

2015 HOUSE POLITICAL SUBDIVISIONS

HB 1310

2015 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Prairie Room, State Capitol

HB 1310
2/12/2015
23752

- ☐ Subcommittee
☐ Conference Committee

Annemede Muscha

Explanation or reason for introduction of bill/resolution:

Relating to the territorial limits of a county mutual company's operations.

Minutes:

Testimony 1, 2, 3, 4

Chairman Klemin: Opened hearing on HB 1310

Representative Monson: Introduced the bill and supported it. (Testimony 1) There are other ramifications that can happen: Thinking about the rapid growth in some cities, they could turn into a population over 10,000. If that happens that insurance percentage could be raised without the insurance changing with the amount of people. By making it net premium it would give them more room to move.

Representative Hatlestad: Does this expand their sales territory too?

Representative Monson: No they are limited to their number of counties.

Berry Townsend: (Testimony 2)

Brenda Doll: (Testimony 3)

Representative Kretschmar: Do you write for farms and homes?

Brenda Doll: Yes

Representative Kretschmar: Can you write commercial statute?

Brenda Doll: The statute does not allow that.

Chairman Klemin: To clarify, you can't write commercial statute?

Brenda Doll: Correct.

Eugene Bossert: (Testimony 4)

Chairman Klemin: What city are you located in?

Eugene Bossert: Park City

Representative Kelsh: What does 26.1-13-15 says? Explain the quota share of 35%?

Eugene: The quota share, we have a limit under our reinsurance. For us we buy reinsurance which is our policy in case of catastrophe for the company. It has an unlimited amount. If we had a 2 million dollar hail storm we would not do installments because each company has an aggregate limit they go to. Then Grinnell will do the rest. On quota share we have a limit per house of 2 million dollar exposure. If we want to look at one with 2 million dollar exposure that would be 1 million dollar house, 70% for contents, 10% for additional living expense, and 20% for detachment structures. Now we are over the 2 million and we look to Grinnell for quota share. We take the 2 million less hour IOL deductible, subtract that off and we buy quota share reinsurance on the excess. We can reset this under quota share and say we will stop on every house at 400,000. Any house over 400,000 exposures including everything we will quota share with Grinnell and they intern will take whatever percentage we set. They will also take the risk then as well.

Representative Kelsh: What you're trying to do is have the net premium go against not the gross premium so you don't get over the 35% as quickly.

Eugene: Yes.

Chairman Klemin: On the part that is being amended, I need an explanation of the language.

Eugene: The insurance department would be better to explain. There is a formula and the example we had it changes the gross for use so that you can get close to it so you won't exceed it. Through the use of the quota share we will transfer that to Grinnell.

Representative Kretschmar: Do you only stick with Grinnell?

Eugene: There are ten with Grinnell and there are others available. Our relationship with them has been good because they intern provide insurance for automobiles to our agents and they do commercial. Those types of things we can't do and they partner up with us. There other companies in our state but this work the best for us.

Representative Beadle: What is the difference between a county mutual and an incorporated mutual insurance?

Eugene: When these were originally organized they were limited to actual farm exposure and our surplus requirements to do this are considerable different than an incorporated mutual otherwise. If we were to do auto insurance you need a greater amount of surplus. That is where the domestic companies have different surplus requirements.

Chairman Klemin: Will the insurance company come up and explain the language?

Edward Moody: The specific part you are referring to is a fraction. Gross premiums for the previous year are the denominator and the 35% of the net premiums in cities or towns with populations 10,000 or greater is the numerator. That is how we check compliance with the limitation should the change become law. It is on a gross basis now.

Chairman Klemin: The denominator is the gross premiums.

Edward: Written in the prior year.

Chairman Klemin: That is 35% of the gross premium written in the prior year.

Edward: That is 100% of their gross written premiums is the denominator. The numerator is 35% currently written in the cities or towns and with the amendment it would be the net premium so we would take into consideration any reinsurance they had on buildings within the cities or towns.

Chairman Klemin: 35% applies to...

Edward: the numerator of the fraction.

Chairman Klemin: It reads 35% of the company's gross written premiums for the previous year.

Edward: Yes. 35% of their net premiums as a percentage of their gross premiums written in the prior year.

Chairman Klemin: We have 35% of the company's gross written premiums.

Edward: Currently, the bill prose is 35% of their net written premiums in cities or towns.

Chairman Klemin: Maybe the original language is not written well.

Edward: I would agree but we didn't put the bill on the floor for changes.

Chairman Klemin: If you were to rewrite it how would you write it?

Edward: Just as I said. You take 35% of the net premiums written in cities or towns greater than 10,000 and compare that as a fraction of the total gross premiums written in the prior year.

Chairman Klemin: It is confusing. I would ask you to find new language that would clarify.

Representative Beadle: The limitations over 10,000, is that 35% threshold saying they can't have it in one community with population over 10,000 exceeding 35% or the collective of writing 10,000 can receive 35%?

Edward: It is the collective total. We look at all over 10,000.

Representative Beadle: I understand where there are some differences between the incorporated and the county. I understand where they can write the risk pool but is there any difference with when we start looking towards state level taxation or expenses for the different mutual companies based on if it is a county versus an incorporated?

Edward: There is no differences is how they are taxed. Being what and where they are allowed to write.

Representative Beadle: Is that reason why the risk statute was put in place because they would tend to be local and they didn't want to go belly up? What was the reason for the limitations?

Edward: That is exactly why.

Representative Beadle: So they aren't at an advantage over a corporate?

Edward: They are at a disadvantage because of the limitations of where and what they can write.

Chairman Klemin: How can we track the ones that are going over 10,000?

Edward: We do exams of the entire county mutual every 5 years and that is one of the things we check. What kinds of risks they are riding and where. Also what their exposures are. They're also limited to 10%. They can't write any risk or hazard that is greater than 10% of their surplus and that is where one of the other people testifying they have an individual accordance limits. That is the first layout of reinsurance. Then they also have an aggregate stop loss to protect their surplus.

Chairman Klemin: They have a single risk limitation of 10%?

Edward: Yes they all do.

