

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1116

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1116

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1116

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1-18-05

Tape Number	Side A	Side B	Meter #
1	x		3898-----5282
1		x	55-----179

Committee Clerk Signature 

Minutes:

**Rep Keiser:** opened the meeting.

**Robert Reetz, Chief Boiler Inspector, ND Insurance Department:** appeared in support of HB1116. (See attached testimony)

**Rep Amerman:** in Sect 1 where you say it expands the class of special inspectors to a company that has employees for this type of purpose; I work at Bobcat in Gwinner in our maintenance dept & there's certain individuals in that dept that take care of the boiler ... that's their main area of expertise. If this is an expand, would that include them, if it did would they be under any special liability if something happened, just because their employers in the company says they're suppose to inspect them? Could there be some results that would harm them because of that designation?

**Reetz:** to actually be qualified inspector room boiler, we currently have 1 company in Mandan (that's the big refinery) that has that kind of agency right now. Essentially going through that

type of thing, you have to have a quality control manual prepared (it's about a day & ½ survey of what you have to do). The inspector must be nash report commission inspected, it's not an easy thing to do. We're finding it takes quite a bit of expertise to get that. It's only going to apply to smaller companies that have an extraordinary program in house that would enable them to pass a national board exam type of program out there and get authorization from our dept. It's not going to apply to many small companies, we now have 1 (it might expand to 3) in ND.

Currently the statement is owner user & that would include pretty much anyone in the state, in actuality it takes quite a bit of financial effort (about \$10,000 a month) to be able to go through all of the used surveys and manuals that you have prepared (it's not an easy thing). Counties have requested it ... currently we're limited to self insured companies & that's been a problem, only 1 company has been self insured (the company in Mandan). There's always liability ... each company would have to make that decision.

**Rep Boe:** where do the power plants fall into this?

**Reetz:** the power plants mostly have insurance companies coming in to look at that, we had an explosion that took \$55-65 million dollars to take of. The power plants could do it if they wanted to, mostly they have highly technical inspectors that are specialized in power houses, but we certainly would be open to that.

**Rep Nottestad:** in the 2nd portion of it, pertaining to steam traction engine ... are there are some steam shows that have a steam train. If that would be the case here in ND and they go with that, would that steam train be considered a traction engine or how would that be handled, also steam locomotives that are run for exhibitions across the state, where does your organization work with that?

**Reetz:** in ND we have no active steam trains at the moment ... we have a little model at 1 show in Crosby, we treat it the same as a steam traction engine, the hobby boiler runs the same way.

**Rep Boe:** re: thrashing shows, you'd probably have steam engines that are coming in from out of state or out of country; they're inspected in their place of origin, are they inspected yearly there too?

**Reetz:** it's a combination, we have the Canadian authorities; they're inspected every yr. Minnesota is every 2 yrs, in fact we changed in 1993 to be similar to Minnesota. Currently what we do is give an internal ... 1 inspection & a hydrostatic test at the next inspection. The hydros are there for 4 yrs apart and the internals are 4 yrs apart with 1 inspection every 2 yrs. There are some problems waiting on the 4 yrs, might have some leaks develop before we get back to check it again. The Canadian authorities are every yr, the hydrostatic tests & an internal every yr; they inspect twice as often as this bill suggests we go to. We always check with the Mn inspector so we don't duplicate anything.

**Smokey Wright, representing the ND Parks & Assoc:** appeared in support of HB1116. We need more inspectors & we need to increase the frequency of inspections for the purpose of safety. These engines are 100 yrs old or approaching that & are deteriorating at a rate of .003"/yr & will not last forever, which is why we're increasing the frequency. We want to support our Insurance Commissioner & our Inspector, because we need them as much as they need us.

**Rep Vigesaa:** how does it work when someone wants to bring a steam engine into a thrashing show, do they have to be inspected or have proof of inspection before they can enter into a thrashing show?

**Wright:** yes, these engines have to have certification, we can't accept them into the state until they've been inspected.

**Rep Thorpe:** on the steam powered units, are there some out there that would be for display only, not to be run? Do they all have to be inspected, even though they're not fired up?

**Wright:** if they're not going to be fired up, they don't have to be inspected. They're engines in the state that are deteriorating & getting thin; it will be about \$20,000-\$40,000 an item.

**Rep Vigasaa:** what does it cost the owner to have an inspection done on it?

**Wright:** \$20 to get the permit & it varies from \$5-\$75 per inspection ... depends on the type inspections they have. We also have to charge mileage to the various ones also.

**Chair Keiser:** anymore testimony in support of HB1116? Any opposition to HB1116? Being none, we'll close the hearing on HB1116.

