

**2017 HOUSE INDUSTRY, BUSINESS, AND LABOR**

**HB 1147**

# 2017 HOUSE STANDING COMMITTEE MINUTES

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

HB 1147  
1/11/2017  
26769

- Subcommittee  
 Conference Committee

Ellen Letang

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

**Minutes:**

Attachments 1, 2, 3, 4

**Chairman Keiser:** Opens the hearing of HB 1147.

**Representative Monson~District 10:** Attachment 1. Introduces the bill. This is a small tweak.

**Brenda Doll~Executive Secretary-ND Association of Farm Mutual Insurance Companies & Past President of NDAFMIC:** Attachment 2.

**5:00**

**Chairman Keiser:** Could you explain the unsupported property that is not used by the general public.

**Doll:** It's where you have a piece of property with a building on it at a lake or across town, for examples, that is not used by the general public.

**Rep Laning:** This would not include who bought another home for an investment?

**Doll:** We are already allowed to write rental properties up to a certain limit.

**Chairman Keiser:** Number C, a nonresidential property that is part of an existing policy, that would allow you insure any property.

**Doll:** This is under strict limitation of that section, which is the cities & what we can write in cities over 10,000 population. So, we can only write places of residential but this allow us to put that non-residential property, if we have that existing homeowner policy.

**Chairman Keiser:** So, you have to have a homeowner's policy.

**Doll:** Right.

**Chairman Keiser:** If the language takes care of that. This is really open; it doesn't say an existing policy with you.

**Doll:** There are other sections that apply here, 14 & 16 apply with the limitations.

**8:05**

**Eugene Bossert~Representing Dundee Mutual Insurance Company:** Attachment 3.

**11:45**

**Rep C Johnson:** I have a question about the setup of the insurance company, they are supposed to strictly insure farm properties only?

**Bossert:** Yes, state statute, we are allowed only to insure farm, property, & home owners. With the help of Grinnell Mutual Reinsurance Company, we attach the liability to it. We cannot insure any commercial property within the city limits. Some changes have come about though the years, we can now insure homes, in all size towns as we progress with the communities.

**Bob Olson~Marketing Rep for Grinnell Mutual Reinsurance Company:** The difference between insurance & reinsurance is that reinsurance is when an insurance company buy insurance. When you buy it, it's called insurance. We insure all 11 county mutual in North Dakota & we are in 14 states, mainly in the Midwest. We don't need to change, with our contract with the mutual with this because we've always reinsured that exposure, even though they couldn't write those. We recommend a Do Pass.

**Steve Becher~Executive Director of Professional Insurance Agents of ND (PIA):** Attachment 4.

**Brad Shanilec~NDAFMIC:** We want to help our businesses locally. We urge a yes vote for this bill.

**Chairman Keiser:** I assume, that you would have to split the property between two different insurance companies, that would result in a higher cost to the consumer?

**Shanilec:** It would.

**Chairman Keiser:** Is there anyone else here to testify in support, opposition, neutral?

**Edward Moody~NDID:** We would like to acknowledge that the county mutual did have this authority in the past but they are seeking amendments to this legislation. Consequently, the changes they made, took that out. We did meet with them over the wording. My understanding was that item C, in the amendment was to be struck because of the very concerns you expressed about broadening their ability. The idea was to be able to have their existing authority, to conserve their business that they already have. So we proposed

amendments to overstrike C & to change D to read, nonresidential unsupported property which is not used by the general public.

**Chairman Keiser:** You do want C removed?

**Moody:** Yes, that was our understanding that it was going to be removed.

**Rep Kasper:** By removing C & not substituting the C shown at the bottom of the page, what ramification will it have for the discussion we just heard about adding these preexisting buildings under an existing policy?

**Moody:** I don't have the changes presented to you. Without consulting with our counsel, it seems like D would encompass what they are trying to do in C.

**Chairman Keiser:** I would like someone come back & address deleting C.

**Brad Shanilec~Walsh County Mutual:** Looking at D, its unsupported, we would also for supported for that garage, for example. Supported & unsupported is more in line with what we need here.