Representative Kretschmar: In subsection 5 it allows the commissioner to establish rules. If this becomes law will the department considers to implement new rules?

Edward: If it was necessary we would but it hasn't been yet.

Representative Zubke: If the companies write one million dollars' worth of gross premiums last year that means this year they can write 35% of net premiums to cities of 10,000 of populations?

Edward: Yes

Representative Zubke: If you put it into numbers it is very distinct.

Representative Kelsh: What would this do on the liability policy?

Edward: They can do nothing; it does not involve liability policy? They are not allowed to write liability and if they do they get seeded to Grinnell.

Representative Anderson: Was this original HB before we considered the reinsurance part of it?

Edward: I am not completely sure.

Chairman Klemin: Closed the hearing on HB 1310

2015 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Prairie Room, State Capitol

HB 1310
2/12/2015
23775

☐ Subcommittee
☐ Conference Committee

Amanda Meischa

Explanation or reason for introduction of bill/resolution:

Relating to the territorial limits of a county mutual company's operations.

Minutes:

testimony 1

Chairman Klemin: Opened discussion on HB 1310

Rebecca: I have proposed amendments.

Representative Toman: Is this the same equation?

Rebecca: The confusion was when we started talking about the fraction.

Chairman Klemin: It is the same formula restated in a way that made sense.

Rebecca: Testimony 1

Representative Klein: Moved to adopt the amendments

Representative Hatlestad: Second

A Voice Vote Was Taken: All in favor

Motion carries

Representative Kelsh: The part that went against the 35%, is that still in here?

Chairman Klemin: It was not part of the bill before so it is still in there.

Representative Zubke: It is still what they intended to happen.

Representative Klein: Moved a do pass as amended

Representative Hatlestad: Second

House Political Subdivisions Committee

HB 1310

2/12/2015

Page 2

A Roll Call Vote Was Taken: Yes 14, No 0, Absent 0

Motion carries

Representative Zubke will carry the bill

February 12, 2015

HA
2-13-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1310

Page 1, line 20, after the first "the" insert "company's"

Page 1, line 20, overstrike "comprised in the formation of the company" and insert immediately thereafter ", as provided under section 26.1-13-02"

Page 1, line 24, overstrike "company may not exceed thirty-five percent of the"

Page 2, line 1, overstrike "gross" and insert immediately thereafter "net"

Page 2, line 1, overstrike "previous" and insert immediately thereafter "current"

Page 2, line 1, overstrike "for" and insert immediately thereafter "in cities with a population over ten thousand may not exceed thirty-five percent of"

Page 2, line 1, remove the overstrike over "gross"

Page 2, line 1, remove "net"

Page 2, line 2, overstrike "in cities with a population over ten thousand" and insert immediately thereafter "of the previous year"

Renumber accordingly

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1310

House Political Subdivisions Committee

☐ Subcommittee ☐ Conference Committee

Amendment LC# or Description: _____

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Klein, _____ Seconded By Hattlestad

Representative	Yes	No	Representative	Yes	No
Chairman Lawrence R. Klemin			Rep. Pamela Anderson		
Vice Chair Patrick R. Hattlestad			Rep. Jerry Kelsh		
Rep. Thomas Beadle			Rep. Kylie Oversen		
Rep. Rich S. Becker			Rep. Marie Strinden		
Rep. Matthew M. Klein					
Rep. Kim Koppelman					
Rep. William E. Kretschmar					
Rep. Andrew G. Maragos					
Rep. Nathan Toman					
Rep. Denton Zubke					

motion carried *will vote*

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 2/12/2015
Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1310

House Political Subdivisions Committee

☐ Subcommittee ☐ Conference Committee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Klein Seconded By Hatlestad

Representative	Yes	No	Representative	Yes	No
Chairman Lawrence R. Klemin	X		Rep. Pamela Anderson	X	
Vice Chair Patrick R. Hatlestad	X		Rep. Jerry Kelsh	X	
Rep. Thomas Beadle	X		Rep. Kylie Oversen	X	
Rep. Rich S. Becker	X		Rep. Marie Strinden	X	
Rep. Matthew M. Klein	X				
Rep. Kim Koppelman	X				
Rep. William E. Kretschmar	X				
Rep. Andrew G. Maragos	X				
Rep. Nathan Toman	X				
Rep. Denton Zubke	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Zubke

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

motion carries

REPORT OF STANDING COMMITTEE

HB 1310: Political Subdivisions Committee (Rep. Klemin, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1310 was placed on the Sixth order on the calendar.

Page 1, line 20, after the first "the" insert "company's"

Page 1, line 20, overstrike "comprised in the formation of the company" and insert immediately thereafter ", as provided under section 26.1-13-02"

Page 1, line 24, overstrike "company may not exceed thirty-five percent of the"

Page 2, line 1, overstrike "gross" and insert immediately thereafter "net"

Page 2, line 1, overstrike "previous" and insert immediately thereafter "current"

Page 2, line 1, overstrike "for" and insert immediately thereafter "in cities with a population over ten thousand may not exceed thirty-five percent of"

Page 2, line 1, remove the overstrike over "gross"

Page 2, line 1, remove "net"

Page 2, line 2, overstrike "in cities with a population over ten thousand" and insert immediately thereafter "of the previous year"

Renumber accordingly

2015 SENATE POLITICAL SUBDIVISIONS

HB 1310

2015 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee

Red River Room, State Capitol

HB 1310
3/19/2015
Job Number 25126

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the territorial limits of a county mutual company's operations

Minutes:

Written testimony # 1 Barry Townsend
Written testimony # 2 Brenda Doll
Written testimony # 3 Eugene Bossert
Written testimony 3 4 Rod Warner

Chairman Burckhard opened the committee for a hearing on HB 1310. All committee members were present.

Rep. David Monson sponsor and in support of HB1310. Also, President of Family Mutual Insurance Company. There was a need by the mutual insurance companies of the state to make a small change. The House passed it unanimously with the help of the people from the Department of Insurance.

Barry Townsend Secretary/Treasurer of North Dakota Association of Farmer Mutual Insurance Companies (1:40-3:46) Testimony # 1.

