

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1501

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1501

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1501

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-7-05

Tape Number	Side A	Side B	Meter #
1	XX		0--18.0
Committee Clerk Signature <i>Pam Dever</i>			

Minutes:**Chair Keiser:** Let's open HB 1501.

Rep. Glen Froseth, Dist. 6, Kenmare, ND: Here on behalf of the County Mutual Insurance Company. Relatively small company that service rural customers in ND. This bill will allow then to service their members with insurance coverage if they have moved to cities over 10,000 population. There are some amendments that were drafted.

Barry Townsend, Exec. Director - NDAMI (mutual insurance): Here to support HB 1501.

(SEE ATTACHED #1)

Chair Keiser: Are there any differences between the regulations and the requirements here as a mutual company Vs all other insurance companies that would write PNC?

Barry: Yes, there are differences. Domestic, the state requires they have a million dollars. We are required to have \$50,000. We are limited to certain territories, 30 country maximum. While domestic are state wide. They file a different financial statement than we do. We are a lot smaller. Our insurance is basically property and casualty.

Chair Keiser: What would your organizations position on changing your field requirements that you meet the same standards that they do before you go into cities of over 10,000?

Barry: I don't think we will be asking for any increases. This is to help follow our present customers that move into bigger cities.

Rep. Dave Monson, Dist.10 : I am here to support HB 1501. I am on the board of directors of the NE Mutual Insurance Co around the Cando area. We don't want to be put in with the other group.

Eugene Bossert - Secr/Manager of Dundee Mutual Insur. Co, Park River, ND: Here in support of HB 1501. (SEE ATTACHED #2).

Rep. Ruby: What happens when the growth premium is higher than 25% company growth premium limit? Are you going to have to drop some people?

Eugene: It's a safeguard. (tape went bad for rest of conversation)

Rep. Kasper: If this doesn't pass, where is your financial strength headed?

Eugene: Without this bill we are going to be stagnant in this business. This day and age you go backward if you are stagnant.

(tape went bad again, can't hear)

Rod Warner, General Manager of NE Mutual Insur., Cando and LaMoure, ND: here in support of HB 1501. (SEE ATTACHED #3)

Brenda L. Doll, Secr/Manager SW Mutual Insur. Co - New Salem, ND: Here to support bill. (SEE ATTACHED #4)

Chair Keiser: 18.0 Any one else to testify for or against HB 1501? Seeing none, we are closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1501

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-9-05

Tape Number	Side A	Side B	Meter #
3		xx	12.1--13.9
Committee Clerk Signature <i>Pam Dever</i>			

Minutes: **Chair Keiser:** Let's discuss the amendments for HB 1501. Who's goes with which here. I think we need clarification before we move on these. Rep. Thorpe could you track down who did these amendments. Rep. Monson did .0101. Ask him if he had further amendments.

We'll take these up next Monday.

Closed.

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1501

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-15-05

Tape Number	Side A	Side B	Meter #
1	x		8.0-15.5

Committee Clerk Signature

Jody Rinke

Minutes:

Chairman Keiser: Reconvened on HB 1501

Representative Froseth: I move to **ADOPT amendments.**

Representative Thorpe: **SECOND** the motion to adopt amendments.

Motion carried.

Representative Thorpe: I move a **DO PASS AS AMENDED.**

Representative Vigesaa: **SECOND** the **DO PASS AS AMENDED** on HB

1501.

Motion carried **VOTE: 10-YES 2-NO 2-Absent.** (DIETRICH KASPER)

Representative Thorpe will carry the bill on the floor.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1501

Page 1, line 15, remove "to existing members"

Page 1, line 23, replace "dwelling properties" with "rental units"

Page 2, line 3, after "cover" insert "with a population over ten thousand"

Page 2, line 5; replace "dwelling properties" with "rental units" and after "policyholder" insert "a company may not exceed twenty-five percent of the company's gross written premiums of the previous year for the gross written premiums in cities with a population over ten thousand"

Page 2, line 15, remove strike over "except with respect"