**Chairman Keiser:** If we take D & add "supported and", that would work.

**Shanilec:** Yes.

**Jeff Uban~Deputy Commissioner of General Council with the ND Insurance Department:** The way to solve this would be for letter D on the proposed amendment, just remove the word "unsupported". Then it reads that a nonresidential that is not used by the general public. That way it encompasses everything that they are trying to do & we are not in disagreement with. By removing C, it addresses the concern that you had about opening up the exemption to large.

**Chairman Keiser:** D now becomes C? We will have that amendment drafted.

**Chairman Keiser:** Closed the hearing on HB 1147? Committee, what are your wishes?

**Rep Kasper:** Move the amendment to strike lines 12 & 13 & at the bottom the page, insert item D, which would become the new C.

**Second:** Ruby.

**Chairman Keiser:** Audience, are you ok with this?

**Voice vote, motion carried.**

**Vice Chairman Sukut:** Moves a Do Pass as Amended.

**Rep Kasper:** Second.

**Roll call was taken for a Do Pass as Amended on HB 1147, with 14 yes, 0 no, 0 absent  
Rep Kasper is the carrier.**

# 2017 HOUSE STANDING COMMITTEE MINUTES

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

HB 1147  
1/17/2017  
26964

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Ellen A. Tang*

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

**Minutes:**

**Chairman Keiser:** Reopens the hearing of HB 1147.

**Chairman Keiser:** I need a motion to reconsider bringing back HB 1147 as amended.

**Rep Ruby:** Motions to reconsider bringing back HB 1147.

**Rep Boschee:** Second.

**Chairman Keiser:** Jeff, could you share with us why it didn't work?

**Jeff Ubben~Deputy Commissioner for the ND Insurance Dept:** The concern was that it opened up the exception too far. It allowed county mutual writers to have broader insurance policies. Chairman Keiser brought it to our attention & so we worked on some amendments to fix that. The amendment before you now, we feel that is a compromise between the insurance department & the county mutuals. We are trying to put c into the amendment. Then letter d would be moved from the bill.

**Rep Kasper:** Explain what this amendment does & will allow compared to the current law.

**Ubben:** This amendment will allow county mutuals to write insurance if it's within the plotted limits of an incorporated city & has either a non-residential property, not used by the general public (not a commercial property) or if it is part of an existing policy, like a stand-alone garage.

**Rep Kasper:** Under the current statute, what are the limitations of it?

**Ubben:** Before they would not have been able to write a the stand-alone garage as part of the existing policy.

**Rep Kasper:** Stand alone, is there a definition or prohibition?

**Ubben:** Yes, as long as the homeowner's policy is in force.

**Chairman Keiser:** We have HB 1147 before us with a proposed amendment to it. What are the wishes of the committee?

**Rep Kasper:** Motions to move the new amendment.

**Rep Boschee:** Second.

**Voice vote, motion carried.**

**Rep Kasper:** Moves for a Do Pass as Amended.

**Rep Bosch:** Second.

**Roll call was taken on HB 1147 for a Do Pass as Amended with 13 yes, 0 no, 1 absent & Rep Kasper is the carrier.**

17.0484.01001  
Title.02000

1/2/17 DA  
Adopted by the Industry, Business and Labor  
Committee

January 12, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 1, line 11, after the underscored semicolon insert "or"

Page 1, line 12, remove "approved by reinsurance liability; or"

Page 1, line 13, replace "d. A nonresidential property that is part of an existing farm policy"  
with "not used by the general public"

Renumber accordingly

17.0484.01002  
Title.03000

1/17/17 DA  
Adopted by the Industry, Business and Labor  
Committee

January 17, 2017

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1147

Page 1, line 12, replace "approved by reinsurance liability" with "not used by the general public"

Page 1, line 13, remove "farm"

Renumber accordingly

Date: Jan 11, 2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1147

House \_\_\_\_\_ 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 Rep Kasper      Seconded By Rep Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

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

Absent voice vote, motion passed

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

strike lines 12 & 13  
insert item D, which will  
become the new C

Date: Jan 11, 2017

Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1147

House \_\_\_\_\_ 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 Rep Sukut      Seconded By Rep Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	x		Rep Laning	x	
Vice Chairman Sukut	x		Rep Lefor	x	
Rep Beadle	x		Rep Louser	x	
Rep R Becker	x		Rep O'Brien	x	
Rep Bosch	x		Rep Ruby	x	
Rep C Johnson	x		Rep Boschee	x	
Rep Kasper	x		Rep Dobervich	x	