Senator Anderson It seems to me I wasn't familiar with County Mutual's apparently have a territory that they can write insurance in and they can't go into other places, kind of like rural electrics, is that a similar situation?

Barry Townsend That is correct. They have up to a 30 county limitation and it must be approved by the department.

Brenda Doll (4:30-6:58) Secretary Manager of Southwest Mutual Insurance in New Salem. Written testimony # 2, asking for support for HB 1310.

Senator Dotzenrod On page 2, line 2, you crossed over gross and written in and inserted the word "net", and then on line 3 you used the word "gross" as it shows again but its left the same. So, where we used to have "gross" premiums on line 2 and "gross" written premiums on line 3&4, now your comparing "net" to "gross". Could you explain to me why that is an important thing? What that really means?

Brenda Doll The wording of this is saying that the net premium for the current year will not exceed the gross premium of 35% of the gross payment from the prior year. So it's always going to be based on the prior year. So, if a company wrote a \$1 Million worth of premium in the prior year, you could have up to \$350,000 net premium that you're going to write in the current year. That would include if you had a 50/50 re-insurance quota share contract that means that 50% premium that you are retaining would be part of that \$350,000 cap that is on the net.

Chairman Burckhard It seems like a lot of math. **Brenda Doll** It is not as difficult as it sounds.

Senator Dotzenrod Is that a mistake then on line 2? The old law said gross on line 2, was that an error in the past. We should never have used the gross and that was a mistake?

Brenda Doll I don't think it was an error. Mr. Moody from the department probably can clarify the accounting part of it better than we can. I know to make sense to all of us that represent the companies, but it is kind of a technical accounting that they do on that.

Eugene Bossert Represents Dundee Mutual Insurance Company; and the Association of Mutual Insurance Companies in ND (9:44-12:40). Written testimony # 37 in support of HB 1310.

Chairman Buckhard None of this seems simple to me. Who is the percentage referee guy who watches this 35% and who does it? **Eugene Bossert** The department watches the numbers.

Chairman Burckhard What is ceded re-insurance?

Eugene Bossert Ceded reinsurance, just a quick lesson in reinsurance 101. Our reinsurance contract with Grinnell has no top limit. We can have \$ 5 Million dollars, worth of claims and they will stay with us. We have an aggregate and we buy the contract. If you have a \$900,000 aggregate you will pay out \$900,000 and Grinnell will step in after that. We also have an individual occurrence of loss deductible. Ours is \$175,000. We have a \$300,000 house go down, the first \$175,000 is ours then under that part of contract they step in. In this case, that is a basic contract. In this case we would buy ceded re-insurance or quota share and we would take that \$300,000 house, but if we get \$1 Million dollar house, it gets to be a little more than we want to have in one spot. So we'll take that million dollar house just as an example and we'll cede or share with the re-insurer 50% of that. So, if there ever is a claim on it, we keep 50% of the premium and we get 50% of the loss. The rest goes to Grinnell as part of their project. They've been running the quota share and ceded reinsurance for many years out of Grinnell, Iowa in a 9 state area so it is a proven and effective method for them and for us.

Senator Dotzenrod Again the gross, when they say gross written premiums is that like all of the premiums for all of the insurance companies in that city? Is that what they mean by gross or is it just the gross premium for that one company?

Eugene Bossert It is just the gross premium for that one company as on their financial statement.

Senator Dotzenrod so what is the difference between that. I think I understand what a premium is when I buy insurance, but I don't understand the difference between a gross premium and a net premium?

Eugene Bossert On our annual statement our gross premium is every dollar that is taken in. The net premium is when we subtract the reinsurance costs. That is the way the state statute is written. So we are able to reduce our gross premium to a net premium by just subtracting the reinsurance costs. That is where we want to add in that ceded reinsurance costs to lower that. Then the 35% is based on the net.

Senator Dotzenrod Then the effect of this is your going to be more able to write more insurance within a community that you couldn't do in the past.

Eugene Bossert Yes that is correct.

Senator Judy Lee This reminds me of accounting that students' in school and the way West Fargo gets shafted because we count last years instead of this years. But that is a point with the net written compared to the gross. Is there someplace where we're going to end up playing catch up here? I mean it's going to come back and bite you. Do you really not want to have it be both gross or both net?

Eugene Bossert Again I am going to defer that to the department because their formula and method. We agree with this as far as we think we can make it work and comply with the departments wishes on it.

Senator Judy Lee Obviously the net is going to be less than the gross. So 35% of what, I am not arguing about what you want to do here, please don't get that idea, but if you're basing if off the net, of the previous year, instead of the current year, well you understand what you're saying, I just get it. I thinking that it is why do you want to do it that way and so it must be the best way or you wouldn't be asking to do it that way.

Eugene Bossert Correct. Thank you.

Chairman Burckhard So, in your testimony it's all capital letters. Why is that?

Eugene Bossert It is a lot easier to read, double spaced capital letters.

Senator Judy Lee it is shouting out to us. **Eugene Bossert** I apologize for that, I think that is only in emails.

Rod Warner General Manager of Family Mutual Insurance Company; a county insurance company with offices in Bismarck and Cando. Also, current President of the North Dakota Association of Farm Mutual Insurance Companies and includes all 10 county mutual of who are full members and also two statewide mutual companies who are associate members. I come before you today to ask support of HB 1310. (18:01-19:41) Written testimony # 4.

Senator Dotzenrod I just want to make sure that I understand that I've got the sense that the insurance industry and your company's believe that the rules that we've had in the past that this whole concept that you don't want to get much exposure for one company within a city because that could be a big financial hazard to that company. So, that's why we've had the laws we had and your saying, even though you're proposing these changes you still think that is a good idea to have, the limits there because of that risk to that company. You're not asking that we abandon that, you want, since there getting participating companies to help with that risk you think we ought to recognize that in the law.

Rod Warner I can't speak for the total association, but yes from our company's standpoint we do believe that this restriction is a good one for small companies.

Chairman Burckhard as for opposition testimony, and then neutral testimony.

Everett Moody Director of Insurance Company Licensing Examinations for the North Dakota Insurance Department. (21:19-21:22) The Department is neutral on the bill but I will be happy to answer any questions.