**Rep Thorpe:** made the "Do Pass" motion.

**Rep Vigasaa:** seconded it.

**Vote:** Yes 13 No 0 1 absent Rep Froseth will carry the bill.

Roll Call Vote #: <sup>Date: 1-18-05</sup> 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1116

House

**INDUSTRY, BUSINESS AND LABOR**

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

*No Pass*

Motion Made By

*Thorpe*

Seconded By

*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	X		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes)

*13*

No

*0*

Absent

*(1)*

*Froseth*

Floor Assignment

*Boe*

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

**REPORT OF STANDING COMMITTEE (410)**  
January 18, 2005 9:43 a.m.

**Module No: HR-11-0607**  
**Carrier: Boe**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1116: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).  
HB 1116 was placed on the Eleventh order on the calendar.



2005 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1116

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1116

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-08-05

Tape Number	Side A	Side B	Meter #
1	xxxx		2830-end
1		xxxx	0-977

Committee Clerk Signature 

Minutes: **Chairman Mutch** opened the hearing on HB 1116. **Senator Fairfield** and **Senator Heitkamp** were absent. HB 1116 relates to qualifications of inspectors and the time period for which certificates of inspection of the boiler inspection program are effective for steam traction engines.

**Robert Reetz**, Chief Boiler Inspector for the North Dakota Insurance Department, introduced the bill. See written testimony.

**Senator Heitkamp:** Do you get them before they get to the thrashing show, or do you get them all at once, when they are there?

**Robert:** We try to get to them several weeks before the show. Sometimes we come to the show to cover external inspections.

**Klein:** Do you tag it then?

**Robert:** In North Dakota, we have some good associations and work closely with them. I don't think there is ever a chance of someone trying to run an engine without the right certification.

**Chairman Mutch:** In your department, do you have inspectors?

**Robert:** Myself and two others.

**Smoky Right,** North Dakota Threshing Association, supports the bill.

**Smoky:** This bill eliminates hazards that go along with steam engines.

**Senator Krebsbach:** Has there been an accident that prompted this?

**Smoky:** I'm sure you have heard of the incident in Ohio, about three years ago. We have been cognizant of the fact that injuries had increased before that.

**Chairman Mutch allowed opposing testimony to be heard at this time.**

**Joel Gilbertson,** American Insurance Association, spoke in opposition to the bill. See written testimony. Also attached are proposed amendments.

**Senator Heitkamp:** Didn't you offer these amendments in the House?

**Joel:** No, this was the first one out of the shoot, and frankly, I missed it.

**Senator Klein:** The concern is that the new group of inspectors, doesn't have insurance and this would require them to have some sort of liability coverage.

**Joel:** Yes.

**Senator Klein:** Wouldn't they have insurance, without us stipulating it in law?

**Joel:** I would assume most of them would, but there is no requirement.

**Senator Nething:** I think there would be coverage because the bill says that they are appointing them as a special inspector or an inspector employee. Isn't there an agency relationship?

**Joel:** I don't think it's clear.

**Senator Nething:** My concern is the cost. I have no ideas what five million dollars in coverage would cost, or a lesser amount.

**Joel:** We certainly do not want to discourage the inspections.

**Craig Burns**, Insurance Commissioner's Office, spoke to the committee for clarification.

**Burns:** Generally, these companies would be inspecting for a smaller company, those companies would be able under negotiations with that entity to determine what type of coverage they have and assess their risk for any time of boiler incident. Also be free to contract with an insurance company for that insurance.

**Senator Nething:** The option isn't viable if in fact, the owners of the boilers are looking for the best deal, cost wise.

**Jeff Bitz**, Division Director for Boiler Inspectors, spoke about the bill.

**Bitz:** This arrangement is contractual between the boiler, the person who owns the boiler and the inspection agency. The credentials is excruciating. These are highly trained people. Any one who is using an inspector requires that there is insurance in place.

**Senator Nething** moved to adopt the amendments.

**Senator Espegard** seconded.

**Roll Call Vote:** 2 yes. 3 no. 2 absent.

**Motion failed.**

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

**Roll Call Vote:** 4 yes. 1 no. 2 absent.

**Carrier:** Senator Espegard

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

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1116

Senate Industry, Business, and Labor

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Adopt Amendments

Motion Made By Nothing Seconded By Espregard

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

Total (Yes) 2 No 3

Absent 2

Floor Assignment motion failed

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

Date: 3-8-05  
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1116

Senate Industry, Business, and Labor

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken ~~Do Pass~~ Do Pass - No Amendments

Motion Made By Espegard Seconded By Klein

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

Total (Yes) 4 No 1

Absent 2

Floor Assignment Espegard

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

**REPORT OF STANDING COMMITTEE (410)**  
March 15, 2005 1:11 p.m.

**Module No: SR-47-5018**  
**Carrier: Espesgard**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1116: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (4 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1116 was placed on the Fourteenth order on the calendar.**

2005 TESTIMONY

HB 1116



## HOUSE BILL NO. 1116

**Presented by:** Robert Reetz  
Chief Boiler Inspector  
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:

For the record, my name is Robert Reetz and I am the Chief Boiler Inspector at the North Dakota Insurance Department. I am speaking in favor of House Bill No. 1116.

