

**2015 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1365**

# 2015 HOUSE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee  
Peace Garden Room, State Capitol

HB 1365  
2/3/2015  
Job Number 23155

- Subcommittee  
 Conference Committee



## Explanation or reason for introduction of bill/resolution:

Relating to proof of mailing of insurance notices.

## Minutes:

Attachments #1-5

**Chairman Keiser:** Opens the hearing on HB 1365.

**Representative Lefor~District 37-Dickinson, Bill Sponsor:** (Attachment 1).

**Representative Laning:** How do the costs compare on certified mail vs. and IMb (Intelligent Mail barcode) mail.

**Representative Lefor:** Certified mail is about \$7 or \$8. I don't know the cost of the IMb tracing.

(2:35)

**Dwight Easton~Farmers Insurance Group of Companies:** (Attachment 2).

**Representative Ruby:** If some barcoding is not correct, will it show it's delivered even if it is to the wrong place?

**Dwight Easton:** I believe you're correct.

**Chairman Keiser:** The address could be incorrect and also the barcoding.

**Dwight Easton:** I'm not qualified to answer but USPS could answer that.

**Stephen Schneider~American Insurance Association:** (Attachment 3). Not present but provided by Dwight Easton.

**Pat Ward~Association of North Dakota Insurers:** Page 1, line 23 has a double negative with "may not fail." Take that out and say "must renew." In support of the bill.

**Jeff Evink~Professional Insurance Agents of North Dakota (PIAND):** (Attachment 4).

(11:08)

**Chairman Keiser:** If a party could document that they didn't receive it, should we have a provision to address that situation?

**Jeff Evink:** That could happen now with certified mail, but what can you do?

**Opposition:**

None

**Neutral:**

None

**Chairman Keiser:** Closed the hearing

**Representative Kasper:** Moved to amend page 1, line 23 to read, "an insurer must renew." (Attachment #5)

**Representative Becker:** Seconded the motion.

**Voice Vote taken.** Motion carried.

**Representative Sukut:** Moved Do Pass as amended.

**Representative Boschee:** Seconded the motion

**A Roll Call vote was taken: Yes 11, No 2, Absent 2.**

**Do Pass as amended carries.**

**Representative Hanson will carry the bill.**

15.0515.01001  
Title.02000

Adopted by the Industry, Business and Labor  
Committee

February 3, 2015

SB  
23-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1365

Page 1, line 23, overstrike "may"

Page 1, line 23, remove "not"

Page 1, line 23, overstrike "fail to" and insert immediately thereafter "shall"

Renumber accordingly

Date: Feb 3

Roll Call Vote: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1365

House Industry, Business & Labor Committee

- Subcommittee  Conference Committee

Amendment LC# or Description: pg 1, line 23 = replace the word w/ must

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

Motion Made By Rep. Kasper Seconded By Rep. Becker

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Representative Lefor		
Vice Chairman Sukut			Representative Louser		
Representative Beadle			Representative Ruby		
Representative Becker			Representative Amerman		
Representative Devlin			Representative Boschee		
Representative Frantsvog			Representative Hanson		
Representative Kasper			Representative M Nelson		
Representative Laning					

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

voice vote - motion passed

Date: Feb 3

Roll Call Vote: 2

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1365

House Industry, Business & Labor Committee

Subcommittee  Conference Committee

Amendment LC# or Description: 15.0515.01001

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. Sukut Seconded By Rep. Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Representative Lefor	X	
Vice Chairman Sukut	X		Representative Louser	X	
Representative Beadle	X		Representative Ruby		X
Representative Becker	X		Representative Amerman	X	
Representative Devlin	Ab		Representative Boschee	X	
Representative Frantsvog	Ab		Representative Hanson	X	
Representative Kasper	X		Representative M Nelson		X
Representative Laning	X				

Total (Yes) 11 No 2

Absent 2

Floor Assignment Rep. Hanson

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

**REPORT OF STANDING COMMITTEE**

**HB 1365: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (11 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1365 was placed  
on the Sixth order on the calendar.