Page 2, line 15, remove strike over "to policies issued pursuant to" and "section 26.1 13-15"

Page 2, line 16, after "26.1 13-15" insert "in any incorporated city with a population over ten thousand"

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1501

Page 1, line 15, remove "to existing members"

Page 1, line 23, replace "dwelling properties" with "units"

Page 2, line 3, after "~~ever~~" insert "with a population over ten thousand"

Page 2, line 5, replace "dwelling properties" with "units" and after "policyholder" insert ". A company may not exceed twenty-five percent of the company's gross written premiums of the previous year for the gross written premiums in cities with a population over ten thousand"

Renumber accordingly

February 15, 2005

House Amendments to HB 1501 - Industry, Business and Labor Committee 02/16/2005

Page 1, line 15, remove "to existing members"

Page 1, line 23, replace "dwelling properties" with "rental units"

House Amendments to HB 1501 - Industry, Business and Labor Committee 02/16/2005

Page 2, line 3, after "ever" insert "with a population over ten thousand"

Page 2, line 5, replace "dwelling properties" with "rental units"

Page 2, line 7, after the period insert "A company may not exceed twenty-five percent of the company's gross written premiums of the previous year for the gross written premiums in cities with a population over ten thousand."

Page 2, line 15, remove the overstrike over "~~except with respect~~"

Page 2, line 16, remove the overstrike over "~~to policies issued pursuant to~~", remove the overstrike over "~~section 26.1-13-15~~" and insert immediately thereafter "in any incorporated city with a population over ten thousand", and remove the overstrike over the overstruck comma

Renumber accordingly

Date: 2-15-05
 Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1501

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP Amendments

Motion Made By Rep. Froseth Seconded By Rep. Thorpe

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	/		Rep. B. Amerman	/	
N. Johnson-Vice Chairman	/		Rep. T. Boe	/	
Rep. D. Clark	/		Rep. M. Ekstrom	/	
Rep. D. Dietrich		AB	Rep. E. Thorpe	/	
Rep. M. Dosch	/				
Rep. G. Froseth	/				
Rep. J. Kasper		AB			
Rep. D. Nottestad	/				
Rep. D. Ruby	/				
Rep. D. Vigesaa	/				

Total (Yes) 12 No 0

Absent 2 - Kasper & Dietrich

Floor Assignment Rep. Thorpe

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

Date: 2-15-05

Roll Call Vote #: 2

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1501

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number 50681,0102 .0200

Action Taken Do Pass as Amended

Motion Made By Rep. Thorpe Seconded By Rep. Vigesaa

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman		X	Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	AB		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	AB				
Rep. D. Nottestad	X				
Rep. D. Ruby		X			
Rep. D. Vigesaa	X				

Total (Yes) 10 No 2

Absent -2-

Floor Assignment Rep. Thorpe

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

REPORT OF STANDING COMMITTEE

HB 1501: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1501 was placed on the Sixth order on the calendar.

Page 1, line 15, remove "to existing members"

Page 1, line 23, replace "dwelling properties" with "rental units"

Page 2, line 3, after "~~ever~~" insert "with a population over ten thousand"

Page 2, line 5, replace "dwelling properties" with "rental units"

Page 2, line 7, after the period insert "A company may not exceed twenty-five percent of the company's gross written premiums of the previous year for the gross written premiums in cities with a population over ten thousand."

Page 2, line 15, remove the overstrike over "~~except with respect~~"

Page 2, line 16, remove the overstrike over "~~to policies issued pursuant to~~", remove the overstrike over "~~section 26.1-13-15~~" and insert immediately thereafter "in any incorporated city with a population over ten thousand", and remove the overstrike over the overstruck comma

Renumber accordingly

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1501


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1501

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 14, 2005

Tape Number	Side A	Side B	Meter #
1		X	1,680-3036
Committee Clerk Signature 			

Minutes:

Chairman Mutch opened the hearing on HB 1501. All Senators were present, with the exception of Senator Espegaard.

Barry Townsend appeared in support of the legislation. See written testimony.