Senator Judy Lee Why is it better to compare net premiums in the current year to the gross premiums of the previous year? I know it's really swell if the business is growing but why wouldn't you want something that absolutely was more fixed. Then you don't have to worry about where the population goes up or down.

Everett Moody The formula has always been backward looking so it is based on where you were and granted if your growing a lot that may cause an impediment in the current year, but it will obviously catch up in the next year the growth because it your prior year. So, yes it does but that has always been the benchmark for years because we have to have something to go on and that is what have you done in the past?

Senator Anderson Obviously, the reason it is done that way is it is much easier to look back at the prior years' premium than it would be to keep up with current year. Obviously these insurance companies know how much they sell and they probably report to their reinsurance company the same day that they close an additional policy. So the numbers would be there, they could report but just much easier to go off their last years' financial statement and say this is how much we had for premiums and what the net was.

Everett Moody Historically for regulation we've always benchmarked the performance to the prior year. If you look at all the legislation regarding insurance regulation we always looked back to the prior year as a benchmark even if the insurer and their reinsurer have current information. We always basing about what they did in the past.

Chairman Burckhard We've got all of those in favor and have testified and have no opposition, we also had the neutral testimony. I am going to close the hearing on HB 1310.

Senator Judy Lee I move do pass on HB 1310.

2nd Senator Grabinger

Roll call vote

5-0-1

Carrier **Senator Anderson**

We'll leave it open for Senator Bekkedahl to vote.

Minutes

Roll call vote

5-0-1

Senator Bekkedahl later votes " yes" on the Do Pass motion on HB 1310, changing the roll call vote to 6-0-0. Job number 25129

Date: 3.19.15
Roll Call Vote: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1310

Senate Political Subdivisions Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Sen. Judy Lee Seconded By Sen. Grabinger

Senators	Yes	No	Senators	Yes	No
Chairman Burckhard	X				
Senator Anderson	X		Senator Dotzenrod	X	
Senator Bekkedahl	X		Senator Grabinger	X	
Senator Judy Lee	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Anderson

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

REPORT OF STANDING COMMITTEE

HB 1310, as engrossed: **Political Subdivisions Committee (Sen. Burckhard, Chairman)**
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1310 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1310

HB 1310
2/12/2015
1.1

Testimony on HB 1310

Rep. David Monson, Dist. 10

Chairman Klemin, members of the Committee, for the record I'm Representative Dave Monson.

I'm here today in support of HB 1310. The section of NDCC 26 1-13-15 limits the territory a county mutual company can operate, and it further sets the percentage of business a county mutual can write in cities with populations over 10,000. The amount of insurance those companies can write was limited as the statutes presently state to safeguard financial solvency of smaller companies. We may conclude it is based primarily on concentration of risk. A severe hail storm in a large city where a small company is over concentrated can be debilitating if not terminal to a small company.

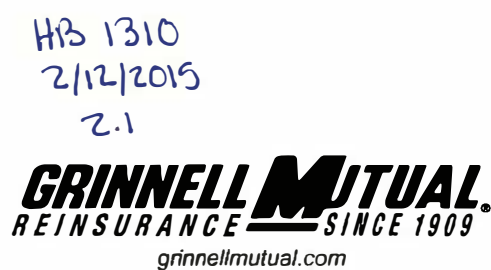
In that regard, county mutual companies, like all companies, can avoid taking on too much risk in a city by a reinsurance contract called a "quota share" agreement. In a quota share, a county mutual may collect all of the premium but cede off a percent of the risk. As an example, let's say a county mutual collects a \$1,000 Homeowners premium in Bismarck but cedes or quota shares 50 percent of the risk with their reinsure. They would also send them 50 percent of the gross premium collected or \$500. Unfortunately, as section 26.1-13-13 subset 5 is written, the writing company is required to report the entire premium of \$1,000, even though the company has actually reduced the premium and risk in line with the statute's intent to safeguard financial security.

One additional point, Section 26.1-13-15 subset 3, incorporates 26.1-13-16, which covers liability insurance, into the restriction imposed in subset 5. In the case of liability insurance, I believe all 10 of the county mutual companies cede or transfer the entire risk and entire premium to their reinsurer, but because it is reported as gross premium collected instead of net premium collected, it must be counted in the 35 percent restriction. The inclusion of liability insurance premium as gross written premium when the companies are taking no risk can amount to as much as 7-10 percent of the total premium and get the companies to the 35 percent of premium written much, much quicker. We feel HB 1310 will better right-size premium collected with risk in force and maintain safeguarding financial solvency of the county mutual companies.

We consulted with the ND Department of Insurance who had written the present law, and they have indicated not having a problem with the change the amendment would make.

Thank you for your favorable consideration of HB 1310.

There will be some who will testify from the State Association of County Mutual Companies and a manager or two who will answer any questions you might have, but I can try to answer any questions you may have at this time as well.



Grinnell Mutual Reinsurance Company

4215 Highway 146
PO Box 790
Grinnell, IA 50112-0790
Phone 800-362-2041 or 641-269-8000

February 9, 2015

Mr. Barry Townsend
North Dakota Association of Farm Mutual
Insurance Companies
P.O. Box 65
La Moure, N.D. 58458

Re: North Dakota HB 1310

Dear Mr. Townsend:

Grinnell Mutual Reinsurance Company supports the efforts of the North Dakota Association of Farm Mutual Insurance Companies in pursuing legislation that would change the premium percentage limitation of county mutual insurance companies in towns of greater than 10,000 population (HB 1310). As currently drafted, the provisions of HB 1310 would change the percentage limitation for business written in towns of greater than 10,000 population from 35% of the prior year gross premiums written to 35% of the prior year net premiums written.

The effect of the proposed change is to allow recognition of ceded reinsurance, thereby allowing the county mutual to partner with their reinsurer to more effectively compete for business in larger communities, without threatening the solvency of the company. We believe this legislation would serve consumers well by expanding competition for their property insurance business in larger cities and towns and allow North Dakota's county mutual industry to continue to grow and thrive.

Grinnell Mutual appreciates the opportunity to comment on this important legislation and encourages the North Dakota Legislature to enact HB 1310 during its 2015 session.

