

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2137

2005 SENATE TRANSPORTATION

SB 2137

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2137

Senate Transportation Committee

☐ Conference Committee

Hearing Date 1/13/05

Tape Number	Side A	Side B	Meter #
1		x	0-1213
Committee Clerk Signature <i>Mary K Monson</i>			

Minutes:

**Vice Chairman Espgaard** opened the hearing on SB 2137 relating to providing a security deposit as proof of financial responsibility for driver's license purposes.

All the members were present except Senator Trenbeath.

**Lynn Heinert** (Mgr., Drivers License and Traffic Safety Division, ND DOT) Presented testimony in support of SB 2137 as prepared by Keith Magnusson, Dep. Dir. for Driver and Vehicle Services. ( See attached testimony.)

**Senator Nething** asked how many of these deposits they have during an annual period.

**Lynn Heinert** said that currently they have security deposits that are the result of a crash (10 on file). The maximum dollar amount on file is \$5,000. The smallest amount is \$500. For those individuals filing \$25,000 security deposits in lieu of proof of financial responsibility for the future, there are less than five. She said it wasn't a large problem but a very cumbersome problem for the driver and for the DOT. (Meter 320)

**Senator Mutch** asked what occasion an individual would want to participate in this.

Some discussion followed. (Meter 400) A person gambles that he won't have an accident. He doesn't buy insurance and if he has an accident he has to post the bond. A certificate of deposit could be turned over and would be available in the event of an accident. It wouldn't cost anything and he would get the interest.

**Lynn Heinert** said that still wouldn't show the person has complied with the insurance requirements.

**Senator Espegard** said her point is well taken. You still don't know if the person really has insurance. If this bill is passed, proof of insurance would not include a security deposit, but would just be to show insurance.

**Senator Bercier** Are there a lot who don't come back to claim the \$25,000? It then is sent to unclaimed property?

**Lynn Heinert** They are more than happy to come back for the \$25,000 and they notify as to where they are. The ones that are sent to the unclaimed property funds are those that are for the crashes. Those normally run in the range of \$500-\$600 each. They are normally held for one year.

**Senator Bercier** Is it right that this bond wouldn't trigger until there was an accident?

**Lynn Heinert** It would trigger either after a crash or if there was a violation on the driving record that would require the individual to file proof of financial responsibility. Their options are to file that bond.

**Senator Bercier** asked about the cost of bonding.

**Lynn Heinert** had no idea what a bond would cost.

**Senator Espegard** said there was a reason why a certificate of deposit would be used if one was available. If you get an infraction and nobody checks your driving record, you still have insurance but not high risk insurance.

**Senator Bercier** If a person gambles and at the end of two years put the \$25,000 in and is audited, would this go back retroactive to the first year.

**Lynn Heinert** The \$25,000 would pay for the one year required to provide proof of insurance or proof of financial responsibility to the DOT. After that it would be up to the insurance company how they would rate the premiums.

(Meter 950) Discussion that \$25,000 is the maximum needed currently to put up. The bond amount would stay the same. The state is still protected by either the bond or insurance policy.

This applies to the individual involved in the crash or the driver of the vehicle.

There was no opposition to SB 2137.

The hearing on SB 2137 was closed.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2137

Senate Transportation Committee

☐ Conference Committee

Hearing Date 2-03-05

Tape Number	Side A	Side B	Meter #
1	x		4565-5500
Committee Clerk Signature <i>Mary K Monson</i>			

Minutes:

**Chairman Trenbeath** opened SB 2137 for discussion. He commented that he felt the present procedure with respect to this is just fine.

(Meter 4700) Discussion followed noting that the DOT feels that allowing the option of providing a Certificate of Deposit in lieu of proof of insurance is complicated and cumbersome. There was a feeling that a bond might be just as cumbersome. Even if this bill were passed, there are alternates to being insured. This would just eliminate one of those.

**Senator Trenbeath** said he thought the question was whether or not there are sufficient funds available to access. This bill has to do with what methods are acceptable to DOT for those purposes. Apparently, this method is acceptable from the perspective of providing for the protection of the public. It's just that it is more cumbersome.

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Senate Transportation Committee

Bill/Resolution Number SB 2137

Hearing Date 2-03-05

**Senator Nething** motioned a **Do Not Pass..** Second by **Senator Bercier.** As per Chairman

Trenbeath, the vote was held open for Senator Espegard. Final roll call vote 5-1-0. **Passed.**

Floor carrier is **Senator Espegard.**

Date: 2-3-05  
Roll Call Vote #: \_\_\_\_\_

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO 2137

Senate TRANSPORTATION Committee

☐ Check here for Conference Committee

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

Action Taken Do Not Pass

Motion Made By Sen. Nething Seconded By Senator Bercier

Senators	Yes	No	Senators	Yes	No
Senator Espegard	✓		Senator Bercier	✓	
Senator Mutch	✓		Senator Warner		✓
Senator Nething	✓				
Senator Trenbeath, Chairman	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Senator Espegard

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



**REPORT OF STANDING COMMITTEE (410)**  
February 4, 2005 8:38 a.m.

**Module No: SR-23-1816**  
**Carrier: Espegard**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2137: Transportation Committee (Sen. Trenbeath, Chairman) recommends DO NOT PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2137 was placed on the Eleventh order on the calendar.**

2005 TESTIMONY

SB 2137

**SENATE TRANSPORTATION COMMITTEE**

**January 13, 2005**

**North Dakota Department of Transportation  
Keith C. Magnusson, Deputy Director for Driver and Vehicle Services**

**SB 2137**

The North Dakota Department of Transportation prefiled SB 2137 as an agency bill. This bill concerns providing a security deposit as an option for proof of financial responsibility.

After a motor vehicle crash or when required for the future because of a DUI, etc., individuals must provide proof of financial responsibility. Currently, the state accepts a security deposit or certificate of deposit in lieu of proof of insurance. SB 2137 would remove this option. The deposit procedure is cumbersome and does nothing to further the mandate of the legislature and the state of North Dakota that vehicles be covered by adequate insurance.

The option of providing a bond for proof of financial responsibility for the future would still be available. These bonds are much like insurance: the driver pays a premium for the coverage and a claim would be made against the bond if needed. On the other hand, a security deposit or certificate of deposit merely allows someone to use an existing investment (which is earning interest or dividends). In addition, the process is complicated and cumbersome for those making a claim.

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