Chairman Mutch- So, you could go into a larger town now, providing that person is a subscriber to our insurance on the farm?

Barry- It would allow us to write up to 25% of our post-written premiums in the larger cities.

Before we couldn't go into communities with a population of more than 10,000.

Representative Glen Froseth appeared in support of the bill.

Eugene Bossert, Secretary-Manager of Dundee Mutual Insurance Company in Park River,

ND appeared in support of the bill. See written testimony.

Representative Chuck Damschen appeared in support of the bill.

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number HB 1501

Hearing Date March 14, 2005

Brenda Doll, manager of Southwest Mutual in New Salem, appeared in support of the bill.

See written testimony.

Senator Klein- Where did the 25% figure come from?

Brenda- That was the agreement when we met with the Insurance Department to put a safeguard in place.

Gerald Peterson, President of Northeast Mutual Insurance Company of Cando and Lamoure appeared in support of the bill. See written testimony.

Rod Warner submitted written testimony, see attached.

Chairman Mutch closed the hearing on HB 1501.

Action taken:

Senator Klein moved a Do Pass recommendation on HB 1501. Seconded by Senator Heitkamp.

The vote was 6-0-1. Senator Klein is the carrier of the bill.

Date: 3/4/05
Roll Call Vote #: 15

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1501

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Heitkamp

Senators	Yes	No	Senators	Yes	No
Chairman Mutch	X		Senator Fairfield	X	
Senator Klein	X		Senator Heitkamp	X	
Senator Krebsbach	X				
Senator Espegard	X				
Senator Nething	X				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Klein

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2005 1:10 p.m.

Module No: SR-47-5016
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1501, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1501 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1501

TESTIMONY
INDUSTRY, BUSINESS AND LABOR COMMITTEE
59th Legislative Session

Chairman George Keiser, distinguished members of the Committee, my name is Barry Townsend and I am here today to speak in support of HB 1501. The bill, which gives County Mutual Insurance Companies the authority to write in cities of 10,000 population or greater is limited to 25% of the company's gross written premium for the previous year. The bill would also allow writing no more than a 4 plex rental dwelling in these cities.

The trend in North Dakota is moving from the rural areas to the urban areas and we would like to follow the migration of business. Taken from a PIA profax dated 11-21-03, nearly a billion dollars of Property and Casualty business is written in North Dakota of which collectively, the 13 county mutuals account for .8% of the total. North Dakota domestic insurance companies account for 12.8% and foreign companies (domiciled outside of North Dakota) account for 86.4% of the business written in North Dakota.

One of the county mutuals is celebrating 105 years this year. The rest of the county mutuals have been around the state for nearly 100 years. We do fill a niche in the market and would like to expand to the larger urban areas on a limited basis.

Our legislative committee has met with the domestic insurance companies of Hartland Mutual, Center Mutual, Nodak Mutual and Farmers Union Insurance and discussed the proposed bill. We have also met with the Insurance Department twice and no one would

aggressively oppose the statute change.

Accordingly, we hope you can support the bill with the attached amendment with a unanimous Do Pass!

Thank you and if there are any questions, I would be glad to respond.



Grinnell Mutual Reinsurance Company

4215 Highway 146
PO Box 790
Grinnell, IA 50112-0790
Phone 800-362-2041 or 641-269-8000

February 3, 2005

GRINNELL MUTUAL REINSURANCE COMPANY, AS THE
REINSURER OF ALL

FOURTEEN (14) COUNTY MUTUALS IN NORTH DAKOTA, LENDS
ITS

SUPPORT AND IS IN FAVOR OF LEGISLATION THAT WOULD
ALLOW THE

COUNTY MUTUALS TO WRITE INSURANCE IN CITIES/TOWNS OF
10,000

POPULATION OR LARGER.

A handwritten signature in cursive script, appearing to read "Dan F. Agnew".

DAN F. AGNEW, PRESIDENT

A handwritten signature in cursive script, appearing to read "Steven R. Crawford".