Sincerely,

Adam Smith
Vice President - Reinsurance

HB 1310
2/12/2015

3.1
HOUSE BILL 1310 Chairman Lawrence R Klemin
Members of the Committee

TESTIMONY BY: Brenda L Doll

SECRETARY/MANAGER – SOUTHWEST MUTUAL INSURANCE COMPANY – NEW SALEM ND
PAST PRESIDENT NORTH DAKOTA ASSOCIATION OF COUNTY MUTUALS
LICENSED AGENT SINCE 1987

Chairman Klemin and Members of the Committee:

My name is Brenda Doll, a 35 year employee of Southwest Mutual Insurance Company, which has been serving western North Dakota since 1900. I am here to ask for your support of House Bill 1310.

HB 1310 will seek to modify statute 26.1-13-15 to allow county mutual insurers the flexibility to continue insuring properties located in North Dakota cities over 10,000 population. As a company located on fringes of the oil boom, we are experiencing the effects of the housing boom, and available markets to insure homes in these cities. From 2005, when the statute changed to allow county mutuals to insure homes in cities over 10,000 population, through 2009, the total premium written by Southwest Mutual in cities over 10,000 population increased an average of 6% per year. In 2010, the increase was 26%, from 2011 through 2013 a 14.5% average increase, and in 2014 that increase was 20%, resulting in a ten year average annual increase of 12 ¾%. A large percentage of the increase in business includes properties in the cities of Dickinson, Mandan and Bismarck.

As a North Dakota county mutual, and speaking on behalf of our many independent professional insurance agents serving western North Dakota, we have and continue to experience challenges in the insurance industry due to oil activities. With the influx of wealth comes the influx of new home construction. This presents an opportunity for companies and agents to increase their book of business. For county mutual insurers, and the 35% cap stated in 26.1-13-15, it also presents a challenge, especially for those companies having the larger cities within their territories. The statute word change from "gross" to "net" could ultimately result in a county mutual writing double the 35% cap calculation, if that county mutual enrolls in quota share reinsurance. Under 50/50 quota share, you are ceding 50% of the quota-share premium to the reinsurance company, along with 50% of the risk.

With the continued trend of less and larger farm properties, and the constant migration to urban residential areas, this statute change will allow the county mutuals, along with their independent agents, expansion and growth in the larger cities, with the statute limitation continuing to safeguard financial solvency.

I ask for your favorable vote on HB1310. Thank you.

HB 1310
2/12/2015

4.1

HOUSE BILL 1310

CHAIRMEN LAWRENCE R KLEMIN
MEMBERS OF THE COMMITTEE

TESTIMONY BY EUGENE BOSSERT
SECRETARY / TREASURER/ MANAGER DUNDEE MUTUAL INSURANCE CO.
PAST PRESIDENT NORTH DAKOTA ASSOCIATION OF COUNTY MUTUALS
CERTIFIED INSURANCE COUNSELOR
LICENSED AGENT SINCE 1985

AS MANAGER AND EMPLOYEE OF DUNDEE MUTUAL INSURANCE COMPANY FOR THE
PAST 30 YEARS, I AM HERE TO ASK YOUR SUPPORT OF HOUSE BILL 1310.

THE COUNTY MUTUAL INSURANCE COMPANIES, SOME ESTABLISHED SINCE 1884
CONTINUE TO SEEK WAYS TO ASSIST OUR POLICYHOLDERS, MANY OF WHO ARE
NOW 4th AND 5th GENERATION INSURED.

AS THE LANDSCAPE HAS CHANGED OVER THE PAST YEARS WITH NATURAL DISASTERS
SUCH AS FLOODS FOR TOWNS LIKE MINOT, BISMARCK, MANDAN AND FARGO, AS WELL
AS THE OIL BOOM TO CREATE AN INFLUX OF POPULATION WE ARE SEEING A CHANGE IN
OUR POLICYHOLDER'S NEEDS AND FINANCIAL STRENGTH.

THE CORE OF OUR COMPANIES IS FARM OR AGRICULTURE RELATED IN A DEFINED 30
COUNTY TERRITORY. THE NUMBER OF FARMS HAS DROPPED ANNUALLY AS
REPORTED BY THE USDA, SO OUR SHARE OF FARMS IS DWINDLING IN COMPARISON TO
NEW HOUSES.

WE ASK FOR THE CHANGE IN THE STATE STATUE TO ALLOW US TO PROVIDE MORE
INSURANCE IN THE 8 CITIES WITH MORE THAN 10,000 POPULATION.

WE WILL DO THIS UNDER RULES SET FORTH BY THE INSURANCE DEPARTMENT WITH THE
CHANGE OF ONE WORD " GROSS " TO " NET " ON PAGE TWO LINE 1 AND THROUGH THE
USE OF REINSURANCE TO CEDE OR QUOTA SHARE INCREASED EXPOSURE TO OUR
REINSURANCE CARRIER. AS YOU HEARD THE LETTER ENTERED IN TO THE RECORD FROM
GRINNELL REINSURANCE THEY ARE READY TO ACCEPT THE EXPOSURE TO ALLOW US TO
MORE EFFECTIVELY COMPETE IN THE LARGER CITIES.

WHAT WE HAVE FOUND IN THOSE CITIES IS THE NUMBER OF BUILDING PERMITS FOR SINGLE FAMILY RESIDENCES HAVE INCREASED ANNUALLY OVER THE PAST 5 YEARS SOMETIMES DOUBLED IN CITIES IN THE WESTERN HALF OF THE STATE. AT THE SAME TIME THE AVERAGE VALUE OF THE HOME BEING BUILT HAS INCREASED. THIS IN TURN HAS DOUBLE EFFECT AS THE CITIES RE ASSESS THE TAX BASE FOR EXISTING HOMES. THE HOMEOWNERS POLICY IS BASED ON THE VALUE OF THE HOUSE SO WE SEE STEADY INCREASE IN PREMIUM ON EXISTING POLICIES AND HIGHER AVERAGE VALUE ON NEW HOMES, WE INSURE IN THOSE 8 CITIES.

