Louser called to order 2:32 p.m.

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

Discussion Topics:

- Jurisdiction where call made.

Representative Schauer moved do pass HB 1094, Rep. Tveit seconded.

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	Y
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 passes 14 yes, 0 no, 0 absent

Representative Warrey to carry bill

Chairman Louser adjourned the meeting 2:36 p. m.

Diane Lillis, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1094: Industry, Business and Labor Committee (Rep. Louser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB
1094 was placed on the Eleventh order on the calendar.

2023 SENATE INDUSTRY AND BUSINESS

HB 1094

2023 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee Fort Union Room, State Capitol

HB 1094
3/15/2023

A bill relating to the prosecution of insurance fraud.
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3:00 PM Chairman D. Larsen called the meeting to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

Discussion Topics:

- Insurance claims process
- Insurance fraud

3:01 PM Dale Pittman Director, Fraud Division, North Dakota Insurance Department testified in favor of HB 1094. #21302

Additional written testimony:

#21238 Craig Sepich, Assistant Director, Strategy, Policy & Government Affairs, National Insurance Crime Bureau, in support.

3:14 PM Chairman D. Larsen closed the hearing on HB 1094.

3:15 PM Senator Kessel moved to DO PASS HB 1094.

Senator Barta seconded the motion.

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

Vote: 5-0-0 DO PASS HB 1094

Senator Kessel will carry the bill

3:18 PM Chairman D Larsen adjourned the meeting.

Brenda Cook, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1094: Industry and Business Committee (Sen. Larsen, Chairman) recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1094 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

TESTIMONY

HB 1094

HOUSE BILL 1094

Presented by: **J. Dale Pittman**
 Director, Fraud Division
 North Dakota Insurance Department

Before: **House Industry, Business and Labor Committee**

Date: **January 5, 2023**

Chairman Louser and members of the committee, my name is Dale Pittman and I am the director of the North Dakota Insurance Department's Fraud Division. I've been with the North Dakota Insurance Department for over ten years and have investigated hundreds of cases of insurance fraud.

The purpose of 1094 is to help our investigators and prosecutor establish geographical jurisdiction (venue) related to the crime of Fraudulent Insurance Act. Proving jurisdiction for insurance fraud has become increasingly difficult. In the not so distant past if you wanted to file an insurance claim you went to your agent's office or called him or her on a landline phone. Then an adjuster would visit with you at a fixed location and adjust your claim. Jurisdiction was easy to establish – it was either the address of the agent's office or the location where the adjuster investigated the claim. Now there are phone apps and websites that completely replace the agent and the adjuster. You click on the claim button, type in the details, take photos of the damage and upload everything to the insurance company – all from your phone. In most instances the insurance company will call you to get more details regarding the claim – again, on your cell phone, which is not fixed to any particular location. The cell phone becomes the center piece for most of the insurance fraud cases that we investigate. Proving where that phone was located when the suspect lied to the insurance company can be difficult. We do obtain search warrants for cell phone records and in a lot of cases we can establish jurisdiction based upon that data. But in several instances the geo-location information is not there, or the cone of possible locations crosses jurisdictions – Fargo v Moorhead, Grand Forks v East Grand Forks, Bismack v Mandan.

With the passage of 1094 the State will have additional tools to prove jurisdiction, such as where payment was issued and or where the check was cashed, where the fraudulent insurance act was prepared or planned, or the location of an associated crime such as arson or a staged accident. With the passage of this bill, we won't be solely reliant on where the suspect was standing during a phone call.

As a matter of housekeeping, I believe that for ease of reading and understanding, a comma should be added to line 9 in between the words "offense" and "was." I would ask that you make that small edit.

We ask for passage of 1094 as amended.
I would be happy to answer any questions you may have at this time.



February 22, 2023

Chair Doug Larsen and Members of the Committee
Senate Industry and Business Committee
North Dakota Senate

RE: HB 1094 – Relating to the Prosecution of Insurance Fraud - SUPPORT

Dear Chair Larsen and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in North Dakota. Working hand-in-hand with our member companies and North Dakota law enforcement, we help to detect, prevent, and deter insurance crimes, including insurance fraud. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policyholders across the country every year.

Insurance fraud is not a victimless crime. A joint industry study conducted in 2022 by Colorado State University-Global estimated the total cost of insurance fraud in the United States, including health and life, to be \$306 billion per year. The study was commissioned by the Coalition Against Insurance Fraud, in collaboration and partnership with NICB. Separately, the FBI estimates that over a 10-year period, insurance fraud costs the average U.S. family between \$4,000 and \$7,000 in increased premiums. Consumers throughout the country, including those in North Dakota, are directly impacted by the harms created by illegal actors committing these crimes.

Providing the tools and resources needed to investigate and prosecute insurance fraud is vital to help stem the tide of this growing problem. Criminals committing insurance fraud in North Dakota often escape prosecution because of tight restrictions on prosecutors' ability to establish venue for crimes committed in the state, especially due to improved technology and easier access to insurance products online. House Bill 1094 keeps pace with technological advances by creating additional statutory contact points for prosecutors to establish venue for criminal charges alleging insurance fraud.

Accordingly, we support House Bill 1094 to provide the insurance fraud prosecutors the appropriate tools to enforce North Dakota's insurance fraud laws.

We thank you for considering our views as you deliberate the merits of the bill. If you have any questions or need additional information, please contact me at csepich@nicb.org or (847) 772-7667.

Sincerely,

Craig Sepich

Craig Sepich
Assistant Director
Strategy, Policy, & Government Affairs
National Insurance Crime Bureau

HOUSE BILL 1094

Presented by: **J. Dale Pittman**
 Director, Fraud Division
 North Dakota Insurance Department

Before: **Senate Industry and Business Committee**

Date: **March 1, 2023**

Chairman Larsen and members of the committee, my name is Dale Pittman and I am the director of the North Dakota Insurance Department's Fraud Division. I've been with the North Dakota Insurance Department for over ten years and have investigated hundreds of cases of insurance fraud.

The purpose of 1094 is to help our investigators and prosecutor establish geographical jurisdiction (venue) related to the crime of Fraudulent Insurance Act. Proving jurisdiction for insurance fraud has become increasingly difficult. In the not so distant past if you wanted to file an insurance claim you went to your agent's office or called him or her on a landline phone. Then an adjuster would visit with you at a fixed location and adjust your claim. Jurisdiction was easy to establish – it was either the address of the agent's office or the location where the adjuster investigated the claim. Now there are phone apps and websites that completely replace the agent and the adjuster. You click on the claim button, type in the details, take photos of the damage and upload everything to the insurance company – all from your phone. In most instances the insurance company will call you to get more details regarding the claim – again, on your cell phone, which is not fixed to any particular location. The cell phone becomes the center piece for most of the insurance fraud cases that we investigate. Proving where that phone was located when the suspect lied to the insurance company can be difficult. We do obtain search warrants for cell phone records and in a lot of cases we can establish jurisdiction based upon that data. But in several instances the geo-location information is not there, or the cone of possible locations crosses jurisdictions – Fargo v Moorhead, Grand Forks v East Grand Forks, Bismack v Mandan.

With the passage of 1094 the State will have additional tools to prove jurisdiction, such as where payment was issued and or where the check was cashed, where the fraudulent insurance act was prepared or planned, or the location of an associated crime such as arson or a staged accident. With the passage of this bill, we won't be solely reliant on where the suspect was standing during a phone call.

We ask for passage of 1094.

I would be happy to answer any questions you may have at this time.