Page 1, line 23, overstrike "may"

Page 1, line 23, remove "not"

Page 1, line 23, overstrike "fail to" and insert immediately thereafter "shall"

Renumber accordingly

**2015 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1365**

# 2015 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee  
Roosevelt Park Room, State Capitol

HB 1365  
3/24/2015  
Job Number 25332

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to proof of mailing of insurance notices

## Minutes:

Attachment

**Chairman Klein:** Called the committee to order.

**Representative Lefor:** Introduced the bill. Written Testimony Attached (1). (:15-4:04)

**Chairman Klein:** We are just adding the ability to use that particular mode of mail?

**Representative Lefor:** That is correct.

**Senator Sinner:** If it is delivered to the mail box at someone's home is that considered delivered?

**Representative Lefor:** For the purpose of this yes.

**Senator Sinner:** It is a little different than certified mail is it not?

**Representative Lefor:** It is different than certified but the code requires certified mailing which is different than certified restrictive, meaning that if you sent it restricted the individual must sign for it.

**Dwight Easton, Government Affairs Manager for North Dakota and Montana Farmers Insurance:** In support of the bill. Written Testimony Attached (2). (5:35-9:29)

**Senator Murphy:** If this is enacted to what degree does your company anticipate sharing the savings with your policy holders.

**Dwight Easton:** I think with any of these processes it helps keep insurance premiums down but to put a numeric figure on something like this would be extremely difficult.

**Chairman Klein:** What we heard was not only the cost to the industry but also time savings at the post office and just making it more streamline. We are moving into a different age sort of speak.

**Dwight Easton:** That was testimony that we had heard on the other side, someone had spoken to the USPS and said that it is actually time saving for them as well. This other process is an older manual process that takes a lot more time.

**Senator Sinner:** Asked how many states were doing this.

**Dwight Easton:** At the time we looked at this it was 23 states but not all states required us to come in and change statute.

**Jeff Evink, Professional Insurance Agents of North Dakota:** In support of the bill. Written Testimony Attached (3). (11:42-13:58)

**Senator Murphy:** Said that the USPS cardinal rule is to protect the revenue. Is the USPS are they going to lose revenue on this, has the office chimed in yet?

**Jeff Evink:** I would assume yes that they would probably be losing some money on this by the savings of the certified mailing. I haven't heard anything from anyone on the USPS side of things.

**Chairman Klein:** Does it cost extra to have the IMB?

**Jeff Evink:** No there is no cost on this IMB tracing. If you look at the mail that you get you will see it on those letters.

**Senator Sinner:** You have been referring IMB to certified mail. In reality in certified mail someone actually accepts that letter and in IMB it could be dropped off in the post office, there is no personal connection correct?

**Jeff Evink:** Yes someone is going to physically hand you the certified mail and IMB tracing is going to say it was dropped off at this address.

**Chairman Klein:** You have the opportunity to see if it was put in the box. The hearing was closed.

**Senator Sinner:** Moved a do pass.

**Senator Miller:** Seconded the motion.

Roll Call Vote: Yes-6 No-0 Absent-1

**Senator Sinner will carry the bill.**

**2015 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 HB 1365**

Senate Industry, Business and Labor 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 Senator Sinner Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Campbell	-		Senator Sinner	x	
Senator Burckhard	x				
Senator Miller	x				
Senator Poolman	x				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Sinner

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

**REPORT OF STANDING COMMITTEE**

**HB 1365, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).** Engrossed HB 1365 was placed on the Fourteenth order on the calendar.

**2015 TESTIMONY**

**HB 1365**

February 3, 2015

#1

Testimony of Representative **Mike Lefor**

**HB 1365** - Industry, Business and Labor Committee

Good afternoon Chairman Keiser and members of the House Industry Business and Labor Committee, my name is Mike Lefor and I represent District 37 which includes a large portion of the city of Dickinson. I am here to speak in support of House Bill 1365 which changes the statute to allow the insurance industry to send notices of cancellation utilizing the new service from the United States Postal Service called Intelligent Mail barcoding.

This new product provides more advanced functionality than certified mail. In my business, over 34% come back mail return, so there is no guarantee of receipt. This process allows insurers to follow the progress of their mail through the many stages of processing all the way to delivery.

This product works through 65 bars of information (barcode) which uniquely identifies individual pieces of mail. This gives businesses the ability to track, in real time, exactly where their mail is and where they have been at earlier points in the process.