MANY OF THOSE 8 CITIES HAVE HOUSING DEVELOPMENTS AROUND THEM THAT ARE BEING ANNEXED SO THE TOWN CAN GET THE INCREASED TAX REVENUE . WHEN THAT HAPPENS THOSE HOUSES WE INSURED AS RURAL HOMES N THOSE DEVELOPMENTS NOW ARE INCREASING OUR PREMIUM WITH OUT OUR SOLICITATION

WHAT HAS HAPPENED FOR ONE OF OUR COMPANIES IS THAT THEY WERE NEAR CAPACITY ON THE 35 % SO THEY STOPPED WRITING NEW BUSINESS IN 2 OF THE CITIES FROM JULY TO DECEMBER IN 2014.

THAT COMPANIES PREMIUM IN TOWNS OVER 10,000 POPULATION INCREASED FROM \$ 37,000.PREMIUM IN 2010 TO \$ 114,000.00 IN 2014.

A 32 % INCREASE IN PREMIUM IN 2 TOWNS, SO THE COMPANY TURNED TO QUOTA SHARE. HOWEVER WITH GROSS RATHER THEN NET IT HAD LITTLE EFFECT FOR THE COMPANY, THEREFORE, THEY CONTINUED THE 6 MONTH SHUTDOWN OF NEW BUSINESS IN THOSE 2 CITIES.

AGENTS ARE CREATURES OF HABIT JUST AS WE ARE, WHEN THEY FIND A MARKET THEY CAN WORK WITH THEY WILL CONTINUE TO USE IT, IF IT IS NOT AVAILABLE FOR 6 MONTHS THEY WILL LOOK TO OTHER COMPANIES, AND EVENTUALLY PLACE LESS AND LESS WITH THAT COUNTY MUTUAL. THUS PLACING THAT COUNTY MUTUAL AND THE REST OF THE COUNTY MUTUAL'S AT A DISADVANTAGE TO WRITE INSURANCE IN THOSE TOWNS WITH THE BEST FIRE DEPARTMENTS.

IN SUMMARY WE FEEL THESE CHANGES WILL HELP US TO CONTINUE TO SERVE NORTH
DAKOTA POLICYHOLDERS' NEEDS IN THIS EVER CHANGING NORTH DAKOTA MARKET.

WE ASK FOR YOUR SUPPORT OF HOUSE BILL 1310 AS PRESENTED.

THANK YOU AND IF YOU HAVE ANY QUESTIONS, I WOULD BE HAPPY TO RESPOND.

RESPECTFULLY SUBMITTED

EUGENE BOSSERT

SECRETARY / TREASURER / MANAGER

DUNDEE MUTUAL INSURANCE COMPANY

HB 1310
2/12/2015
1.1

Prepared by the North Dakota
Insurance Department
February 12, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1310

Page 1, line 20, replace "the" with "its" and replace "comprised in the formation of the company" with "as defined in section 26.1-13-02"

Page 1, line 24, replace "A company may not exceed thirty-five percent of the" with "A company's net written premiums of the current year in cities with a population over ten thousand may not exceed thirty-five percent of the gross written premiums of the previous year."

Page 2, overstrike lines 1 and 2

Renumber accordingly



Grinnell Mutual Reinsurance Company

4215 Highway 146
PO Box 790
Grinnell, IA 50112-0790
Phone 800-362-2041 or 641-269-8000

HB 1310
3.19.15
#1

February 9, 2015

Mr. Barry Townsend
North Dakota Association of Farm Mutual
Insurance Companies
P.O. Box 65
La Moure, N.D. 58458

Re: North Dakota HB 1310

Dear Mr. Townsend:

Grinnell Mutual Reinsurance Company supports the efforts of the North Dakota Association of Farm Mutual Insurance Companies in pursuing legislation that would change the premium percentage limitation of county mutual insurance companies in towns of greater than 10,000 population (HB 1310). As currently drafted, the provisions of HB 1310 would change the percentage limitation for business written in towns of greater than 10,000 population from 35% of the prior year gross premiums written to 35% of the prior year net premiums written.

The effect of the proposed change is to allow recognition of ceded reinsurance, thereby allowing the county mutual to partner with their reinsurer to more effectively compete for business in larger communities, without threatening the solvency of the company. We believe this legislation would serve consumers well by expanding competition for their property insurance business in larger cities and towns and allow North Dakota's county mutual industry to continue to grow and thrive.

Grinnell Mutual appreciates the opportunity to comment on this important legislation and encourages the North Dakota Legislature to enact HB 1310 during its 2015 session.

Sincerely,

Adam Smith
Vice President - Reinsurance

H.B. 1310
3.19.15
#2

HB 1310

CHAIRMAN RANDALL A BURCKHARD
MEMBERS OF THE COMMITTEE

TESTIMONY BY: BRENDA L. DOLL
SECRETARY / MANAGER –SOUTHWEST MUTUAL INSURANCE COMPANY, NEW SALEM, ND
PAST PRESIDENT NORTH DAKOTA ASSOCIATION OF COUNTY MUTUALS
LICENSED AGENT SINCE 1987

CHAIRMAN BURCKHARD AND MEMBERS OF THE COMMITTEE:

AS A 35 YEAR EMPLOYEE OF SOUTHWEST MUTUAL INSURANCE COMPANY, WHICH HAS BEEN SERVING WESTERN NORTH DAKOTA SINCE 1900, I AM ASKING FOR YOUR SUPPORT OF HOUSE BILL 1310.

HB 1310 WILL SEEK TO MODIFY STATUTE 26.13-15 TO ALLOW COUNTY MUTUAL INSURANCE COMPANIES THE FLEXIBILITY TO CONTINUE INSURING PROPERTIES LOCATED IN NORTH DAKOTA CITIES OVER 10,000 POPULATION. AS A COMPANY LOCATED ON THE FRINGES OF THE OIL BOOM, WE ARE EXPERIENCING THE EFFECTS OF THE HOUSING BOOM, AND AVAILABLE MARKETS TO INSURE HOMES IN THESE CITIES.

