

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

3045

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HCR 3045

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3045

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 2-14-05

Tape Number	Side A	Side B	Meter #
1	x		12.0--19.3
Committee Clerk Signature <i>Joey Lemke</i>			

Minutes: **Chairman Keiser:** Opened the hearing on HCR 3045. Rep. Conrad

**Rep. Conrad, Dist. 3:** HCR 3045 is the issue of the non-profits and their insurance. The option was the insurance to verify. This bill is just to study it and to look into it. It is one of those bills that we didn't really know the situation, and by having an actual bill in the hopper that the issue started perking up. We are very pleased that we can now study it the next two years, and hopefully come out with a very good solution.

**Rep. Dosch, Dist. 32, Bismarck, ND:** I am here to support HRC 3045. It ties back again to the tourism industry, and the difficulty that nonprofit and the smaller mom and pops in our rural communities throughout the state that have difficulty finding adequate liability insurance when they are running their operations. It is holding back economic development in our smaller communities, for the smaller mom and pops organizations. Whatever we can do to explore other options. What is out there? Is there something we can do to help some of these that are making an effort in our tourism industry across the state?

**Rep. Kasper: (14.3)** What is the definition of government self insurance pool? What is the scope you are hoping for under this resolution? Is it liability insurance only, or do you want to look at all types of self insurance?

**Rep. Dosch:** Right now the biggest issue is the liability insurance issue. That consumes anywhere from a third to a half of what ever revenue they generate.

**Rep. Kasper:** Is that pool that we already have in effect, is that what you are wanting the limit it to that pool?

**Rep. Dosch:** Not necessarily, and that is what the study is going to be for. To determine what some of the other options are that are out there. Right now the industry is struggling with where to go. I am not sure where to send them either. So, hopefully by this resolution some options or some alternatives will be forthcoming.

**Rep. Kasper:** Rep. Dosch would you have any problem putting some verbiage in here that talks about liability insurance as opposed to the term government self insurance pool could really mean any type of insurance for self funding.

**Rep. Dosch:** I would yield to Rep. Conrad on that.

**Rep. Conrad:** I would not have any problem with that. That is really what people are looking for.

**Steve Spilde, CEO of ND Insurance Reserve Fund: (15.9)** I am here in support HCR 3045.

We have no reservations with regards to the study in this resolution at this time and we would be happy to participate in the process, and provide whatever information help that we can.

**Chairman Keiser:** No one in opposition. Close the hearing on HCR 3045. What are the wishes of the committee?

**Rep. Kasper: (16.8)** As I stated, I have some concerns of the scope of this bill without some type of a limiter. It could be that the government might want to get into some kind of self funded health insurance plan. I am certainly not in favor of studying that. I'd like to try and limit it to the liability area that they are wanting to study anyway.

**Chairman Keiser:** Do you have any suggested language.

**Rep Kasper:** The only thing I can think of is on line 2 to insert "liability" after the word "government" in the term government self insurance pool. And change it throughout the resolution.

**Chairman Keiser:** O.K., does the committee understand the intent. Is that in the form of a motion?

**Rep. Kasper:** I motion.

**Rep. Nottestad:** SECOND

**Chairman Keiser:** The word "liability" will be added after the word "government" and before "self insurance pool" throughout the document. Any other discussion? Seeing none it goes to a vote.

Motion carried. **VOTE: 14-YES 0-NO** The bill is amended and is before the committee. What are the wishes of the committee?

**Rep. Nottestad:** I motion for a DO PASS on HCR 3045 as amended.

**Rep. Clark:** SECOND the motion on HCR 3045.

Motion carried. **VOTE: 12-YES 2-NO**

**Representative Thorpe will carry bill on the floor.**

Meeting adjourned

Date: 2-14-05

Roll Call Vote #: 1

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HCR 3045**

House

**INDUSTRY, BUSINESS AND LABOR**

Committee

☐ Check here for Conference Committee

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

Action Taken Amendment to part in gov. liability self-insurance pool

Motion Made By Rep. Kasper Seconded By Rep. Nottestad

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	✓		Rep. E. Thorpe	✓	
Rep. M. Dosch	✓				
Rep. G. Froseth	✓				
Rep. J. Kasper	✓				
Rep. D. Nottestad	✓				
Rep. D. Ruby	✓				
Rep. D. Vigasaa	✓				

Total (Yes) 14 No -0-Absent -0-Floor Assignment Rep. Thorpe

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

Date: 2-14-05

Roll Call Vote #: 2

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HCR 3045**

House INDUSTRY, BUSINESS AND LABOR

Committee

☐ Check here for Conference Committee
Legislative Council Amendment Number 53117.0101 .0200Action Taken Do Pass As Amend

Motion Made By

Rep. Nottestad

Seconded By

Rep. Clark

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. Vigasaa	X				

Total (Yes) 12 No 2Absent -0-Floor Assignment Rep. Thorpe

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

**REPORT OF STANDING COMMITTEE**

**HCR 3045: Industry, Business and Labor Committee (Rep. Kelser, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (12 YEAS, 2 NAYS,  
0 ABSENT AND NOT VOTING). HCR 3045 was placed on the Sixth order on the  
calendar.