STEVEN R. CRAWFORD, SENIOR VICE-PRESIDENT

INDUSTRY-BUSINESS-LABOR COMMITTEE

TESTIMONY BY BRENDA L DOLL, SECRETARY-MANAGER
SOUTHWEST MUTUAL INSURANCE COMPANY – NEW SALEM, ND
PAST PRESIDENT OF THE ND ASSOCIATION OF FARM MUTUAL INS COMPANIES

ON BEHALF OF HOUSE BILL 1501

CHAIRMAN KEISER AND MEMBERS OF THE COMMITTEE:

IN 1900, OUR COUNTY MUTUAL WAS FORMED FOR THE PURPOSE OF PROVIDING INSURANCE COVERAGE TO AREA FARMERS. OVER THE YEARS, THE NEEDS OF THOSE FARMERS HAVE GROWN AND CHANGED, AND OUR COUNTY MUTUAL HAS GROWN AND CHANGED THE TYPES OF INSURANCE AVAILABLE, TO MEET THE NEEDS OF THOSE FARMERS. NOW THOSE SAME FARMERS HAVE ADDITIONAL NEEDS, TO INSURE THEIR PROPERTY IN THE CITIES. IT IS VERY DIFFICULT TO INFORM A CUSTOMER WHOSE FAMILY FARM HAS BEEN INSURED WITH OUR COMPANY THROUGH MANY GENERATIONS, AND IS NOW REQUESTING HOMEOWNER COVERAGE FOR THEIR HOME IN THE CITY, THAT WE CANNOT WRITE THEIR PROPERTY THROUGH OUR COUNTY MUTUAL.

A CHANGE WAS MADE IN 1989 TO ALLOW COUNTY MUTUALS TO WRITE IN CITIES UNDER 2,500 POPULATION. IN 1991, THE LIMIT WAS RAISED TO UNDER 10,000 POPULATION, WITH A TOTAL OF 8 CITIES GAINED. IF THE POPULATION LIMIT IS LIFTED COMPLETELY, 9 CITIES WILL BE GAINED ACROSS THE STATE.

THE MAJORITY OF COUNTY MUTUALS ARE LOCATED IN SMALL-TOWN NORTH DAKOTA. THEY ARE VIABLE ASSETS TO THEIR COMMUNITIES BECAUSE THEY ARE ACTIVELY INVOLVED IN THEIR COMMUNITIES, AS WELL AS PROVIDING EMPLOYMENT OPPORTUNITIES.

COUNTY MUTUALS ARE WELL KNOWN FOR THEIR CONSERVATIVE AND CAUTIOUS APPROACH IN THE OPERATION AND DECISIONS AFFECTING THEIR COMPANIES. THE FINANCIAL PICTURE OF THE COUNTY MUTUAL COMPANIES HAS NOT REFLECTED ANY NEGATIVE IMPACT FROM THE CHANGES IN THIS LAW SINCE THE 1991 SESSION, AND THEY HAVE PROVEN THEIR CAPABILITY IN HANDLING THIS EXPANSION INTO CITIES IN NORTH DAKOTA.

COUNTY MUTUALS PROVIDE NORTH DAKOTA PRODUCTS TO MEET THE NEEDS OF THE FARMS AND CITIES OF THE PEOPLE OF NORTH DAKOTA. ON BEHALF OF SOUTHWEST MUTUAL INSURANCE COMPANY, AND THE OTHER NORTH DAKOTA COUNTY MUTUAL COMPANIES, THE TIME HAS COME TO LIFT THE POPULATION LIMITATION AND ALLOW THE COUNTY MUTUALS OF NORTH DAKOTA THE FREEDOM TO SERVE THEIR FRIENDS AND NEIGHBORS IN NORTH DAKOTA, WHETHER THEY LIVE ON THE FARM, OR IN A SMALL OR LARGE CITY.

CHAIRMAN KEISER AND MEMBERS OF THE COMMITTEE, PLEASE SUPPORT AND RECOMMEND APPROVAL OF HOUSE BILL 1501 AS AMENDED.

THANK YOU!