Finally, this allows for the elimination of manual labor, a reduced cost of doing business utilizing new technology. I have an industry expert who will speak after me that will give you more specific information. Again, I ask for a "do pass" recommendation and I would be happy to answer any questions you have. Thank you.



HB 1365  
Feb 3, 2015

2

**Dwight Easton**  
Government Affairs Manager for  
North Dakota and Montana  
Farmers Insurance  
1715 S Reserve St Ste K  
Missoula, MT 59801  
Tel 406-327-7503

January 30, 2015

Chairman Keiser and Members of the House Industry, Business, and Labor Committee:

Farmers Insurance Group of Companies rises in support of HB 1365 and thanks Rep. Lefor for sponsoring the bill. This bill will enable Farmers to improve customer service while reducing the cost of doing business by allowing the use of Intelligent Mail barcoding (IMb) to track proof of mail in North Dakota.

The IMb consists of 65 bars of information to assist the United States Postal Service (USPS) in identifying a delivery address, the mail class (First-Class or Standard) special services, the mail owner, a unique serial number for tracking purposes along with the zip code down to the house number. It is the newest innovation in tracking technology introduced by the USPS.

In 2013 Farmers began a national project to update the processing of cancellation notices mailed to our customers. We are moving from a manual hand process of certified proof of mailing to the mechanized IMb process of certified mail utilized by the USPS. The insurance code in North Dakota (and many other) states currently requires insurers to use USPS certified mail when sending notifications, cancellations, and nonrenewals. In the past, this was the only form of mail that allowed insurers to track important communications that they send to customers.

The Postmaster told our company that under current North Dakota statutes we are only able to use the older hand processed certified mail program. In supporting this bill we are not requesting the change of any notice requirement currently found the North Dakota Century Code. We are simply seeking to use the new mechanized process to confirm proof of mailing.

The benefits of IMb tracking include:

- Ability to track a notice through the USPS delivery process
- Stronger evidence of receipt notice by the USPS
- Elimination of manual paperwork
- Reduced cost of doing business

The USPS continues to update its processes to utilize increased mechanization in the processing of mail. The bill before you will allow North Dakota insurers to utilize these updated processes as well. We ask for a do pass recommendation.

Sincerely,

  
Dwight Easton

Steve Schneider

(not present)

3



American Insurance Association

2/3/15

HB 1365

MIDWEST REGION

655 Deerfield Road

Suite 100

Deerfield, IL 60015

312-782-7720

[www.aiadc.org](http://www.aiadc.org)

January 30, 2015

RE: HB 1365 (Rep. Lefor)

Chairman Keiser and Members of the North Dakota House Industry, Business, and Labor Committee:

Since 1866, the American Insurance Association (AIA) has served as the leading national property and casualty insurance trade organization. The AIA represents more than 300 insurers which write more than \$110 billion in premiums each year across the country; in North Dakota, our member companies write \$378 million of insurance for consumers.

I am writing today to urge your support of important legislation, HB 1365 (sponsored by Representative Lefor), that will enable insurers to improve customer services while simultaneously reducing the cost of doing business in North Dakota. Specifically, if enacted, HB 1365 will permit insurers to use Intelligent Mail barcoding (IMb) for the purpose of tracking proof of mailing.

The insurance code in North Dakota, and many other states, currently requires insurers to use United States Postal Service (USPS) certified mail when sending notifications, cancellations, and nonrenewal notices. In the past, this was the only form of mail that allowed insurers to track important communications sent to customers.

However, with the introduction of IMb, there is now a better and more cost effective alternative for insurers to utilize in their correspondence with policyholders.

The IMb consists of 65 bars of information to assist the USPS in identifying a delivery address, the mail class (first-class or standard) special services, the mail owner, a unique serial number for tracking purposes along with the zip code down to the house number. It is the newest innovation in tracking technology introduced by the USPS.

It is important for me to point out that this legislation will not make any changes to the types of notice requirements currently required by state law; it only authorizes a new means or process that can be used to confirm proof of mailing.

/

Thanks for your consideration of this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Schneider". The signature is written in a cursive style with a large, prominent 'S' at the beginning.