Total (Yes) 14      No 0

Absent 0

Floor Assignment Rep Kasper

Date: 1/17/2017

Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1147

House \_\_\_\_\_ 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 Mady By Rep Ruby

Seconded By Rep Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

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

Absent \_\_\_\_\_

Floor Assignment Voice Vote, motion carried

Bring back the amendment

Date: Jan 17, 2017

Roll Call Vote #: 2

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1147

House \_\_\_\_\_ Industry, Business and Labor \_\_\_\_\_ Committee

Subcommittee

Amendment LC# or Description: 17.0484.01002

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 Rep Kasper      Seconded By Rep Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep Laning		
Vice Chairman Sukut			Rep Lefor		
Rep Beadle			Rep Louser		
Rep R Becker			Rep O'Brien		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Boschee		
Rep Kasper			Rep Dobervich		

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

Absent \_\_\_\_\_

Floor Assignment voice vote motion carried

to accept new amendment

Date: 1/17/2017

Roll Call Vote #: 3

2017 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1147

House \_\_\_\_\_ 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 Rep Kasper      Seconded By Rep Bosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep Laning	X	
Vice Chairman Sukut	X		Rep Lefor	X	
Rep Beadle	X		Rep Louser	X	
Rep R Becker	X		Rep O'Brien	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Boschee	X	
Rep Kasper	X		Rep Dobervich	Ab	

Total (Yes) 13 No 0

Absent 1

Floor Assignment Rep Kasper

**REPORT OF STANDING COMMITTEE**

**HB 1147: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1147 was placed  
on the Sixth order on the calendar.

Page 1, line 12, replace "approved by reinsurance liability" with "not used by the general public"

Page 1, line 13, remove "farm"

Renumber accordingly

**2017 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1147**

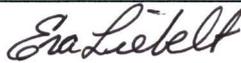
# 2017 SENATE STANDING COMMITTEE MINUTES

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

Engrossed HB 1147  
3/7/2017  
Job Number 28783

- Subcommittee  
 Conference Committee

Committee Clerk Signature



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

Relating to authority of county mutual insurance companies

## Minutes:

5 Attachments

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

**Representative Monson:** Introduced the bill. Written testimony, see attachment #1. (:50-1:58)

**Brenda L. Doll, Executive Secretary, North Dakota Association of Farm Mutual Insurance Companies:** In support. Written testimony, see attachment #2. (2:10-5:10))

**Senator Roers:** Would this also be true for remote farmsteads, so if you had a farmstead and it is insured and now you buy another farmstead, would you be able to insure those under this?

**Brenda L. Doll:** We already have the opportunity to write on any rural properties, so this would not affect the rural properties.

**Chairman Klein:** This just goes to the concerns with the cities.

**Brenda L. Doll:** Right, with a structure that is off the premises it is basically with the home owner business.

**Chairman Klein:** The opportunity to write in community over 10,000, that's not that old is it?

**Brenda L. Doll:** I don't remember what year that was, two or three sessions ago it was added.

**Tracey Sherman, Manager of Cass County Mutual Insurance Company:** In support. Written testimony, see attachment #3. (7:10-7:50)

**Bob Olson, Insurance Representative for** In support. We reinsure the county mutual in North Dakota. When I talk reinsurance that is just an insurance company selling insurance to another insurance company. In our contract with our mutual clients we have always covered this exposure anyway, even though they couldn't write it in the past. It doesn't affect their contract at all and we are in favor of it. (8:00-8:36)

**Steve Becher, Executive Director of the Professional Insurance Agents of North Dakota:** In support. Written testimony, see attachment #4. (8:52-9:46)

Also handed out letter from **Mark Johnson, Director of State Affairs, National Association of Mutual Insurance Companies:** Letter, see attachment #5.

