

1999 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1313

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1313

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-19-99

Tape Number	Side A	Side B	Meter #
1	x		0 - 3148
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes: Rep. John Warner: Introduced bill 1313 relating to reporting to hail damage information. See written testimony.

Chairman Berg: What would be the benefit to the state and the people for gathering this data?

Rep. John Warner: To the insurance industry, it would allow them to tailor insurance policies that might more effectively handle their losses.

Bruce Boe, Director of Atmospheric Resource Board. Supports bill 1313. See written testimony.

Chairman Berg: What is the purpose for getting this property information?

Bruce Boe: It provides us with the property damage information, which really is a reflection of hail kinetic energy, that we can't otherwise get. The radar's can't resolve it at that small of a scale.

Larry Maslowski, for Dept. of Insurance. Gave informational testimony for bill.

Rep. Johnson: Is it possible to request this information from the department and not have to go

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House Industry, Business and Labor Committee

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through legislation to do this? Can you create the form that you could submit and use to identify what you are looking for without this bill?

Larry Maslowski: That is a possibility.

Richard Schlosser on behalf of NDFU. Neutral testimony on bill. Has concerns about the revocation clause. There should be some other penalty. Something needs to be done that would be beneficial to both the insurance industry and the farmer and rancher.

Opposition to bill 1313

Tom Smith: Domestic Insurance Company. Opposes bill.

Chairman Berg: Closed the hearing No action taken.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1313

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-26-99

Tape Number	Side A	Side B	Meter #
3	x		17.6
Committee Clerk Signature <i>Lisa Horner</i>			

Minutes:

HB 1313

Chairman Berg opened the meeting on the bill.

Representative Keiser moved for a do not pass, Second by Representative Froseth

By roll vote, 10 yes, 4 no, 1 absent, motion passed

Representative Kline will carry the bill

Chairman Berg closed the meeting on the bill.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1313 Amendment to: _____

Requested by Legislative Council Date of Request: 1-18-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

With the enactment of HB 1313, the Insurance Department will incur the costs of database development and programming, data entry, and printing.

2. **State** fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	0	0	0	0	0	0
Expenditures:	0	0	0	\$4828	0	\$4060

3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: None
- b. For the 1999-2001 biennium: \$4828
- c. For the 2001-03 biennium: \$4060

4. **County, City, and School District** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
0	0	0	0	0	0	0	0	0

If additional space is needed, attach a supplemental sheet.

Signed Trent Heinemeyer

Typed Name Trent Heinemeyer

Date Prepared: 1-18-99

Department North Dakota Insurance Department

Phone Number 328-2440

Date: 1-26-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1313

House Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken do not pass

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chair - Berg	/		Rep. Thorpe		
Vice Chair - Kempenich	/				
Rep. Brekke	/				
Rep. Eckstrom		/			
Rep. Froseth	/				
Rep. Glassheim		/			
Rep. Johnson	/				
Rep. Keiser	/				
Rep. Klein	/				
Rep. Koppang	/				
Rep. Lemieux		/			
Rep. Martinson	/				
Rep. Severson	/				
Rep. Stefonowicz		/			

Total (Yes) 10 No 4

Absent 1

Floor Assignment Klein

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 27, 1999 8:43 a.m.

Module No: HR-17-1253
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1313: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1313 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

HB 1313

HB 1313
House Industry Business & Labor
19 January 1998
Testimony in favor by
Rep. John Warner

For the record, my name is John Warner and I represent the 4th Legislative District in the House. The 4th District covers western Ward County, all of Mountrail County, northwestern McLean County, parts of Dunn and McKenzie and all of the Fort Berthold Indian Reservation. It is a very rural district, very dependent upon farming for its economy and the weather is a prime topic of interest. Stanley, the largest town in the district has become an important center for the study of weather and weather modification.

Every morning as close to 8 AM as possible, I join a thousand or so other North Dakotans in checking a rain gauge and recording the result on a postcard furnished by the Atmospheric Resource Board. The card contains the date and location of the gauge and I fill in the amount. Once a month I send it in and the data it contains becomes the basis for the precipitation maps developed by the board to be useful for all North Dakotans, especially those in the business of farming.