NORTH DAKOTA HOUSE OF REPRESENTATIVES

INDUSTRY -BUSINESS-LABOR COMMITTEE

TESTIMONY BY EUGENE BOSSERT, SECRETARY -MANAGER
DUNDEE MUTUAL INS. CO, PARK RIVER, N.D.
PAST PRESIDENT OF THE N. D. ASSOCIATION OF FARM MUTUAL INS.CO'S

ON BEHALF OF HOUSE BILL 1501.

CHAIRMAN KEISER,
MEMBERS OF THE COMMITTEE.

AS A MANAGER OF A COUNTY MUTUAL THAT WAS ESTABLISHED IN 1889,
I AM HERE TO REPRESENT A NEED FOR OUR 13 COUNTY MUTUAL'S IN THE
STATE TO BE PROGRESSIVE AND CONSERVATIVELY AGGRESSIVE IN THE
INSURANCE MARKET OF NORTH DAKOTA.

AS WE OBSERVE OUR CHANGES IN ECONOMICS AND POPULATION SHIFT
TO THE LARGER CITIES OF OUR STATE, SO WE TOO WOULD LIKE TO BE
ABLE TO FOLLOW THOSE FAMILIES OF OUR FOUNDING POLICYHOLDERS
WHO HAVE FOR THE 3 AND 4 GENERATIONS BEFORE THEM HELPED BUILD
OUR COMPANIES.

IN 2004 ONE OF OUR COMPANIES CELEBRATED 100 YEARS OF BUSINESS
AND RECOGNIZED 21 FARM FAMILIES THAT HAVE HAD CONTINUOUS
INSURANCE WITH THE COUNTY MUTUAL. THAT IS LOYALTY FOR YOU.

IT ALSO SHOWS THAT THE COMPANY MUST BE WELL RUN TO BE
ABLE TO MAINTAIN THAT CUSTOMER BASE.

HOWEVER WHEN WE LOOK AT THE POPULATION OF NORTH DAKOTA
WE FIND THAT 23 OF OUR COUNTIES HAVE LESS THEN 3 PEOPLE
PER SQUARE MILE, ANOTHER 17 COUNTIES HAVE UP TO 8 PEOPLE
PER SQUARE MILE, 8 COUNTIES HAVE 10 TO 17 PEOPLE PER
SQUARE MILE. THERE ARE THREE COUNTIES, BURLEIGH, WARD, AND
GRAND FORKS THAT HAVE UP TO 46 PEOPLE PER SQUARE MILE,
AND CASS COUNTY WITH 70 PEOPLE PER SQUARE MILE.

THE POINT IS WE AREN'T BUILDING ANY MORE FARMS,
IN 1992 THE CENSUS HAD 31,123 FARMS AND IN 2004 WE HAD 30,619
FARMS, A LOSS OF 504 FARMS.

IN THE 10 STATES IN THE UPPER MIDWEST ONLY 3 HAVE A POPULATION
LIMIT,

IN OUR NEIGHBORING STATES OF SOUTH DAKOTA AND MONTANA THEY
DO NOT HAVE A POPULATION LIMIT. SOUTH DAKOTA HAS NEVER HAD A
POPULATION LIMIT AND MONTANA REMOVED THE POPULATION LIMIT IN
THE PREVIOUS LEGISLATIVE SESSION.

AS INDICATED PREVIOUSLY, WE KNOW BY THE CENSUS WHERE THE
POPULATION OF NORTH DAKOTA IS PROJECTED TO BE IN THE FUTURE.
AFTER OUR SECOND MEETING WITH THE NORTH DAKOTA INSURANCE
DEPARTMENT WE BELIEVE THAT THE AMENDMENT WE PROPOSE IS A
ACCEPTABLE SAFEGUARD TO ALLOW THE COUNTY MUTUALS TO WRITE
INSURANCE FOR HOMEOWNERS IN TOWNS OF ANY SIZE WITHIN THERE
RESPECTIVE TERRITORIES.

WE ASK FOR A FAVORABLE DOES PASS VOTE ON HOUSE BILL 1501 AS
AMENDED.

