

2009 HOUSE TRANSPORTATION

HB 1245

# 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1245

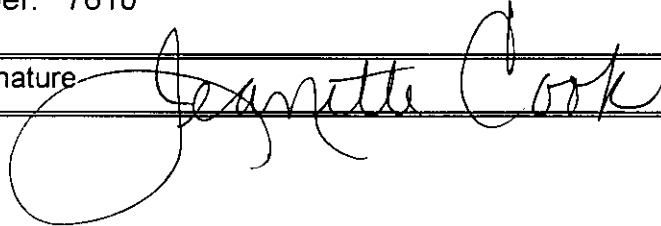
House Transportation Committee

Check here for Conference Committee

Hearing Date: 01/22/09

Recorder Job Number: 7610

Committee Clerk Signature



Minutes:

**Chairman Ruby** called the meeting to order. The committee heard HB 1245. The clerk read the title.

**Patrick Ward:** This bill is an attempt to bring part of our insurance code into the 21<sup>st</sup> Century. It has to do with suspending coverage on a motor vehicle that you don't drive all of the time. If you don't want to carry the liability and no-fault coverages on that vehicle, but just cover it for comprehensive, you will be able to call your agent and ask them to suspend coverage on that vehicle. Your premiums will be prorated for only the time that you are going to use the vehicle during the year. Current law actually requires the agent to get a written confirmation from the person. In this age where you can actually go online and **buy** a policy, we think that the written process is outdated and unreasonable. This bill makes the change that allows the insurance company to suspend the coverage from a phone call or e-mail instead of written confirmation. A client will still get a written notice from the insurance company that the coverage was suspended. Another phone call can reinstate the coverage.

**Representative Weiler:** If I call my insurance agent, and there is an answering machine, can I legally leave a message?

**Patrick Ward:** The law would say, "upon notice from the owner". Whether the agent will respond to that as notice, I don't know. If I was the agent, I would send you confirmation from the company in the mail. If you don't get confirmation, you would want to call the agent again and make sure that it has been done.

**Representative Weiler:** I agree with this bill, and I think it makes all of our lives a little bit easier. Are insurance companies going to send notices out to all of their clients stating that they can now do this? How will people know?

**Patrick Ward:** I believe that they will.

**Chairman Ruby:** Is there anyone else here to speak in support of HB 1245?

**Kent Olson, former director of the North Dakota PIA:** I am now a lobbyist. We support the bill because in the real world the clients are already calling their agents, and the agents are taking the coverage off. It may be by e-mail or phone. The written request is probably not followed.

The question **Representative Weiler** had about the recorded device, most agencies have a procedure that they follow. The message on the answering machine says that it is not binding coverage, which means that it can be taken away, but I am not binding you without talking to you. Taking a coverage off is simpler. We support taking coverage off without submitting it in writing.

**Chairman Ruby:** Who is in charge of enforcing this practice.

**Kent Olson:** No one has been reprimanded for it as far as I know.

**Larry Maslowski, North Dakota Insurance Commissioner's Office:** We are in support of the bill. In regard to your question of enforcement, that would come under our probate. If the issue had come to us in terms of a complaint, we would investigate and probably take an action against the agent. We get frequent calls from agents across the country wondering

what they are supposed to do, because the notice has to be written. This bill will bring the code into the modern world. We do not have any concerns that this will cause any problems.

**Chairman Ruby:** Are there any other questions? Is there anyone else here to speak in support of HB 1245? Is anyone here to speak in opposition to HB 1245?

**There was no opposition to HB 1245.**

The hearing was closed on HB 1245.

**Chairman Ruby:** What are the wishes of the committee?

**Representative Delmore moved a Do Pass on HB 1245.**

**Representative Vigesaa** seconded the motion.

A roll call vote was taken. **Yea 14 Nay 0 Absent 0**

**Representative Sukut will carry HB 1245.**

Date: 1-22-09

Roll Call Vote #: # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1245

House TRANSPORTATION Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do pass  Don't Pass  Amended

Motion Made By Delmore Seconded By Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Representative Ruby - Chairman	✓		Representative Delmore	✓	
Rep. Weiler - Vice Chairman	✓		Representative Griffin	✓	
Representative Frantsvog	✓		Representative Gruchalla	✓	
Representative Heller	✓		Representative Potter	✓	
Representative R. Kelsch	✓		Representative Schmidt	✓	
Representative Sukut	✓		Representative Thorpe	✓	
Representative Vigesaa	✓				
Representative Weisz	✓				

Total Yes 14 No 0

Absent 0

Bill Carrier Rep. Sukut

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

**REPORT OF STANDING COMMITTEE (410)**  
January 22, 2009 6:01 p.m.

**Module No: HR-13-0782**  
**Carrier: Sukut**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1245: Transportation Committee (Rep. Ruby, Chairman) recommends DO PASS**  
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1245 was placed on the  
Eleventh order on the calendar.