Page 1, line 2, after "government" insert "liability"

Page 1, line 13, after "government" insert "liability"

Page 1, line 15, after "government" insert "liability"

Page 1, line 20, after "government" insert "liability"

Page 1, line 25, after "government" insert "liability"

Renumber accordingly



2005 SENATE FINANCE AND TAXATION

HCR 3045

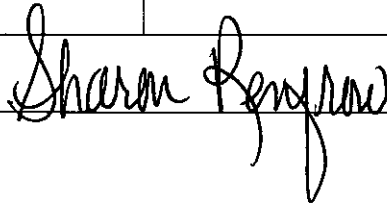
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HCR 3045**

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date **March 7, 2005**

Tape Number	Side A	Side B	Meter #
#1	X		0.5 - 8.6
		X	26.5 - 27.7
Committee Clerk Signature 			

Minutes:

**CHAIRMAN URLACHER** CALLED THE COMMITTEE TO ORDER AND OPENED THE HEARING ON HCR 3045.

**REP. CONRAD** appeared as prime sponsor stating this is a bill regarding nonprofit organizations and their insurance. We are asking for a study to look into the possibility of a government liability self insurance pool for nonprofits. It seems that a study was a more appropriate way to look at the issue. We included medical services in the study which was not included in the original bill, we had thought that that was way more complicated than we wanted to get involved in and what we found out through some conversation with the insurance groups is that the State Hospital and a couple of medical programs within the state government have set up a separate pool and so maybe we could even open this to up to nonprofit medical organizations, which would be a tremendous benefit in ND.

She also handed out written testimony from Doug Rued, insurance in Minot, ND.

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number HCR 3045

Hearing Date March 7, 2005

She also noted that it costs Dakota Boys & Girls Ranch \$700 per child per year and in ND School's is only cot \$7 per child per year.

**SEN. COOK:** Was there a bill that got defeated and then you introduced the resolution?

**ANSWER:** yes

**JIM VETTER:** Dakota Boys & Girls Ranch appeared in support with written testimony stating that currently the Dakota Boys & Girls Ranch pays approximately \$77,000 dollars per year for liability insurance, this translates into approximately \$770 per resident per year. This money could be better spent to provide more effective services to ND children and their families.

**SEN. WARDNER:** what were the 2 claims? Can you give a brief description of what they were about?

**ANSWER;** 1 was for wrongful discharge, the other has been for a staff for abuse charges on one of our residents.

Closed the hearing.

**SEN. TOLLEFSON:** as a study Mr. Chairman, I make a **MOTION FOR DO PASS**, seconded by Sen. Every.

**ROLL CALL VOTE:** 6-0-0

Sen. Every will carry the bill.

Date: 3-7-05  
Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. HB HCR 3045**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

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

Action Taken Do Pass

Motion Made By Tollefson Seconded By Every

Senators	Yes	No	Senators	Yes	No
Sen. Urlacher	✓		Sen. Bercier	✓	
Sen. Wardner	✓		Sen. Every	✓	
Sen. Cook	✓				
Sen. Tollefson	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Every

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

REPORT OF STANDING COMMITTEE (410)  
March 7, 2005 11:53 a.m.

Module No: SR-41-4261  
Carrier: Every  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

HCR 3045, as engrossed: Finance and Taxation Committee (Sen. Urlacher, Chairman)  
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HCR 3045 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

HCR 3045

## HCR 3045 Supporting Testimony

I am Doug Rued of Bremer Insurance in Minot. Our agency is one of North Dakota's largest and represents several thousand North Dakota insureds including many nonprofit organizations. Personally, I have been involved in the insurance agency business for 37 years.

My health does not allow me to speak directly to you today.

I firmly stand in support of HCR 3045. The following testimony will center on the insurance ramifications of this resolution. They involve availability, pricing and distribution of insurance protection for many North Dakota nonprofits.

First, we must understand that insurance is not a product of choice. We are forced to buy it due to several reasons. They are law, contractual agreement and financial requirement. It is due to these reasons plus others that insurance be readily available for proper functioning of our economic and social activities.