THANK YOU AND IF THERE ARE ANY QUESTIONS I WOULD BE HAPPY TO
RESPOND.

RESPECTFULLY SUBMITTED, EUGENE BOSSERT

HB 1501 Testimony before the House Industry, Business and Labor Committee

The Honorable George J. Keiser-Chairman

Good morning Chairman Keiser and distinguished members of the Committee! Thank you for the opportunity to present testimony in favor of HB 1501.

My name is Rod Warner. I am the General Manager of Northeast Mutual Insurance Company of Cando and LaMoure, ND. Northeast Mutual collected approximately two million dollars in farm and homeowners insure premiums in 2004 and paid nearly \$40,000 in premium tax to the State of North Dakota, up from just under one-half million of collected premium and just under \$8,000 in premium tax in 1999.

In 1999, Northeast employed three full time and one part time employee. Management in 1999 was paid \$300.00 per month, while today, just over five years later, Northeast employs nine full time employees, four part time employees and two summer interns. Northeast paid out in excess of \$275,000.00 in wages and employee benefits and have not paid less than \$8.00 per hour to any of those employees. Northeast started it's own risk management company accounting for approximately one-half of our employees. We invite you to visit our web site at www.northeastmutual.com.

Our growth, and much of the domestic insurance industry growth the last four year, was the result of policy non-renewals by foreign insurers who left the state after the flood of 1997 and the hail and wind storms of 2001.

While County Mutual Insurance Companies account for less than one percent of the property and casualty business in North Dakota, we are hear to reinforce what you

already know. When times get tough, and the rain, wind and hail stop, County Mutual companies will be here, as we have been for over 100 years.

In the 2001 Legislative Session the County Mutual Companies came to the Legislature to ask for a relaxation of the restriction county mutual company could operate in no more than 20 counties. Thank you for your past support in passing that legislation which now allows the smaller companies to operate in 30 counties and at the discretion of the State Insurance Department. Since that time, it is my understanding that only three or four of the County Mutual Companies have applied for larger territory. Though the number may be small, such an opportunity assisted those three or four companies to spread their risk and each of us to grow at our own pace.

HB 1501 represents a small but significant opportunity for controlled growth as it allows small companies to follow farm and small town homeowners into larger communities.

We ask for a do pass on HB 1501. If there are any questions, I will do my best to answer.

Sincerely,

Rod Warner, Manager, NEM

877-968-3651 ext #7

TESTIMONY
INDUSTRY, BUSINESS AND LABOR COMMITTEE
59th Legislative Session

Chairman Duane Mutch, distinguished members of the Committee, my name is Barry Townsend and I am here today to speak in support of HB 1501. The bill, which gives County Mutual Insurance Companies the authority to write in cities of 10,000 population or greater is limited to 25% of the company's gross written premium for the previous year. The bill would also allow writing no more than a 4 plex rental dwelling in these cities.

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Our legislative committee has met with the domestic insurance companies of Hartland Mutual, Center Mutual, Nodak Mutual and Farmers Union Insurance and discussed the proposed bill. We have also met with the Insurance Department twice and no one would

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Accordingly, we hope you can support the bill with the attached amendment with a unanimous Do Pass!

Thank you and if there are any questions, I would be glad to respond.

NORTH DAKOTA SENATE

INDUSTRY -BUSINESS-LABOR COMMITTEE

TESTIMONY BY EUGENE BOSSERT, SECRETARY -MANAGER
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CHAIRMAN MUTCH

MEMBERS OF THE COMMITTEE.

AS A MANAGER OF A COUNTY MUTUAL THAT WAS ESTABLISHED IN 1889, I AM HERE TO REPRESENT A NEED FOR OUR 13 COUNTY MUTUAL'S IN THE STATE TO BE PROGRESSIVE AND CONSERVATIVELY AGGRESSIVE IN THE INSURANCE MARKET OF NORTH DAKOTA.