**Chairman Klein:** Closed the hearing.

**Senator Casper** moved a do pass.

**Senator Campbell** seconded the motion.

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

**Senator Campbell will carry the bill.**

**2017 SENATE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. Engrossed HB 1147**

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 Casper    Seconded By Senator Campbell

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	A				
Senator Casper	x				
Senator Poolman	x				

Total    (Yes) 6    No 0

Absent 1

Floor Assignment Senator Campbell

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

**REPORT OF STANDING COMMITTEE**

**HB 1147, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1147 was placed on the Fourteenth order on the calendar.**

**2017 TESTIMONY**

**HB 1147**

Jan 11, 2017

17.0484.01000

Sixty-fifth  
Legislative Assembly  
of North Dakota

HOUSE BILL NO. 1147

Introduced by

Representatives Monson, Pyle, D. Ruby

Senators Anderson, Campbell, Krebsbach

1 A BILL for an Act to amend and reenact subsection 3 of section 26.1-13-15 of the North Dakota  
2 Century Code, relating to authority of county mutual insurance companies.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Subsection 3 of section 26.1-13-15 of the North Dakota  
5 Century Code is amended and reenacted as follows:

6 3. A policy may not be issued covering property located within the platted limits of an  
7 incorporated city in this state, except the policy may provide coverage as specified  
8 under sections 26.1-13-14 and 26.1-13-16 within the platted limits of the incorporated  
9 city on:

10 a. The place of residence; or

11 b. A rental property that is no larger than a four residential rental unit; or

12 ~~c. A nonresidential property that is approved by reinsurance liability; or~~

13 ~~d. A nonresidential property that is part of an existing farm policy;~~

~~e. A nonresidential property that is part of an existing policy.~~

~~f. A nonresidential ~~unsupported~~ property which is not used by the general public.~~

*Removed  
&  
Replaced*

Jan 11, 2017  
②

TESTIMONY BY: Brenda L Doll

EXECUTIVE SECRETARY – NORTH DAKOTA ASSOCIATION OF FARM MUTUAL INSURANCE COMPANIES & PAST PRESIDENT OF NDAFMIC; SECRETARY/MANAGER SINCE 1980 OF SOUTHWEST MUTUAL INSURANCE COMPANY IN NEW SALEM ND; LICENSED AGENT SINCE 1987

Chairman Keiser and Members of the Committee:

My name is Brenda Doll, a 37 year employee of Southwest Mutual Insurance Company, and current Executive Secretary of the North Dakota Association of Farm Mutual Insurance Companies. The NDAFMIC membership consists of all eleven North Dakota county mutual insurance companies. I am here to ask for your support of House Bill 1147.

The eleven North Dakota county mutual insurance companies have been in existence since the late 1880's and early 1900's. These companies were formed by groups of farmers who were dissatisfied with the service they were getting from the companies they were insuring with, and decided to form their own companies. The North Dakota Department of Insurance was involved in the formation of these companies, and developed a separate statute, specifically North Dakota Century Code 26.1-13, to regulate these companies.

When 26.1-13 was enhanced to allow county mutual companies to write homeowner coverage in cities over 10,000 population, it appears the wording in 26.1-13-15 (3) was overlooked where it states coverage allowed within the platted limits of any incorporated city in North Dakota on actual place of residence occupied by the policyholder, appurtenant structures and contents thereof. I am here today as an issue with this particular statute section was discovered during routine Department of Insurance examinations/audits in 2015-2016 for a number of county mutual companies. It appears there was a misconception by the companies that if a current homeowner policyholder approached the company for coverage on other structures not located on the residence premise but across town at a different location, those other off premise structures could not be endorsed, so the companies turned down coverage on the off premise other structure, and the insured was forced to find coverage elsewhere.

The amendment to 26.1-13-15 will rectify this misconception, and allow county mutual insurers to insure these types of structures.

The requested change would result in clarification of this section, and allow insureds with other structures located away from the residence premise, to endorse those structures to their homeowner policy, allowing the county mutual insurance companies to meet the current insurance needs of their policyholders.

