

2017 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1198

2017 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1198
1/18/2017
27030

- Subcommittee
 Conference Committee

Ellen Letang

Explanation or reason for introduction of bill/resolution:

Property and casualty insurance binders.

Minutes:

Attachment 1, 2

Chairman Keiser: Opens the hearing of HB 1198.

Rep Nathe~District 30: Introduces HB 1198. It's a simple clean-up bill on line 7 & 15 strikes out temporary farm & personal & replace it with property & casualty. It's a matter of catching up with industry language to be more inclusive.

Evan Mandago~State Executive of the Independent Insurance Agents of ND: Attachment 1, which is the proposed amendment. Attachment 2, is testimony.

6:50

Rep Bosch: The last sentence you said the word commercial, should line 7 have commercial also?

Mandago: Line 7 is supposed to read "a binder or contract for property lines of insurance".

Bosch: Not commercial?

Mandago: "And commercial" is a broader term that includes farm, personal & commercial.

Chairman Keiser: The way it's written, it applies to residential, commercial, farm, it's everything.

Mandago: Yes, that's the way we are proposing it.

Chairman Keiser: Anyone else here to testify in support, opposition, neutral position?

Chairman Keiser: Can you explain the binding process of the bill?

Chrystal Bartuska~ND Insurance Dept over the Form & Rate Product Division: When you go to an agent to get insurance. The agent has the authority that is given to them by the company, even though there is a law in statue that allows binders to exist & issued. The producer still has to be given the authority from their insurance carrier that they write for. Let's say, I sell you insurance & it is going to take a couple of days for that to be underwritten, so the insurance producer can bind coverage with limited coverages until the policy is completely underwritten & policy issued.

From what I understand, what the concern is for the producers is this law was silent on commercial. So, some banks would not accept some commercial binder, therefore we will not give you the loan or whatever the case is because it's not proof of insurance. The industry producer would like to encompass property & causality to be encompassing the commercial side of it.

The reason for taking it out of line 7, the 1st couple of lines, property & casualty, refers to a standard fire insurance policy. The standard fire insurance policy is really only applicable to farm & personal lines. That was approved by the department back in 1981 & that type of policy only covers lighting fire & not all commercial policies in the binder stage. By encompassing causality on line 7, you are creating some ambiguity between if the binder or contract trump if there was a lighting or fire loss.

That's why we don't want it in lines 7, but having it in line 15, would be fine because commercial property is a type of property & causality. In our admin code, it lists all the different business lines & commercial type policies are under property & casualty line of authority.

Chairman Keiser: A binder can be given orally, but as an individual consumer, can they bind it to me over the phone?

Bartuska: Yes.

Chairman Keiser: What happens if there is a dispute, I never bound that?

Bartuska: In your example there are other controls in place. We haven't had any complaints with big commercial. I don't think oral binding is a very common practice with the big commercial property.

Chairman Keiser: Closes the hearing. What are the wishes of the committee?

Rep Laning: Moves to adopt the amendment.

Rep Bosch: Second.

Voice vote – Motion Carried.

Chairman Keiser: The amendment passed, what are the wishes of the committee?

Rep Laning: Moves a Do Pass as Amended.

Rep Dobervich: Second.

Roll call was taken for a Do Pass as Amended with 13 yes, 0 no, 1 absent & Rep Bosch is the carrier.

1/18/17 DA

17.0424.03001
Title.04000

Adopted by the Industry, Business and Labor
Committee

January 18, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1198

Page 1, line 7, remove "and casualty"

Renumber accordingly

Date: Jan 18, 2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE

ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1198

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or Description:

17.0424.03001 Title 04000

Recommendation

- Adopt Amendment
- Do Pass Do Not Pass Without Committee Recommendation
- As Amended Rerefer to Appropriations
- Place on Consent Calendar

Other Actions

- Reconsider
- _____

Motion Made By Rep Laning Seconded By Rep Bosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____ Voice vote ~ Motion carried

Date: Jan 18, 2017

Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1198

House _____ Industry, Business and Labor _____ Committee

Subcommittee

Amendment LC# or
Description: _____

Recommendation

- Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions Reconsider _____

Motion Made By Rep Laning

Seconded By Rep Dobervich

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut			Rep Lefor	X	
Rep Beadle	X		Rep Louser	X	
Rep R Becker	X		Rep O'Brien	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee	X	
Rep Kasper	X		Rep Dobervich	X	

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep Bosch

REPORT OF STANDING COMMITTEE

HB 1198: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1198 was placed
on the Sixth order on the calendar.