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RESPECTFULLY SUBMITTED, EUGENE BOSSERT

HB.1501 Testimony before the Senate Industry, Business and Labor Committee

The Honorable Duane Mutch-Chairman

Good morning Chairman Mutch and distinguished members of the Committee! Thank you for the opportunity to present testimony in favor of HB 1501.

My name is Gerald Peterson. I am the President of Northeast Mutual Insurance Company of Cando and LaMoure, ND. Northeast Mutual has grown considerably since it was formed in 1999 through a merger of Pembina, Cavalier and Towner County Mutual Insurance Companies. Last year Northeast collected approximately two million dollars in farm and homeowners insure premiums having grown from approximately \$450,000.00 in 1999. Last year Northeast employed nine full time employees and four part time employees up from 3 full time employees in 1999.

In 2004, Northeast reinvested in ND with a payroll in excess of \$270,000 and we paid in excess of \$40,000.00 in premium tax to the State of North Dakota, up from approximately \$8,000 in 1999.

Our growth, and much of the domestic insurance industry growth the last four year, was the result of policy non-renewals by foreign insurers who left the state after the flood of 1997 and the hail and wind storms of 2001.

While County Mutual Insurance Companies account for less than one percent of the property and casualty business in North Dakota, we are hear to reinforce what we hope you already know. When times get tough, and the rain, wind and hail stop, County

Mutual companies will be here, as we have been for over 100 years.

In the 2001 Legislative Session the County Mutual Companies came to the Legislature to ask for a relaxation of the restriction county mutual company could operate in no more than 20 counties. Thank you for your past support in passing that legislation which now allows the smaller companies to operate in 30 counties. Since the passage of that bill only three or four of the County Mutual Companies have applied to operate in more than 20 counties demonstrating the responsible attitude of management and directors of your county mutual companies. Though the number opting to expand to 30 counties may seem small, such an opportunity assisted those three or four companies to spread their risk and each of us to grow at reasonably pace.

HB 1501 represents a small but significant opportunity for controlled growth as it allows small companies to follow farm and small town homeowners into larger communities. It

We ask for a do pass on HB 1501. If there are any questions, I will do my best to answer.

Sincerely,

Gerald Peterson
President, Northeast Mutual Insurance Company

TO: Industry, Business & Labor Committee

TESTIMONY BY: Brenda L Doll

Secretary-Manager of Southwest Mutual Insurance Company of New Salem
Past President of the ND Association of Farm Mutual Insurance Companies

ON BEHALF OF HOUSE BILL 1501

Chairman Mutch and Members of the Committee:

My name is Brenda Doll, Manager of Southwest Mutual Insurance Company in New Salem.

In 1900, our county mutual was formed for the purpose of providing insurance coverage to area farmers. Over the years, the needs of those farmers have grown and changed, and our county mutual has grown and changed the types of insurance available to meet the needs of those farmers. Those same farmers now have additional needs; to insure their property in the cities.

It is very difficult to inform a customer who is requesting homeowner coverage for their home in the city, with their family farm having been insured with our company for generation after generation, that we cannot write their city property through our county mutual, resulting in that city property most likely being placed with an out of state insurer.

A change was made in 1989 to allow county mutuals to write in cities under 2,500 population.

In 1991, the limit was raised to under 10,000 population, with a total of 8 cities gained. If the population limit is lifted completely, 9 cities will be gained across the state.

The county mutuals are located in small-town North Dakota, where they are actively involved in their communities, as well as providing employment opportunities.

County mutuals are well known for their conservative and cautious approach in the operation and decisions affecting their companies. The financial picture of the county mutual companies has not reflected any negative impact from the changes in this law since the 1991 session, and they have proven their reliability and capability in handling this expansion into the larger cities in North Dakota. County mutuals provide North Dakota products to meet the needs of the farms and cities of the people of North Dakota. On behalf of Southwest Mutual Insurance Company, and the other North Dakota county mutual companies, the time has come to lift the population limitation and allow the county mutuals of North Dakota the freedom to serve their friends and neighbors in North Dakota, whether they live on the farm or in a small or large city.

Members of the Committee, thank you for your attention, and I ask for your support and approval of House Bill 1501.