FROM 2005 , WHEN THE STATUTE CHANGED TO ALLOW COUNTY MUTUALS TO INSURE IN CITIES OVER 10,000 POPULATION, THROUGH 2009 , SOUTHWEST MUTUAL PREMIUM IN THOSE TOWNS INCREASED AN AVERAGE OF 6% PER YEAR, IN 2010 THE INCREASE WAS 26 % , 2011 THROUGH 2013 A 14.5 % INCREASE AND IN 2014 A 20% INCREASE RESULTING IN A TEN YEAR AVERAGE INCREASE OF 12 ¾ % . A LARGE PERCENTAGE OF THE INCREASE IN BUSINESS WAS IN DICKINSON, MANDAN AND BISMARCK.

AS A NORTH DAKOTA COUNTY MUTUAL INSURANCE COMPANY AND ON BEHALF OF OUR MANY INDEPENDENT PROFESSIONAL INSURANCE AGENTS SERVING WESTERN NORTH DAKOTA, WE HAVE AND CONTINUE TO EXPERIENCE CHALLENGES IN THE INSURANCE INDUSTRY DUE TO OIL ACTIVITY. WITH THE INFLUX OF WEALTH COMES THE INFLUX OF NEW HOME CONSTRUCTION. THIS PRESENTS AN OPPORTUNITY FOR COMPANIES AND AGENTS TO INCREASE THEIR BOOK OF BUSINESS. FOR COUNTY MUTUAL COMPANIES AND THE 35 % CAP CURRENTLY IN PLACE PRESENTS A CHALLENGE FOR THOSE OF US WITH THE LARGER CITIES IN THEIR TERRITORIES. THE WORDING CHANGE AS REWRITTEN WILL BE OF BENEFIT TO THE COUNTY MUTUAL'S WITH THE USE OF CEDING OR QUOTA SHARE REINSURANCE. WITH THE QUOTA SHARE EXAMPLE OF 50/50 A COMPANY COULD CEDE 50 % OF THE PREMIUM AND 50% OF THE RISK.

WITH THE CONTINUED TREND OF LESS FARMS AND LARGER FARMS AS WELL AS THE CONSTANT MIGRATION TO URBAN RESIDENTIAL AREAS, THIS CHANGE IN THE STATUTE WILL ALLOW THE COUNTY MUTUAL'S ALONG WITH THEIR INDEPENDENT AGENTS , EXPANSION AND GROWTH IN THE LARGER CITIES AND CONTINUE TO SAFEGUARD THE FINANCIAL SOLVENCY OF THE OF THE COUNTY MUTUAL INSURANCE COMPANIES.

I ASK FOR YOUR FAVORABLE VOTE ON HB 1310
THANK YOU

H.B. 1310
3.19.15
#3.1

BILL 1310

CHAIRMEN RANDALL A BURCKHARD
MEMBERS OF THE COMMITTEE

TESTIMONY BY EUGENE BOSSERT
SECRETARY / TREASURER/ MANAGER DUNDEE MUTUAL INSURANCE CO.
PAST PRESIDENT NORTH DAKOTA ASSOCIATION OF COUNTY MUTUAL'S
CERTIFIED INSURANCE COUNSELOR
LICENSED AGENT SINCE 1985

AS MANAGER AND EMPLOYEE OF DUNDEE MUTUAL INSURANCE COMPANY FOR THE
PAST 30 YEARS, I AM HERE TO ASK YOUR SUPPORT OF HOUSE BILL 1310.

THE COUNTY MUTUAL INSURANCE COMPANIES, SOME ESTABLISHED SINCE 1884
CONTINUE TO SEEK WAYS TO ASSIST OUR POLICYHOLDERS, MANY OF WHO ARE
NOW 4th AND 5th GENERATION INSURED'S.

AS THE LANDSCAPE HAS CHANGED OVER THE PAST YEARS WITH NATURAL DISASTERS
SUCH AS FLOODS FOR TOWNS LIKE MINOT, BISMARCK, MANDAN AND FARGO, AS WELL
AS THE OIL BOOM TO CREATE AN INFLUX OF POPULATION WE ARE SEEING A CHANGE IN
OUR POLICYHOLDER'S NEEDS AND FINANCIAL STRENGTH.

THE CORE OF OUR COMPANIES IS FARM OR AGRICULTURE RELATED IN A DEFINED 30
COUNTY TERRITORY. THE NUMBER OF FARMS HAS DROPPED ANNUALLY AS
REPORTED BY THE USDA, SO OUR SHARE OF FARMS IS DWINDLING IN COMPARISON TO
NEW HOUSES.

WE ASK FOR THE CHANGE IN THE STATE STATUE TO ALLOW US TO PROVIDE MORE
INSURANCE IN THE 8 CITIES WITH MORE THAN 10,000 POPULATION.

WE WILL DO THIS UNDER RULES SET FORTH BY THE INSURANCE DEPARTMENT WITH THE
CHANGE OF WORDING AS DRAFTED BY THE INSURANCE DEPARTMENT AND THROUGH
THE USE OF REINSURANCE TO CEDE OR QUOTA SHARE INCREASED EXPOSURE TO OUR
REINSURANCE CARRIER. AS YOU HEARD THE LETTER ENTERED IN TO THE RECORD FROM
GRINNELL REINSURANCE THEY ARE READY TO ACCEPT THE EXPOSURE TO ALLOW US TO
MORE EFFECTIVELY COMPETE IN THE LARGER CITIES.

L.B. 1310
3.19.15
#3.2

WHAT WE HAVE FOUND IN THOSE CITIES IS THE NUMBER OF BUILDING PERMITS FOR SINGLE FAMILY RESIDENCES HAVE INCREASED ANNUALLY OVER THE PAST 5 YEARS SOMETIMES DOUBLED IN CITIES IN THE WESTERN HALF OF THE STATE. AT THE SAME TIME THE AVERAGE VALUE OF THE HOME BEING BUILT HAS INCREASED. THIS IN TURN HAS DOUBLE EFFECT AS THE CITIES RE ASSESS THE TAX BASE FOR EXISTING HOMES. THE HOMEOWNERS POLICY IS BASED ON THE VALUE OF THE HOUSE SO WE SEE STEADY INCREASE IN PREMIUM ON EXISTING POLICIES AND HIGHER AVERAGE VALUE ON NEW HOMES, WE INSURE IN THOSE 8 CITIES.

