

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

14/27

2001 HOUSE JUDICIARY

HB 1427

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1427

House Judiciary Committee

Conference Committee

Hearing Date 01-31-01

Tape Number	Side A	Side B	Meter #
TAPE I		X	644 to 4979
Committee Clerk Signature <i>Joan Deed</i>			

Minutes: Chairman DeKrey opened the hearing on HB 1427. Relating to prohibition of insurance claims for excessive charges.

Rep Wald: District 37 Dickinson. This a bill has to do with glass shops. These shops cannot waive the deductible. What they are trying to do with the auto insurance with comprehensive coverage, they are passing on the cost to all consumers and we don't think that is right. You enter into a contract with the insurance company and you cannot have the company waive that deductible.

Rep Mahoney: This bill has a penalty section, this bill adds the words incentive and I don't see how this works under current law.

Rep Wald: We are trying to accomplish that they cannot give rebates.

Rep Mahoney: How are they are accomplishes that?

Rep Wald: I might suggest some amendments. On line 7 change the word may to shall and on line 10 after the word pay we should insert or waive all or part of the deductible.

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House Judiciary Committee

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Kent Olson: Executive Director of North Dakota Professional Insurance Association. Represents about 200 agencies around the state. Passed out handouts - Heidi Heitkamp letter, and also Private Passenger Auto Insurance State Comprehensive Premium Trends. He refers to the chart and explains the rest of the handout and the increase of costs of insurance. He support the bill with amendments. Had an additional amendment of changing the and to or.

Rep Klemm: Rep Wald suggested a couple of amendments, do you have any comment?

Kent Olson: we support those amendments.

Rep Delmore: What about other states, are they allowing this type of thing to happen?

Kent Olson: I am not familiar with other states, I believe they are putting a dollar cap on it.

Chairman DeKrey: Not other questions, thank you for appearing.

Larry Mislotsky: Senior analyst for and insurance company, here in support of the bill. Talked about the rising cost of insurance.

Rep Mahoney: Do other states have laws like we are talking about putting in place.

Larry Mislotsky: I don't know about other states. Minnesota has put a dollar cap on. I haven't done a study on the other states.

Rep Mahoney: There must be something in other states that people come up with a promotional scheme. The other side of it is should the insurance companies have this much control.

Larry Mislotsky: If you look around what started out as a \$20.00 dinner no longer is. The deductible is up to \$500.00.

Vice Chair Kretschmar: Asked for clarification with an example, how do they get money from the insurance company?

Larry Mislotsky: I can't speak to that.

Vice Chair Kretschmar: That is generally what this bill is trying to prohibit.

Larry Mislotsky: Yes.

Rep Mahoney: How can the company get money from the insurance company by waiving the deductible. Isn't that up to the shop?

Larry Mislotsky: Yes. Generally I would agree with that concept. I would agree with small incentives. But you can get into very large numbers.

Rep Delmore: How would you feel if we did something like they did in Minnesota with a dollar cap?

Larry Mislotsky: We would be in favor of that.

Chairman DeKrey: No further questions, thank you for appearing. Anyone else wishing to appear.

Scott Heintzman: President of the North Dakota Auto Body Association (see attached testimony)

Chairman DeKrey: I see you are located in Steele, how many members do you have?

Scott Heintzman: The secretary and treasurer are located in Steele, we have about 230 members.

Rep Mahoney: How can someone get more from the insurance company and apply that to the deductible.

Scott Heintzman: My business is 95% collision, what is happening they are falsifying the retail price of the glass, the insurance companies regulate what they will pay and we regulate what they will charge is what I have been told. On the collision, the problem is bidding for the stuff and then not doing it or padding the bill.

Rep Mahoney: Is there fraud in the bids, also is there a difference in the type of glass that is being used?

Scott Heintzman: I can't speak to the difference between the glass, but there are different levels.

What is the difference I don't know.

Rep Maragos: Would you say its true that a business can establish the value of their service? You all don't charge the same price.

Scott Heintzman: The collision is pretty much cut and dried. There are three ways to come to the price of replacing.

Rep Maragos: Why aren't you all the same.

Scott Heintzman: we have nation wide standards. We try to be consistent with the industry standard.

Rep Nichols: District 15. One of the prime sponsors of the bill and speaks in support of HB 1427.

Chairman DeKrey: How are they getting paid, how are they getting the money from the insurance companies.

Scott Heintzman: I don't understand it either, the shop files the paperwork on the glass, the customer doesn't even see the bill.

Rep Mahoney: This bill would wipe out the incentive, would it be a fair compromise to have \$35.00 as in the Minnesota law.

Scott Heintzman: In a worse case, yes. But the bill was intended to eliminate that.

Chairman DeKrey: Thank you for appearing.

Lane Quunt: auto body shop in Minot, chairman of the North Dakota Auto Body Association. Spoke in favor of the bill. Spoke to closing the loopholes, gave handouts showing shops that have the large waivers. It is supposed to be against the law for incentives.

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House Judiciary Committee
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Chairman DeKrey: Thank you for appearing. Is there anyone in opposition. We will close the hearing on HB 1427.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1427a

House Judiciary Committee

Conference Committee

Hearing Date 01-31-01

Tape Number	Side A	Side B	Meter #
TAPE II		x	1870 to 2608
Committee Clerk Signature <i>Joan Derr</i>			

Minutes: Chairman DeKrey called the committee to order and took up HB 1427. Discussion was held on the bill.

COMMITTEE ACTION

Rep Eckre moved the amendments 10661.0102. Rep Maragos seconded the amendments.

A voice was taken, the amendments pass.

Discussion was held on the bill.

Rep Maragos move a DO PASS as amended and Rep Delmore seconded the motion. The clerk will call the roll on a DO PASS as amend on HB 1427.

