

2025 HOUSE TRANSPORTATION

HB 1243

2025 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Room JW327E, State Capitol

HB 1243

1/23/2025

Relating to automobile ownership following damage resulting in a total loss.
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9:30 a.m. Vice Chairman Grueneich opened the hearing.

Members Present: Chairman D. Ruby, Vice Chairman Grueneich, Representatives Christianson, Dressler, Finley-DeVile, Frelich, Johnston, Kasper, Koppelman, Maki, Morton, Osowski, Schatz Members Absent: Representative Hendrix

Discussion Topics:

- Insurance payouts
- Buyback of totaled out vehicles
- Premium rates
- Payouts for totaled vehicles
- First right of refusal
- Salvage companies vs insurance payouts
- Lien holder payments
- Storage fees

9:30 a.m. Representative D. Ruby, District 38, ND Legislative Assembly, introduced the bill.

9:40 a.m. John Ward, Attorney, Association of ND Insurers, introduced Chris Oen.

9:41 a.m. Chris Oen, Vice President of Claims, Nodak Insurance Company, testified in opposition and submitted testimony #30995.

10:00 a.m. Rob Hovland, President, Center Mutual Insurance Company, testified in opposition.

10:14 a.m. Brian Brandt, ND Towing Association, testified in opposition.

Additional written testimony:

Brooke Kelley, American Property Casualty Insurance Association, submitted testimony in opposition #30754.

Phillip Arnzen, Regional Vice President, National Association of Mutual Insurance Companies, submitted testimony in opposition #30890.

10:20 a.m. Vice Chairman Grueneich closed the hearing.

Janae Pinks, Committee Clerk

1243



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HB 1243 – Bill dealing with ownership of vehicles deemed a total loss

Chairman Ruby and esteemed members of the Transportation Committee

My name is Chris Oen, and I serve as the Vice President of Claims for Nodak Insurance Company. Nodak Insurance is domesticated in Fargo, ND and has served the residents of North Dakota for over 79 years, protecting our policyholders. I am also on the board of the Association of North Dakota Insurers.

I come before this Committee to ask for a “do not pass” recommendation regarding HB 1243.

I’d like to provide some background on auto claims and those deemed a “total loss”. The term total loss is sometimes not the easiest to understand. Some accidents it is clear the vehicle involved is not repairable. In many instances, the vehicle needs to be assessed by an insurance claims professional and/or a repair facility to determine if the actual cash value warrants repair.

Once a vehicle is determined a total loss, the insurance makes an offer and their insured accepts that offer for the actual cash value of the vehicle. With that payment, the insurance company essentially buys the “salvage” of the wrecked vehicle and disposes of it. The disposal usually happens through sales to parts buyers or some entity that may want to rebuild the wrecked vehicle. This is most often done through companies that specialize in the sale of damaged vehicles.

In some instances, the insured or owner of the vehicle may elect to keep the vehicle. Being salvaged vehicles do have value, if the owner of the vehicle elects to keep it, an agreement is made to what the value of the salvage is. This is usually a % of the actual cash value, deducted from the total loss settlement amount.

In HB 1243, I don’t believe the insurance industry has issue with paragraph #1. This is the typical process as explained above. Practically, the insured retaining the salvage is common and beneficial to both the insurer and insured. Farm trucks are a great example. Often the truck may be damaged but the box or assembly on the truck is valuable to that farmer. Insureds should be (and usually are) offered to retain the vehicle.

The issue comes with paragraph #2. “An insurer may not require an insured to pay, out of the insurance payment or otherwise, for the return of an automobile...” The reason this is problematic and would make bad statute is as follows:

- By not allowing the sale of salvage and credit to the insurance company, this will drive rates for collision and comprehensive coverages dramatically. For example, if a vehicle is worth \$10,000

and that is paid in a total loss, the insured receives a check for \$10,000 (absent deductible for this example). The insurance company then sells the wrecked vehicle for \$2000. This is a net loss to the insurance company of \$8000. That net loss is what rates are based on. Losing that net recovery would push insurers to significantly raise rates.

- There are almost always fees associated with a total loss. Towing from the scene and storage after are part of the loss and paid under the insurance contract. Those fees are offset by the sale of the salvage. This statute would create conflict between an insurance company and their insured. Who would pay the \$500 tow bill and \$500 storage if an insured is going to retain ownership? Who would be responsible for a 2nd tow from the tow lot to where the owner would like it moved?
- Damaged vehicles are inherently dangerous. From environmental to overall condition being dangerous to be around (sharp metal, glass). The process currently is vehicles are secured and disposed of (sold) by professional companies that limit environmental contamination and exposure to the public. This is especially important in regards to electric vehicles, where the disposal of batteries needs to be done in a very specific manner.
- Also, the salvage sale process has a community safety component to it. These vehicles are secured from public view and access.

In summary, from an insurance perspective, we continually strive to work with our policyholders and discuss what is best for them. If an insured wants to retain their vehicle, I think that is a commonplace transaction occurring daily in North Dakota. In order to keep insurance rates down, conflicts low, and safety for all North Dakotans, I urge this committee to give a “do not pass” recommendation.