Page 1, line 7, remove "and casualty"

Renumber accordingly

2017 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1198

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

Engrossed HB 1198
3/7/2017
Job Number 28763

- Subcommittee
 Conference Committee

Committee Clerk Signature

Eva Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to property and casualty insurance binders

Minutes:

1 Attachment

Chairman Klein: Opened the hearing.

Representative Nathe: Introduced the bill. Today I introduce HB 1198 which deals with some verbiage with insurance binders. There is an insurance industry representative that will talk in a little bit more detail about what that means and what has happened over at the House side.

Evan Mandigo, State Executive of the Independent Insurance Agents of North Dakota: The amendment is to add that word, "temporary" back in, it was inadvertently deleted. I am here to testify on HB 1198. The bill is a simple piece of legislation which was almost certainly a product of an inadvertent drafting oversight concerning what subject of insurance binders could be used for. The purpose of the bill is to require a lender to accept a binder as temporary evidence of insurance until a full policy can be produced. The binder can be oral or it can be written but if it is oral it has to be put into writing within a three-day period. As it is currently written this section of the century code reads that commercial binders are not permitted because the language only allows farm and personal. There are two changes; one, is to clarify that a temporary commercial binder can be made and we have also had the word property added, which is a much broader definition. The second change is in line 15 of the bill. What we are talking about in line 15 is the class of insurance producers license that the department issues rather than in line 7, we are talking about what kind of insurance a binder may be issued for. Amendment, see attachment #1. (1:34-7:26)

Chairman Klein: I think you hit on it, it is pretty simple. Closed the hearing.

Senator Poolman moved to adopt the amendment.

Senator Roers seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Senate Industry, Business and Labor Committee

Engrossed HB 1198

March 7, 2017

Page 2

Senator Poolman moved a do pass as amended.

Senator Roers seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

Senator Klein will carry the bill.

17.0424.04001
Title.05000

Adopted by the Senate Industry, Business and
Labor Committee

March 7, 2017

CA
3/7/17

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1198

Page 1, line 7, remove the overstrike over "temporary"

Renumber accordingly

**2017 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. Engrossed HB 1198**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: 17.0424.04001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Senator Poolman Seconded By Senator Roers

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	A				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

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

**2017 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. Engrossed HB 1198**

Senate Industry, Business and Labor Committee

Subcommittee

Amendment LC# or Description: 17.0424.04001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Senator Poolman Seconded By Senator Roers

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	A				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Klein

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

REPORT OF STANDING COMMITTEE

HB 1198, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1198 was placed on the Sixth order on the calendar.

Page 1, line 7, remove the overstrike over "temporary"

Renumber accordingly

2017 TESTIMONY

HB 1198

Jan 18, 2017

HB 1198

1

Amendment to House Bill 1198

At Line 7 remove the words "and casualty"

Testimony House Bill 1198
House Industry Business Labor Committee
January 18, 2017

Chairman Keiser and members of the House Industry Business and Labor Committee, my name is Evan Mandigo, State Executive of the Independent Insurance Agents of ND. I am here today to testify in favor of HB 1198.

This is a fairly simple housekeeping type legislation to correct what is almost certainly an inadvertent drafting oversight concerning subjects of insurance for which binders may be used. First though, I have an amendment to offer to add more clarity to the bill.

At Line 7, remove “and casualty”.

The purpose of 26.1-39-23 is to require a lender to accept a binder or temporary evidence of insurance as suitable evidence of property insurance coverage and a substitute for a full policy. The binder may be oral or written, but an oral binder must be converted to writing within 3 days if requested.

As currently written, a literal reading is commercial property binders are not permitted, only farm and personal. We have had instances where a lending entity refused to accept a temporary commercial property binder citing the language permitting only farm and personal. The use of commercial property binders is common place so long as the producer is properly licensed.

Adding the word commercial to the topics of insurance for which a commercial property binder is permitted (Line 7) clears up any confusion.

This concludes my testimony and I would be happy to respond to your questions.

AMMENDMENT FOR HB 1198

On Line 7, add "temporary" after the word "for"

Line 7 would then read:

A binder or contact for temporary property lines of insurance may be made orally