Rep Klemin moved to further amend the bill, seconded by Rep Delmore. A voice vote was taken, the motion passes.

The clerk will call the roll. The DO PASS as amend passes with 14 YES, 0 NO and 1 ABSENT.

Carrier is Rep Mahoney.

10661.0102
Title.0200

Adopted by the Judiciary Committee
January 31, 2001

VR
2/1/01

HOUSE AMENDMENTS TO HB 1427 HOUSE JUDICIARY 02-01-01

Page 1, line 10, after "pay" insert "or waive"

Page 1, line 19, after "not" Insert "knowingly"

Renumber accordingly

Date: 01-31-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1427

House JUDICIARY Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Rep Maragos Seconded By Rep Delmore

Representatives	Yes	No	Representatives	Yes	No
CHR - Duane DeKrey	✓				
VICE CHR -- Wm E Kretschmar	✓				
Rep Curtis E Brekke	✓				
Rep Lois Delmore	✓				
Rep Rachael Disrud	✓				
Rep Bruce Eckre	✓				
Rep April Fairfield	✓				
Rep Bette Grande	✓				
Rep G. Jane Gunter	✓				
Rep Joyce Kingsbury	✓				
Rep Lawrence R. Klemin	✓				
Rep John Mahoney	✓				
Rep Andrew G Maragos	✓				
Rep Kenton Onstad	✓				
Rep Dwight Wrangham	✓				

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep Mahoney

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

REPORT OF STANDING COMMITTEE (410)
February 1, 2001 2:07 p.m.

Module No: HR-18-2120
Carrier: Mahoney
Insert LC: 10661.0102 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1427: Judiciary Committee (Rep. DeKrey, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1427 was placed on the Sixth order on the calendar.

Page 1, line 10, after "pay" insert "or waive"

Page 1, line 19, after "not" insert "knowingly"

Renumber accordingly

2001. SENATE INDUSTRY, BUSINESS AND LABOR

HB 1427

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1427

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date March 13, 2001.

Tape Number	Side A	Side B	Meter #
1		x	7.8 to end
2	x		0 to 7.5
(3/14/01) 1		x	9.7 to 29.7
Committee Clerk Signature <i>Doris E. Perez</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on HB 1427 relating to prohibition of insurance claims for excessive charges.

Representative Eugene Nicholas, District 15, cosponsor. This bill will prohibit insurance claims for excessive charges. If you go to replace a windshield, you will be asked whether or not you have insurance, if you don't a different scale will apply. This bill will help rectify that. There were a couple of changes: line 7, section 1, "may" be stricken and replace with "shall", same thing in line 19.

Kent Olson, Executive Director, NDPIA, in favor. We are agents who market auto/property insurance. Distributed yellow, blue and pink handouts to illustrate how payment of deductibles is hidden. Distributed copies of Table 6: State Comprehensive Premium Trends to illustrate rise of premium rates in ND. Distributed copies of letter sent by the Attorney General's office to Sen. O'Connell highlighting in page 3 section that refers to actual payment of money and not waiver

of amount owed. We are trying to eliminate problem with deductibles, and not use insurance contract as an incentive. Maybe penalty needs to be addressed, maybe only an infraction not a misdemeanor.

Senator Every: Maybe this increase of premiums is connected with the many disaster declarations ND has had during the last few years.

Senator Mutch: Doesn't the insurance company require bids?

K Olson: General business practice has been to do the repair first and then bring the bill to the insurance company. Getting a number of different estimates would raise costs.

Scott Heintzman, President, ND Auto Body Assn. In support of this bill, it will close loopholes that permit waiver of payment of deductibles. Urge do pass.

Lane Quant, Chairman ND Auto Body Assn. Legislative Committee. It is time to put an end to offers of payment or waiver of deductibles, we hope this bill will close the loopholes that are allowing that. Urge do pass.

Elton Christopher, body shop owner in Williston, urge do pass. Written testimony attached.

Larry Maslowsky, ND Ins. Dept. Practice of discounts or waivers of deductibles affects premiums on this basis we support this bill.

Leah Coughland, American Ins. Assn. Support this bill.

Leo Renner, ND Autobody Assn. In favor.

Terry Barnes, Barnes Auto Glass, in opposition. There is no excessive charges here. I have to sign contract with insurance company to do their work, have to give them their discount, government tells me what kind of glass I have to use and how to install it. We are not making a lot of money. I advertise to pay or waive deductible. If this bill passes I might stop advertising

but nobody can tell me what to do with my money, I might get your money and give it back to you or might get your check and break it.

No further testimony. Hearing closed.

03/14/01 Tape 1-B- 9.7 to 29.7.

Committee reconvened. All members present. Discussed amendments submitted by Representative Nicholas.

Senator Klein: Body shops have contracts with insurance companies that say what they can charge. The problem is the advertising of the illusion consumers are going to get their money back.

Senator Mutch: What does the amendment do?

Senator Krebsbach: Puts what they are trying to do in stronger language, give it more teeth.

Senator Krebsbach: Motion: adopt amendments. **Senator Every:** Second.

Roll call vote: 7 yes; 0 no. Motion carried.

Senator Every: Motion: do pass as amended. **Senator Krebsbach:** Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Every.**

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1427

Page 1, line 7, after "services" insert "paid for by the consumer from proceeds of an insurance policy that provides coverage for physical damage to automobiles"

Page 1, line 8, remove "as an incentive" and overstrike ", paid for by"

Page 1, overstrike line 9

Page 1, line 10, overstrike "for physical damage to automobiles, and to" and insert immediately thereafter "as an incentive,"

Page 1, line 11, after "deductible" insert an underscored comma and overstrike the first "to"

Renumber accordingly