January 21, 2025

RE: OPPOSE [HB1243](#), Total Loss

The American Property Casualty Insurance Association (APCIA) represents nearly 60 percent of the U.S. property casualty insurance market. APCIA's mission is to promote and protect the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. In North Dakota, APCIA's members write more than \$9.1 billion in property and casualty insurance premiums. We respectfully submit the following comments in **opposition to HB1243**.

It is important to remember that insurers are here to help people during some of the worst times in their lives, such as after an accident. Providing support and assistance in these challenging moments is crucial, and we must ensure that any new provisions do not unintentionally complicate the support systems already in place. A clear and fair approach is necessary to maintain that trust and support.

There are two parts to HB 1243. The first part gives the vehicle owner the choice to retain the totaled vehicle. While it is not always advisable for the owner to do so, we don't find that unreasonable. The second part of the bill prohibits an insurer from requiring the insurer to pay for or reducing a settlement for "the return" of the vehicle. It is unclear whether this means that the insurer will be required to cover expenses related to moving the vehicle from a salvage yard or a repair shop without limitation. If an accident occurs far from home, the cost to return the vehicle to the owner's home could exceed its value. This could lead to increased costs for insurance that may ultimately be passed on to policyholders.

APCIA is committed to seeking commonsense solutions that work to decrease auto insurance costs rather than increase them, as we believe is the case with proposal HB1243. It is vital that any changes made prioritize the financial stability of both insurers and policyholders, ensuring that coverage remains accessible and affordable. In conclusion, while the intention may be to provide flexibility to the insured, the execution of this provision lacks clarity and could create unnecessary burdens on both insurers and policyholders. I urge the consideration of these points as we move forward with discussions on this matter.

As it's currently written APCIA respectfully asks the committee to vote **"NO" on HB1243**. APCIA looks forward to working with the legislators on finding commonsense solutions that help decrease insurance costs for consumers not increase them.



Respectfully,

Brooke Kelley

Brooke Kelley

Assistant Vice President, State Government Relations
American Property Casualty Insurance Association



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January 22, 2025

North Dakota Legislature
House Transportation

Dear Representative Ruby – Chairman, Representative Grueneich – Vice-Chairman, and Committee Members,

Thank you for giving the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to your committee for the hearing on HB 1243.

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. NAMIC's members who write property/casualty insurance in the State of North Dakota represent roughly 40% of the marketplace.

NAMIC has concerns regarding the impact of HB 1243. Our primary concern is with the second part of the bill, which has language that we believe is unclear. Does this provision require an insurer to pay the costs for transporting an insured's vehicle, after a total loss, to any place requested? If so, this would have a large financial impact on insurers, who could be paying to transport a vehicle hundreds of miles. Anytime there is an increase in costs, such as this, there is a potential for this to be passed onto consumers, via higher premiums.

We believe that with more clarification, this language could address the bill sponsor's concern without having a large burden on insurers, and ultimately consumers.

For these reasons, NAMIC encourage the committee to vote NO on HB 1243.

Respectfully submitted,

Phillip Arnzen
Regional Vice President – Midwest
National Association of Mutual Insurance Companies

2025 HOUSE STANDING COMMITTEE MINUTES

Transportation Committee Room JW327E, State Capitol

HB 1243
1/23/2025

Relating to automobile ownership following damage resulting in a total loss.
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2:21 p.m. Chairman D. Ruby opened the meeting.

Members Present: Chairman D. Ruby, Vice Chairman Grueneich, Representatives Christianson, Dressler, Finley-DeVille, Frelich, Johnston, Kasper, Koppelman, Maki, Morton, Osowski, Schatz
Members Absent: Representative Hendrix

Discussion Topics:

- Cost of vehicle vs amount insurance will pay
- Vehicles that cannot be replaced
- Lack of full coverage
- Towing and storage costs

2:25 p.m. Representative Koppelman moved a Do Not Pass.

2:25 p.m. Representative Christianson seconded the motion.

Representatives	Vote
Representative Dan Ruby	Y
Representative Jim Grueneich	Y
Representative Nels Christianson	Y
Representative Ty Dressler	Y
Representative Lisa Finley-DeVille	Y
Representative Kathy Frelich	Y
Representative Jared Hendrix	AB
Representative Daniel Johnston	N
Representative Jim Kasper	N
Representative Ben Koppelman	Y
Representative Roger A. Maki	Y
Representative Desiree Morton	Y
Representative Doug Osowski	Y
Representative Mike Schatz	N

2:27 p.m. Motion passed 10-3-1.

2:27 p.m. Representative Frelich will carry the bill.

2:28 p.m. Chairman D. Ruby closed the meeting.

Janae Pinks, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1243 ([25.0697.01000](#))

Transportation Committee (Rep. D. Ruby, Chairman) recommends **DO NOT PASS** (10 YEAS, 3 NAYS, 1 ABSENT AND NOT VOTING). HB 1243 was placed on the Eleventh order on the calendar.