With only 1/10 of 1% of the total United States property-casualty premiums, our state does not secure across the board, market driven response to providing risk transfer through the insurance mechanism. This can be seen through a history of years where the liability insurance market was hardened due to losses elsewhere but North Dakota rates and availability were also significantly affected.

A very good example is the liability hard market of the 1980's. Insurance companies were severely limiting coverage and increasing premiums for public entities. The North Dakota Insurance Reserve Fund(NDIRF) consequently was started in 1986. Even though we have experienced another insurance industry hard market since that time, the members of NDIRF are still enjoying readily available broad insurance coverage. The same can not be said of other nonprofit organizations.

Some nonprofits may be limited to one or two insurance alternatives. The threat of nonrenewal is always present since our small North Dakota market does not lead to a wide selection of insurance companies. It's understandable from an insurance company standpoint because the premium dollars are just not there. However, since this product is a necessity it leads to a heavily weighted supplier side of the marketplace. Tax dollars through nonprofit insurance premiums are supporting this.

This leads to another concern and that is premiums. This last hard market has seen many nonprofits' insurance premiums double and even triple. Those are the accounts with good loss ratios. It's interesting to note, that at the same time, the members of NDIRF are enjoying basically the same rates they saw in 1986. In addition, we are delivering conferred benefit credit checks (premium dividends)

to them for approximately 38% of their annual premiums. Their net premiums are a fraction of what they would pay if this was not available. North Dakota experience speaks for itself.

On the nonprofit side we see insurance company premium rates that are over 100 times as high for some of the same types of exposure covered through NDIRF. In addition, insurance companies have instituted higher minimum policy premiums. We regularly see minimum premiums of \$2,500 or higher. NDIRF on the other hand is still offering insurance protection for minimum policy premiums of \$50 to \$300 depending upon the type. You can probably attribute North Dakota efficiency to the equation.

Just this past week, an insurance company representative was in our office complaining about this very resolution. He called it socialism. I let him speak before informing him that I was supporting this study. He replied that I would be decreasing my commissions. First, NDIRF is not a socialized insurance mechanism. It is not part of any government agency. NDIRF is owned and directed by its policyholders, which is no real difference than a mutual. Secondly, the threat to my income could only mean reduced premiums since the commissions paid by NDIRF are the same or more as many insurance companies writing nonprofit business. Basically, what we are seeing here is a threat to a few insurance companies real nest egg.

This resolution does not threaten competitive, market driven distribution of insurance products. It only enhances it. All of the companies presently writing this business will still be able to continue. With another market present such as NDIRF, more agents will have the capacity to provide insurance proposals for their local nonprofit. NDIRF is not a government subsidized insurance company. It was originated in order that our North Dakota, tax based public entities could efficiently purchase insurance protection. NDIRF provides another option.

Currently many small agencies simply can't provide the volume required by insurance companies. NDIRF is available through all licensed North Dakota agents. In years past, insurance companies were satisfied with \$100,000 or even less. Now it's common to see volume requests of \$1,000,000 or more. This can be literally impossible for small agencies to meet. In the insurance companies' quest for efficiency, the small agent is being left behind. This leaves a void for our small communities to have broad market insurance product coverage and competitive premiums from their local agent.

With this resolution, you are not bringing government into insurance. You are providing another competitive choice for our nonprofits to obtain their required insurance coverage. In addition, the distribution will be available through all licensed agents and not just a select few. Also, the resolution does not mandate NDIRF to write these nonprofits, but provide the study necessary to enter that marketplace if they should so chose.



I thank you for your kind attention and consideration. Please consider supporting this important resolution. Should you have any questions please contact me at (701)852-12777 or [djrued@Bremer.com](mailto:djrue@Bremer.com)

Doug Rued

Testimony given by: Jim Vetter, Dakota Boys and Girls Ranch

Chairman Herb Urlacher and members of the Finance and Taxation Committee. My name is Jim Vetter, Program Director Western Plains RTC, Bismarck. I am testifying on behalf of Dakota Boys and Girls Ranch, a residential center that has been treating North Dakota children for over 52 years.

Dakota Boys and Girls Ranch is in favor of the concurrent resolution #3045 relating to feasibility study of non-profit organizations participation in a government self-insurance pool (ND Insurance ReserveFund).

Currently Dakota Boys and Girls ranch pays approximately \$77,000 per year for liability insurance. This translates into approximately \$770 per resident per year. This money could be better spent to provide more effective services to ND children and their families. Our liability claims have been minimal. During the past 5 years, we have had only 2 liability and employment practice claims. We anticipate that we would save 50% or more through the ND Insurance Reserve Fund. These savings would then be put back into enhanced programming allowing us to treat more challenging children.

In conclusion, Dakota Boys and Girls Ranch would like this committee to approve HCR #3045.