2009 SENATE TRANSPORTATION

HB 1245

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1245

Senate Transportation Committee

Check here for Conference Committee

Hearing Date: March 13, 2009

Recorder Job Number: 10886

Committee Clerk Signature

*Jody Hauge*

Minutes:

**Chairman Gary Lee** opened the hearing on HB 1245 relating to eliminating the need for a written request to suspend automobile coverage. Senator Marcellais was absent.

**Pat Ward**, representing the Association of North Dakota Insurers introduced the bill and

testified in support on HB 1245. Written testimony #1

**Senator Nething** asked if we are talking about liability.

**Pat Ward** replied that this is just the no fault coverage.

**Senator Fiebiger** asked if a person made the call to suspend auto coverage and it is not in writing, what if it doesn't get executed. He also asked if that has been a problem.

**Pat Ward** said if this happens and it doesn't get done that would mean the coverage is still on the vehicle so the only problem is that the person is paying for the coverage that they cancelled.

**Senator Nething** asked what the pluses and minuses of not having no fault coverage is in extended absence.

**Pat Ward** replied that no fault coverage follows the vehicle. It basically covers health insurance for you and your passengers. "If you are in this vehicle and someone crashes into you, your no fault coverage pays the first \$30,000 of your medical bills."



**Senator Nething** clarified that no fault doesn't go with you in using another person's car.

**Pat Ward** said no, not if the other vehicle has coverage on it, but it would go with if you are in a vehicle that doesn't have the coverage.

**Senator Nething** asked about a rental car.

**Pat Ward** said others could answer that question better.

**Senator Fiebiger** asked if he made a call from Arizona to have the no fault put back on his vehicle at home and it doesn't happen, he said he has no written proof just his word, what happens?

**Pat Ward** replied that the company sends out a confirmation.

**Senator Nething** asked what kind of dollars you save by suspending the no fault for three months.

**Pat Ward** replied that it could save quite a bit.

**Larry Maslowski**, ND Insurance Department testified in support of HB 1245. From a practical sense it is a good idea. He said that you cannot just talk to a voice machine but have to talk to a person.

**Steve Becher**, North Dakota Professional Insurance Agents (NDPIA) testified in support of the bill. He said it was the one coverage out there that we have to get written requests for. Other coverage they can do by phone or talk to someone in person to change it. To answer Senator Nething's question on how much money could be saved he thought about \$30 or \$40 a month.

#### **No Opposing Testimony**

**Senator Nething** moved a Do Pass.

**Senator Potter** seconded.

Roll call vote: 5-0-1

Senator Nething will be the carrier.

Date: 3-13-09  
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1245

Senate Transportation Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Other

Motion Made By Senator Nething Seconded By Senator Potter

Senator	Yes	No	Senator	Yes	No
Chairman Senator Gary Lee	✓		Senator Tom Fiebiger	✓	
Senator George Nodland	✓		Senator Richard Marcellais		
Senator Dave Nething	✓		Senator Tracy Potter	✓	

Total (Yes) 5 No 0

Absent 1

Floor Assignment Senator Nething

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

**REPORT OF STANDING COMMITTEE (410)**  
March 13, 2009 11:34 a.m.

**Module No: SR-48-4792**  
**Carrier: Nething**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1245: Transportation Committee (Sen. G. Lee, Chairman) recommends DO PASS**  
**(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1245 was placed on the**  
**Fourteenth order on the calendar.**

2009 TESTIMONY

HB 1245

TESTIMONY IN SUPPORT OF HB 1245

Senate Transportation Committee

March 13, 2009

Chairman Lee and Members of the Senate Transportation Committee:

My name is Pat Ward and I represent the Association of North Dakota Insurers in support of this bill.

Current law requires an insurance agent to obtain a signed request for temporary suspension of the no fault coverage on a vehicle. HB 1245 would simply change this to eliminate the requirement of a written request from the owner of the vehicle.

If you change this bill, the owner would be able to make a telephone contact or email contact to his agent and the agent could suspend the coverage temporarily.

We urge a Do Pass on HB 1245.