Chairman Keiser and members of the Committee, I respectfully ask for a do pass recommendation on House Bill 1147. Thank you.

pg 1

Gmail  
by Google

HB 1147

Jan 11, 2017

Brenda Doll <bdoll@southwestmutualins.com>

**FW: proposed changes to NDCC 26.1-13-15 subsection 3.**

1 message

HB 1147

Casey Gibbs <cgibbs@gmrc.com>

Fri, Jan 6, 2017 at 3:45 PM

To: BRENDA L DOLL 0802430 <bdoll@southwestmutualins.com>

Casey Gibbs, CIC, AFIS

Director of Reinsurance Marketing

Grinnell Mutual Reinsurance Company

Office: 1-800-362-2041 ext # 8288

Cell: 641-990-9050

Email: cgibbs@gmrc.com

**From:** Casey Gibbs

**Sent:** Friday, January 06, 2017 3:45 PM

**To:** 'bdoll@southwestmutual.com'

**Cc:** Bob Olson

**Subject:** proposed changes to NDCC 26.1-13-15 subsection 3.

HB 1147

To Whom it May Concern:

The current Grinnell Reinsurance contract provided to all of the county mutual insurance companies within North Dakota currently provides reinsurance for buildings within city limits as described in the proposed changes to NDCC 26.1-13-15 subsection 3.

Please let me know if we can be of further assistance

Thank you

Casey Gibbs, CIC, AFIS

Director of Reinsurance Marketing

Grinnell Mutual Reinsurance Company

pg 2

Jan 11, 2017

3

House Bill # 1147

House Industry Business and Labor Committee

2017

Testimony by Eugene Bossert  
Representing Dundee Mutual Insurance Company

HB # 1147 would allow the county mutual companies to provide insurance on personal storage buildings or farm buildings located in towns.

In our recent audit, we found that a farm shop in Tolna, North Dakota by strict interpretation of the law is a building we should not be insuring. Likewise a personal storage building, man-cave style for personal vehicles would not be available for insurance with a county mutual.

We have also received a request to insure a school purchased by a farmer to be used as his shop, we declined that property and as a result the farmer had to insure it elsewhere and we may lose the farm policy .

The photo's you have in front of you are the building we are referring to.

Many of the farms we insure simply do not have the room to add another building in a yard that is enclosed with a large grove of trees. The farm equipment to day consists of 100-foot sprayers, 60 foot air seeders, and 50-foot headers on combines along with semi tractors and trailers. The equipment is to large to turn around or service in these farmyards. As well as the hazards provided for farm families with small children in the yard.

As county mutual's we are only able to insure farms and homeowners so we need to be as progressive and aggressive in that small market share of the insurance world as we can be.

Our current population has a need to own personal storage buildings to house their property or recreational vehicles. Our farmers are seeing opportunities to own vacated schools, implement dealership buildings or other building in small towns of North Dakota. Those areas are where the county mutual's have been for more than 100 years and survived very well and we would like to continue to be a viable insurance market for North Dakota.

We ask for your support with a do pass vote on HB 1147.

pg 1



Tolna, North Dakota, farm shop in the city limits. Population 200, farm land on 3 sides, access to city water, sewer and state highway with plenty of room to have large farm machinery to come and go without danger to family children.

*J.*



Man cave building in Drayton, ND population about 900, storage for personal vehicles, no commercial usage. Had Home insured with company across town location, not on same premises as the house.



Adams ND, population about 200, farmer recently bought the school, which closed, and turned the High School gym into a farm shop, farmer owns land on 2 sides of the school grounds, will soon be his farm headquarters. Company declined to insure because of current NDCC. Company may lose the farm account as the farmer seeks insurance elsewhere for the building.

Google Maps 2838 County Rd 23 A

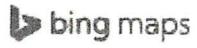


7

Image capture: Jul 2012 © 2017 Google

Tolna, North Dakota

Street View - Jul 2012



## Tolna

**Area:** 0.76 sq miles (1.97 km<sup>2</sup>)

**Population:** 160 (2014)



Data from: Wikipedia

5

Jan 11, 2017

4

## Testimony for HB 1147 – ND House IBL Committee

Chairman Keiser and members of the House Industry, Business, and Labor Committee for the record my name is Steve Becher and I am Executive Director of the Professional Insurance Agents of ND. PIA of ND represents over 300 main street insurance agencies with over 1000 independent agents across the state of North Dakota. I am providing testimony today and asking you for a Do Pass recommendation on House Bill **1147**.