HB 1313 is an attempt to create a similar system with regards to hail. A standardized method of reporting data so that it can be useful for all North Dakotans but especially for those in the business of insurance. Because there are so many variables in the quality of hail and its timing, it makes more sense to measure its impact in terms of monetary damage rather than amount of precipitation and the agents who work with that damage every storm are the most knowledgeable recorders of the data.

HB 1313 is not intended to be onerous. It does not require the collection of any information which is not already being collected and it should require the simplest of paperwork. I realize that it is an artifact of the way this bill was drafted by the Legislative Council that the name of the company will be associated with the data which maybe considered by some to be proprietary information. There is nothing in the proposed hail study which would need the name of the company which had the loss and if the committee or the industry can come up with a method of making this a blind study I would have no objections.

Testimony, HB-1313
Bruce A. Boe, Director, Atmospheric Resource Board
Industry, Business, and Labor Committee
19 January 1999

Mr. Chairman and members of the committee, for the record, I am Bruce Boe, Director of the Atmospheric Resource Board. House Bill 1313 would establish uniform reporting of property hail damage in North Dakota. This is presently not done; every company has their own reporting scheme. Many lump wind and hail damage together. The end result is that we really don't know the scope of hail damage to property, and it is impossible to get good estimates of property damage anywhere on a storm-by-storm basis.

If we don't know how much damage is caused by hail, we can't properly assess the risk or develop an accurate climatology. Hail losses to property in North Dakota have been considerable in recent years, with some companies, America West, for example, withdrawing from the homeowners policy market as a result.

Two years ago, in an effort to better quantify such losses, we (the Atmospheric Resource Board) contacted the Insurance Department to get what information we could. With the assistance of Department staff, we were able to obtain from several companies having significant market share "summaries" of losses for a season, but very little useful information was available regarding the dates or locations of the losses. Sometimes losses for several general locations were reported as a single figure, other times information was provided under the general heading of "storm damage", which may include damage resulting from wind or water.

I realize that sometimes it may be difficult for an adjuster to differentiate between wind and hail damage. In such cases, I submit that a more general heading of storm damage would be acceptable. On the other hand, shingle damage and broken windows are often easily linked unambiguously to hail, as are dents in automobiles. In these cases, and in others in which the damage source is clearly hail, identifying the source as such would be most helpful.

Passage of this bill need not create onerous new reporting requirements for the insurers. I believe a simple form which would report adjusted hail damage by date, dollar amount, and location would be quite helpful. Identification of the type of property damaged, as required by this bill, would also be useful, but care must be taken to make this as simple as possible. Perhaps categorization of damage as either residential, commercial, motor vehicle, and "other" might accomplish this.

In mid-1998, the Institute for Business and Home Safety (IBHS), an initiative of the insurance industry to reduce damage caused by natural disasters, reported that for 1994, 1995, 1996, and half of 1997, reported a total of \$13.21 billion damage due to wind events involving hail, second only to the \$14.73 billion caused by the Northridge, California, earthquake. However, because of the way it is (or is not) reported, IBHS cannot say how much of this

HB-1313
Bruce Boe
19 January 1999
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amount was actually due to hail, and how much to wind. The IBHS Hail Peril Committee¹, of which I am a member, recognizes the need for improved reporting, nationwide. The primary concern expressed by member insurance companies during meetings of that committee has not been the implementation cost, though that was acknowledged, but rather that the more detailed reporting not reveal any information of a proprietary nature. Since House Bill 1313 is neither risk- nor company-specific, this would be accomplished.

With this information, the Insurance Department would develop improved knowledge of the hail risk, and for the first time, a substantive property loss climatology for the state could be developed. The hail damage resulting from urban hailstorms, of specific interest to the Atmospheric Resource Board, would also become available.

Thank you.

¹This testimony does not formally represent an IBHS position on the subject, but is intended to provide the Committee with a broader perspective on the subject.