Steve Schneider  
Midwest Regional Vice President  
American Insurance Association  
[sschneider@aiadc.org](mailto:sschneider@aiadc.org)

Feb 3, 2015

4

Testimony for House Bill 1365 House Industry, Business and Labor Committee

Chairman Keiser and members of the House Industry, Business and Labor Committee for the record my name is Jeff Evink with Professional Insurance Agents of North Dakota (PIAND) and I am here today in support of House Bill 1365. PIAND is a trade association representing over 300 main street insurance agencies across the state of North Dakota with over 1,000 independent insurance agents.

IMb Tracing allows mailers to identify and receive mail processing data for both outgoing and incoming mailpieces. This service provides mailers with near real-time data about their First-Class Mail®, Periodicals, and Standard Mail letters and flats. Mailers identify their mail by placing an Intelligent Mail barcode on their letter and flat mailpieces. As mailpieces with an Intelligent Mail barcode are processed on USPS® sorting equipment, records are created containing the Intelligent Mail barcode, processing facility, operation number, and processing date and time. These records are electronically forwarded to the mailers or available on the website for manual download. The collection of data is passive, meaning that it is automatic and does not require additional manual intervention. The Intelligent Mail barcode is scanned at the same time that the mailpiece is sorted on automation equipment. There is no adverse impact when processing Intelligent Mail barcodes as the notification is basically the same as certified mail.

As technology advances we need to be able to adjust our laws accordingly and with the new technology of IMb tracing by the USPS we should allow insurance companies to take advantage of this money saving technique. The insurance company spends around \$4-\$6 per certified letter and IMb tracing is free which could be a big cost savings for the insurance industry. In the interest of the insurance industry I am here to support House Bill 1365 and would be happy to answer any questions that you may have.

#5

15.0515.01001  
Title.02000

Adopted by the Industry, Business and Labor  
Committee

February 3, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1365

Page 1, line 23, overstrike "may", remove "not" and overstrike "fail to" and insert immediately thereafter "must"

Renumber accordingly

**Testimony of Representative Mike Lefor**

**HB 1365 -- Industry, Business and Labor Committee**

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This new product provides more advanced functionality than certified mail. In my business, over 34% of the certified mailings

come back mail return, so there is no guarantee of receipt. This process allows insurers to follow the progress of their mail through the many stages of processing all the way to delivery.

This product works through 65 bars of information (barcode) which uniquely identifies individual pieces of mail. This gives businesses the ability to track, in real time, exactly where their mail is and where they have been at earlier points in the process.

Section 1 details the dates by which cancellation notices must be mailed to the insured.

If you look at line page 1, line 12, the proposed language continues to include the word "conclusive" for proof of mailing and receipt on the third calendar day after the mailing of the notice is established if the insurer produces: A United States postal service certificate of mailing to the named insured at the insured's last known address or: Proof or acknowledgment of United States postal service mailing to the named insured at the insured's last-known address using IMB tracing or a similar method of first class mail tracking which identifies the named insured, the insured's last known address and the date of mailing.

Section 2 states that an insurer shall renew a property insurance policy unless a written notice of non-renewal is mailed or delivered to the named insured, at the last known address of the named insured at least 45 days before the expiration date of the policy except if the policy provides professional liability coverage for legal and medical services the non-renewal must be mailed at least 90 days prior to the policy expiration date.

It also adds the new language which permits USPS IMB tracing.

Section 3 states that proof of a notice of cancellation or a notice of an intention to not renew must be retained for a period of one year by the insurer or insurance producer giving the notice.

Again, it adds the new language.

HB 1365 Testimony - Page 2

Finally, this allows for the elimination of manual labor, a reduced cost of doing business utilizing new technology. I have an industry expert who will speak after me that will give you more specific information. Again, I ask for a "do pass" recommendation and I would be happy to answer any questions you have. Thank you.

3/24/15

#2



**Dwight Easton**  
Government Affairs Manager for  
North Dakota and Montana  
Farmers Insurance  
1715 S Reserve St Ste K  
Missoula, MT 59801  
Tel 406-327-7503

March 22, 2015

Chairman Klein and Members of the Senate Industry, Business, and Labor Committee:

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Sincerely,

  
Dwight Easton

## Testimony for House Bill 1365 – Senate Industry, Business and Labor Committee

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