

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1112

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1112

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1112

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-18-05

Tape Number	Side A	Side B	Meter #
1	x		0---993

Committee Clerk Signature *Maureen Haan*

Minutes:

Chair Keiser: introduced Jennifer Clark, with Legislative Council, and noted the important role she plays with this committee and to thank her.

Chair Keiser: opened the meeting.

Jim Poolman, Insurance Commissioner: appeared and thanked the committee for scheduling the insurance bills together. To help everyone know who to talk with when contacting them, he introduced his staff.

Laurie Wolf, Director of Agent Licensing and Investigations: appeared in support of and introduced HB1112 . (See attached testimony.)

Chair Keiser: requested that Laurie, for the benefit of the committee, do an overview of surplus lines and what it means and how you get into them.

Laurie Wolf: ie: having a client who has a bar and needs liquor liability insurance; that is a risk that has a presumption that it's not available on the admitted market

that through a licensed company, that falls under the guaranteed fund, so the surplus lines broker can seek out a nonadmitted company that's considered approved and on a white list, not technically licensed in the state and don't fall under the guaranteed plan. When they do that the surplus lines producer (the person responsible for filing the tax to the department & filing the affidavit within the statutory time frame). So the person will go out and seek that market, place that coverage, and it could be shared commission between the surplus lines producer and the regular insurance producer.

Chair Keiser: any questions?

Rep Thorpe: assuming the Insurance Dept will maintain a credibility with the nonadmitted companies?

Wolf: companies don't fall under the guaranteed fund, but they do have review done by the office, since they're not the same as an admitted companies so when the policy is issued, it's made clear that the policy is issued in conformity with the statutes relating to surplus lines, but does not fall under the ND guaranteed fund so the surplus lines producer is the one responsible for filing the tax. The companies are reviewed but go through a little less financial criteria than an admitted company would do.

Rep Thorpe: if a bar owner applied for liability insurance & it's segregated to a nonadmitted company, do they still have assurance that they have good strong coverage?

Wolf: they do.

Chair Keiser: the surplus lines are so unique. Regular carriers aren't providing a service so you'll need to go out into a unique characteristic market to find coverage. The companies that provide that service don't want a license in every state because of the expense associated with it,

so they'll probably write one policy in the state of ND because it's so unique, so the dept is asking that we'll allow our businesses to go & get this kind of coverage on the surplus line market and utilize it without requiring the company to come in first, license in the state, provided that they're licensed in another state and have a good reputation.

Rep Nottestad: would this cause companies that are licensed in the state to drop that licensure, because of the opportunity?

Wolf: it would not.

Chair Keiser: there was no more testimony in support or opposition to the bill so he closed the bill and asked what the wishes of the committee.

Rep Nottestad: made the motion to "Do Pass" on HB1112.

Rep Kasper: seconded it.

Vote: Yes 14 No 0 0 absent Bill passed. Rep Thorpe will carry the bill.

Date: 1-18-05

Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1112

House

INDUSTRY, BUSINESS AND LABOR

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass

Motion Made By

Rep. Nottestad

Seconded By

Rep. Kasper

Representatives
G. Keiser-Chairman
N. Johnson-Vice Chairman
Rep. D. Clark
Rep. D. Dietrich
Rep. M. Dosch
Rep. G. Froseth
Rep. J. Kasper
Rep. D. Nottestad
Rep. D. Ruby
Rep. D. Vigasaa

Yes No

✓
✓
✓
✓
✓
✓
✓
✓
✓
✓

Representatives

Rep. B. Amerman
Rep. T. Boe
Rep. M. Ekstrom
Rep. E. Thorpe

Yes No

✓
✓
✓
✓

Total (Yes)

14

No

0

Absent

0

Floor Assignment

Rep. Thorpe

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

REPORT OF STANDING COMMITTEE (410)
January 18, 2005 9:44 a.m.

Module No: HR-11-0608
Carrier: Thorpe
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1112: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1112 was placed on the Eleventh order on the calendar.

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1112

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1112

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-08-05

Tape Number

1

Side A

Side B

xxx

Meter #

2113-2700

Committee Clerk Signature



Minutes: **Chairman Mutch** opened the hearing on HB 1112. **Senator Fairfield** was absent.

HB 1112 relates to a surplus lines insurance producer's authority to accept business from a nonadmitted company.

Laurie Wolf, Director of Agent Licensing and Investigations of the North Dakota Insurance Dept., introduced the bill. See attached testimony.

Senator Klein: Can you give us an example of how this surplus line thing works?

Laurie: Liquor liability, where it is hard to place coverage. You have a local and retail agent in a small town, that may have to secure liability coverage for the liability through a surplus lines broker.

Senator Espegard moved a DO PASS. **Senator Heitkamp** seconded.

Roll Call Vote: 6 yes. 0 no. 1 absent.

Carrier: **Senator Espegard**

Date: 3-8-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1112

Senate Industry, Business, and Labor

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass

Motion Made By

Espegard

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

Espegard

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

REPORT OF STANDING COMMITTEE (410)
March 8, 2005 1:14 p.m.

Module No: SR-42-4397
Carrier: Espegard
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1112: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1112 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HB 1112

HOUSE BILL NO. 1112

Presented by: Laurie A. Wolf
Director of Agent Licensing and Investigations
North Dakota Insurance Department

Before: House Industry, Business and Labor Committee
Representative George Keiser, Chairman

Date: January 18, 2005

TESTIMONY

Mr. Chairman and members of the committee:

Good morning. My name is Laurie Wolf, Director of Agent Licensing and Investigations with the North Dakota Insurance Department. I stand before you today to introduce House Bill No. 1112.

This bill includes a technical amendment to N.D. Cent. Code § 26.1-26-36 relating to a surplus lines insurance producer's authority. It changes the reference from its present language of an "admitted" company to "nonadmitted" company which more accurately represents what occurs in the surplus lines insurance marketplace.

Essentially it allows for a surplus lines insurance producer to accept business from any licensed insurance producer and place it with nonadmitted companies and also allows for the surplus lines insurance producer to share commissions with the licensed insurance producer.

If there are any questions, I would be happy to answer them.

Thank you.

HOUSE BILL NO. 1112

Presented by: Laurie A. Wolf
Director of Agent Licensing and Investigations
North Dakota Insurance Department

Before: Senate Industry, Business and Labor Committee
Senator Duane Mutch, Chairman

Date: March 8, 2005

TESTIMONY

Mr. Chairman and members of the committee:

Good morning. My name is Laurie Wolf, Director of Agent Licensing and Investigations with the North Dakota Insurance Department. I stand before you today to introduce House Bill No. 1112.

This bill includes a technical amendment to N.D. Cent. Code § 26.1-26-36 relating to a surplus lines insurance producer's authority. It changes the reference from its present language of an "admitted" company to "nonadmitted" company which more accurately represents what occurs in the surplus lines insurance marketplace.

Essentially it allows for a surplus lines insurance producer to accept business from any licensed insurance producer and place it with nonadmitted companies and also allows for the surplus lines insurance producer to share commissions with the licensed insurance producer.

If there are any questions, I would be happy to answer them.

Thank you.