#### Section 1

This section pertains to special boiler inspectors appointed by the Commissioner of Insurance to inspect boilers throughout the state. It allows the Commissioner to expand the classes of special inspector to include employees of:

- A company qualified by the National Board of Boiler and Pressure Vessel Inspectors (National Board) as an accredited Owner/User Inspection Organization.
- A company qualified by the National Board as an accredited Authorized Inspection Agency.

Section 1 expands the class of special inspectors to a company that has employees for the purpose of inspecting its own boilers. It no longer limits this to "self-insured" companies.

Section 1 also expands the scope of special inspectors beyond employees of insurance companies to include employees of any company accredited by the National Board as an Authorized Inspection Agency. These companies, whether insurance companies or inspection companies, must employ National Board commissioned inspectors and inspect exactly the same way.

This bill will not change the current situation wherein we require that an insurance company inspect those boilers it insures if its boiler and machinery insurance policies also cover inspection responsibilities.

These changes are needed to address the shortage of boiler and pressure vessel inspectors we are experiencing and to remove restrictions that are not based on a company's technical qualifications.

## **Section 2**

This change returns the time period in which steam traction engines are inspected to annual from biennial. Prior to 1993, inspections were annual. Most of these antique steam traction engines are approaching 100 years of age and we have experienced problems during threshing shows that should have been discovered during an inspection.

This change is submitted at the request of the North Dakota Threshing Association.

***Testimony in Support of Amendments to House Bill No. 1116***  
***Joel Gilbertson, Vogel Law Firm***  
***On Behalf of the American Insurance Association***

I am Joel Gilbertson, with the Bismarck office of the Vogel Law Firm. I appear this morning on behalf of the American Insurance Association. AIA is a national trade association of over 435 property and casualty insurance companies in all 50 states. Its roots go back over 130 years to the establishment of the National Board of Fire Underwriters in 1866.

AIA opposes the bill in its present form but would support the bill with the requested amendments.

HB 1116 provides for the appointment of non-traditional fee for service inspectors of boilers. This is a departure from the traditional and time-tested requirements of appointing either (1) individuals directly employed by the jurisdiction; (2) individuals employed by an insurance company that provides boiler and pressure vessel insurance in that jurisdiction; or (3) owner/user inspection agencies accredited in accordance with the requirements of the jurisdiction.

Non-accredited fee for service inspectors that work independently do not have a vested interest in the outcome of the inspection, unlike employees of the three entities listed. In addition, insurance companies are heavily regulated by the states for solvency, which gives the public added assurance that insurers will continue to be a stable presence in the marketplace. There is no similar financial oversight of fee for service inspectors. It is that oversight that these amendments seek to address.

The amendments would simply require that every fee for service inspection company, before being authorized to complete an inspection, shall file evidence of liability insurance coverage with the Insurance Commissioner's office. The coverage should be in an amount of at least \$5 million, unless another amount is set by the Commissioner's office.

Financial responsibility is an important part of protecting our citizens and our companies. If a boiler fails, the damages could be immense. It is not fair to our employers or our insurers to let a fee for service company off the hook for poor workmanship by not holding them financially accountable.

Very few other jurisdictions allow these fee for service inspections. It is our belief that North Dakota should join that short list only if some kind of financial responsibility is first required.

AIA respectfully requests that this committee adopt these amendments if it gives the bill a Do Pass recommendation.

*Joel Gilbertson*  
*March 8, 2005*  
*Before the Senate Industry, Business & Labor Committee*

Submitted by Joel Gilbertson

**PROPOSED AMENDMENTS TO HOUSE BILL NO. 1116**

Page 1, line 17, after "agency" insert ".provided that company files evidence of liability insurance coverage with the commissioner of a minimum of five million dollars or such other minimum amount as may be set by the commissioner"

Renumber accordingly

## HOUSE BILL NO. 1116

**Presented by:** Robert Reetz  
Chief Boiler Inspector  
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:

For the record, my name is Robert Reetz and I am the Chief Boiler Inspector at the North Dakota Insurance Department. I am speaking in favor of House Bill No. 1116.

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