

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1191

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1191

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 19, 2009

Recorder Job Number: 7163

Committee Clerk Signature

Ellen K. Tansig

Chairman Keiser: Opens the hearing on HB 1191 relating to insurance coverage for rental vehicles.

Representative Wald~District 37, Dickinson. Current law includes private passenger motor vehicle, station wagons, mini-vans & pickups. I'm expanding the definition starting on lines 12-17, trucks not exceeding 2600 pounds in gross vehicle weight, that's basically the U-Haul truck. Also, adding motor homes exceeding 32 feet in length. If you take out motor home, I will not have heartburn if you take out motor homes. You might consider adding on somewhere between lines 13-14, adding trailers. If you go to the next page, currently the law says if you have an accident with that rental car, we will currently pay 60% for up to 15 days. The other item on page 2, lines 19-22, loss of value, will pay up to 10%. I might suggest a January 1 effective date to reprint policies.

Representative Gruchalla: On line 13 where did you pick the 2600 pounds?

Representative Wald: Most U-Haul trucks are 2600 pounds.

Representative Gruchalla: Also, you mentioned trailers, if you have a person pull a trailer with a one ton pickup; do you think it should be included in there?

Representative Wald: Inaudible, A onetime clause then talks about something about commercial.

Representative Gruchalla: You feel trailers should be included.

Representative Wald: For physical damage.

Vice Chairman Kasper: On line 16, does not include motor homes exceeding 32 feet, motorcycles & trucks exceeding 2600 pounds. Are there 2600 pound motorcycles?

Representative Wald: Current law excludes motorcycles & trucks.

Representative Ruby: In section five, you are removing, why are we getting rid of the notice that rental coverage will be given to the insured?

Representative Wald: It's no longer needed.

Chairman Keiser: On the lost value, do other states have a loss value?

Representative Wald: They must.

Chairman Keiser: Wouldn't that leave our citizens exposed to the lost value portion of the claim if it's out of state?

Representative Wald: You could.

Anyone in opposition of HB1191?

Pat Ward~State Farm Farm Insurance, PCI and the Association of North Dakota Insurers. See attachment.

Vice Chairman Kasper: What percent of the estimated current premiums would go up?

Ward: No idea that would be up to underwriting.

Evan Mandigo~Represent the Independent Insurance Agents of North Dakota. We are also in opposition.

Chairman Keiser: On passenger rental, a form of loss is already covered.

Evan: Yes, we don't think it should be expanded any further.

Steve Becker~Executive Director of the North Dakota Professional Insurance Agents Association. We have respect for Repetitive Ward, but we opposed HB1191.

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House Industry, Business and Labor Committee

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Hearing Date: January 19, 2009

Representative Thorpe: Do we have a rental car agent here?

Chairman Keiser: Questions? We will close the hearing on HB 1191.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1191

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: January 19, 2009

Recorder Job Number: 7192

Committee Clerk Signature

Chairman Keiser: Opened the work session on HB 1191.

Vice Chairman Kasper: This is a bad bill.

Representative Thorpe: Motion to Do Not Pass.

Representative Clark: Second.

Committee Roll Call on HB 1191 with 13 yea's, 0 no's, 0 absent and Representative Clark will be the carrier.

Date: Jan 19 - 2009
Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1191

House House, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken

☐

Do Pass

☒

Do Not Pass

☐

As Amended

Motion Made By Rep. Thorpe Seconded By Rep. Clark

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	x		Representative Amerman	x	
Vice Chairman Keiser Kasper	x		Representative Boe	x	
Representative Clark	x		Representative Gruchalla	x	
Representative N Johnson	x		Representative Schneider	x	
Representative Nottestad	x		Representative Thorpe	x	
Representative Ruby	x				
Representative Sukut	x				
Representative Vigasaa	x				

Total (Yes) 13 No 0

Absent 0

Floor Assignment

Clark

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

REPORT OF STANDING COMMITTEE

HB 1191: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO NOT PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HB 1191 was placed on the Eleventh order on the calendar.

2009 TESTIMONY

HB 1191

Testimony Of Patrick Ward in Opposition to HB 1191

House Industry Business and Labor Committee

January 19, 2009

Chairman Keiser and members of the committee. My name is Pat Ward and I represent State Farm, PCI and the Association of North Dakota Insurers who all oppose this bill.

As written, this bill creates a windfall for rental car companies at the expense of the people who pay for liability coverage on private passenger cars. North Dakota is one of a few states that provides rental car coverage as part of your liability package. This bill would expand that coverage to trucks and motor homes that could cost as much or more than \$100,000. It is not necessary or prudent.

When I pay for liability coverage on my 94 pickup or my daughter's Honda Civic where on both I choose not to carry collision or comprehensive coverage, would I now have to pay additional premium to defray the cost of loss of use of a rented motor home or truck? Would this include dump trucks? Farm vehicles? Rentals for use in my personal business?

Under current law, if I choose to rent such a vehicle I can buy precisely tailored coverage directly through the rental agent for a small additional fee.

In addition to the expansion of vehicles covered it would also change the way the rental car company is compensated for loss of use and cost of repair. No other state goes so far.

In particular, we object strongly to the changes in subsection 6. Current law requires the liability insurer to pay for repair to the damaged rental car. This provision adds an additional measure of damages for diminution in value up to 10% of the market value of the car. Car rental companies would be able to claim this amount on all repairs, collect 100% of loss of use while the car is in the shop even if it would not have been rented to anyone and sell the car at a nice profit without having to report the damage in many cases.

We North Dakotans enjoy the best coverage and lowest liability premiums in the nation. Why take an action to benefit rental car companies and hurt consumers. We urge a do not pass on HB 1191. Thank you.