MANY OF THOSE 8 CITIES HAVE HOUSING DEVELOPMENTS AROUND THEM THAT ARE BEING ANNEXED SO THE TOWN CAN GET THE INCREASED TAX REVENUE. WHEN THAT HAPPENS THOSE HOUSES WE INSURED AS RURAL HOMES N THOSE DEVELOPMENTS NOW ARE INCREASING OUR PREMIUM WITH OUT OUR SOLICITATION

WHAT HAS HAPPENED FOR ONE OF OUR COMPANIES IS THAT THEY WERE NEAR CAPACITY ON THE 35 % SO THEY STOPPED WRITING NEW BUSINESS IN 2 OF THE CITIES FROM JULY TO DECEMBER IN 2014.

THAT COMPANIES PREMIUM IN TOWNS OVER 10,000 POPULATION INCREASED FROM \$ 37,000. PREMIUM IN 2010 TO \$ 114,000.00 IN 2014.

A 32 % INCREASE IN PREMIUM IN 2 TOWNS, SO THE COMPANY TURNED TO QUOTA SHARE. HOWEVER WITH GROSS RATHER THEN NET IT HAD LITTLE EFFECT FOR THE COMPANY, THEREFORE, THEY CONTINUED THE 6 MONTH SHUTDOWN OF NEW BUSINESS IN THOSE 2 CITIES.

AGENTS ARE CREATURES OF HABIT JUST AS WE ARE, WHEN THEY FIND A MARKET THEY CAN WORK WITH THEY WILL CONTINUE TO USE IT, IF IT IS NOT AVAILABLE FOR 6 MONTHS THEY WILL LOOK TO OTHER COMPANIES, AND EVENTUALLY PLACE LESS AND LESS WITH THAT COUNTY MUTUAL. THUS PLACING THAT COUNTY MUTUAL AND THE REST OF THE COUNTY MUTUAL'S AT A DISADVANTAGE TO WRITE INSURANCE IN THOSE TOWNS WITH THE BEST FIRE DEPARTMENTS.

L.B. 1310
3.19.15
#3.3

IN SUMMARY WE FEEL THESE CHANGES WILL HELP US TO CONTINUE TO SERVE NORTH
DAKOTA POLICYHOLDERS' NEEDS IN THIS EVER CHANGING NORTH DAKOTA MARKET.

WE ASK FOR YOUR SUPPORT OF BILL 1310 AS PRESENTED.

THANK YOU AND IF YOU HAVE ANY QUESTIONS, I WOULD BE HAPPY TO RESPOND.

RESPECTFULLY SUBMITTED

EUGENE BOSSERT

SECRETARY / TREASURER / MANAGER

DUNDEE MUTUAL INSURANCE COMPANY

HB 1310

CHAIRMAN RANDALL A. BURCKHARD
MEMBERS OF THE COMMITTEE

H.B. 1310
3.19.15
#4

TESTIMONY OF ROD WARNER
GENERAL MANAGER OF FAMILY MUTUAL INSURANCE COMPANY, CANDU, ND
PRESIDENT, NORTH DAKOTA ASSOCIATION OF FARM MUTUAL COMPANIES

CHAIRMAN BURCKHARD AND MEMBERS OF THE COMMITTEE;

MY NAME IS ROD WARNER. I AM THE GENERAL MANAGER OF FAMILY MUTUAL INSURANCE COMPANY, A COUNTY MUTUAL COMPANY WITH OFFICES IN CANDU AND BISMARCK, ND. I AM ALSO THE CURRENT PRESIDENT OF THE NORTH DAKOTA ASSOCIATION OF FARM MUTUAL COMPANIES, AN ASSOCIATION WHICH REPRESENTS ALL 10 COUNTY MUTUAL COMPANIES IN ND WHO ARE FULL MEMBERS AND ALSO INCLUDES SEVERAL STATEWIDE COMPANIES WHO ARE ASSOCIATE MEMBERS.

I COME BEFORE YOU TODAY TO ASK YOUR SUPPORT FOR HB 1310.

THE BILL IS INTENDED TO CHANGE THE NDCC 26 1-13-15 WHICH LIMITS THE TERRITORY IN WHICH A COUNTY MUTUAL COMPANY CAN OPERATE AND IT FURTHER SETS THE PERCENTAGE OF BUSINESS A COUNTY MUTUAL CAN ACCEPT IN TOWNS WITH POPULATION IN EXCESS OF 10,000. THE STATUTE LIMITS GROSS WRITTEN PREMIUM IN THOSE CITIES TO 35% OF THE TOTAL GROSS WRITTEN PREMIUM OF THE PREVIOUS YEAR. THE INTENT OF THE RESTRICTION, AS IS STATED IN THE STATUTE, IS TO SAFEGUARD THE FINANCIAL SOLVENCY OF THE COMPANIES IN OUR CLASS BY LIMITING THE AMOUNT OF BUSINESS WE CAN ACCEPT IN A CONCENTRATED AREA, LARGER CITIES REPRESENT.

UNFORTUNATELY, THE STATUTE AS WRITTEN DID NOT CONTEMPLATE OR ADJUST FOR PREMIUM AND RISK THAT IS SHARED WITH ANOTHER COMPANY. AS WRITTEN, IF PREMIUM IS COLLECTED, IT IS COUNTED AS WRITTEN PREMIUM EVEN THOUGH A PERCENTAGE OF THAT PREMIUM MAY BE GOING TO A REINSURANCE COMPANY WHO IS ALSO ACCEPTING A PERCENTAGE OF THE RISK SHOULD A LOSS OCCUR.

HB 1310 CHANGES THE ACCOUNTING OF GROSS WRITTEN PREMIUM FOR THOSE COMPANIES WHO SHARE THE RISK WITH A SECOND CARRIER TO NET PREMIUM SO THAT THE NUMBERS CLEARLY REPRESENT THE INTENT AND PROTECTIONS IN THE RESTRICTION.

I HOPE YOU CAN GIVE HB 1310 A DO PASS. I WOULD BE HAPPY TO ANSWER QUESTION THAT YOU MAY HAVE.

THANK YOU