County Mutual insurance companies provide a valuable service to independent agents and consumers by providing an additional insurance market for property in rural areas as well as some limited coverage in cities over 10,000 in population. They provide coverage in areas and for risks that tend to have a smaller number of insurance markets available to them. These county mutual companies are limited to a certain territory of operation as well as limited in the types of risks they may insure. The area of law that this bill is designed to address is that these county mutuals are currently only allowed to write **residential** property in cities over 10,000 population. The problem occurs when they have a current farm customer that builds or purchases a storage building inside the city limits of these larger population cities and the insured wants to add that building to their current farm policy with the county mutual. Under current state law that building would not be allowed to be written by the county mutual since it is not a residence or residential rental property of 4 units or less. The insurance agent would then need to find another insurance company willing to write just the storage building or tell the insured that they need to find another company for that building if

none of the agent's other companies were willing to write it. Companies are usually reluctant to write coverage for a storage building by itself and if they do write it, the premiums are usually significantly higher than adding the building to an existing farm policy. The typical outcome is that the county mutual loses this customer to another company that will write all of the buildings and the agent may lose the client if they don't have another market to write the risk. We should not have to force a farm client to write their property insurance with multiple insurance companies or make them switch companies or their agent just because they acquire a non-residential building that happens to be in a city.

This bill would allow the farm customer to keep all of his buildings with one insurance carrier and not have multiple deductibles if both his farm and city buildings were damaged in a storm. It would also allow the county mutual to retain the customer and will not significantly increase the exposure to these county mutuals as they would only be writing non-residential buildings in this very limited capacity. For these reasons, I would respectfully ask for a "Do Pass" on House bill 1471.

## Testimony on HB1147

Rep. David Monson

March 7, 2017

Mr. Chairman and members of the Senate IBL committee. For the record I am Rep. David Monson of Dist. 10 in NE ND. I put this bill in for the ND Assoc. of Farm Mutual Ins. Co.'s who have been having a problem getting caught in an awkward situation. Several companies have had insureds who buy a warehouse or quonset within the city limits of a town but not part of their existing farm. It may be zoned a commercial building, so they can't insure it as the law is now. They either have to find another carrier and have a separate policy, or drop their old policy and get insurance through another insurance company. Another situation an insured could experience would be if a town grew and annexed some farm land into the city limits. Then the farm policy holder could be forced to change insurance companies. These may not be the best examples and there are people from some Farm Mutual Ins. Co.'s here who can give you more examples of why this change is needed. They can answer your questions much better than I. I believe the Insurance Dept. is in line with this bill as it sits now, and I believe they are here too if you need explanation from them.

Thank you for your time and consideration.

HOUSE BILL 1147      Chairman Klein, Vice Chairman Campbell  
Members of the Committee

TESTIMONY BY: Brenda L Doll

EXECUTIVE SECRETARY – NORTH DAKOTA ASSOCIATION OF FARM MUTUAL INSURANCE COMPANIES & PAST PRESIDENT OF NDAFMIC; SECRETARY/MANAGER SINCE 1980 OF SOUTHWEST MUTUAL INSURANCE COMPANY IN NEW SALEM ND; LICENSED AGENT SINCE 1987

Chairman Klein and Members of the Committee:

My name is Brenda Doll, a 37 year employee of Southwest Mutual Insurance Company, and current Executive Secretary of the North Dakota Association of Farm Mutual Insurance Companies. The NDAFMIC membership consists of all eleven North Dakota county mutual insurance companies. I am here to ask for your support of House Bill 1147.

The eleven North Dakota county mutual insurance companies have been in existence since the late 1880's and early 1900's. These companies were formed by groups of farmers who were dissatisfied with the service from their insurance companies, and decided to form their own companies. The North Dakota Department of Insurance was involved in the formation of these companies, and developed a separate statute, specifically North Dakota Century Code 26.1-13, to regulate these companies.

When 26.1-13 was enhanced to allow county mutual companies to write homeowner coverage in cities over 10,000 population, wording in 26.1-13-15 (3) was overlooked where it states coverage allowed within the platted limits of any incorporated city in North Dakota on actual place of residence occupied by the policyholder, appurtenant structures and contents thereof. I am here today as an issue with this particular statute section was discovered during routine Department of Insurance examinations/audits in 2015-2016 for a number of county mutual companies. It appears there was a misconception by the companies that if a current homeowner policyholder approached the company for coverage on other structures not located on the residence premise but across town at a different location, the other off premise structures could not be endorsed, so the companies had to deny coverage on the off premise structure, and the insured was forced to find coverage elsewhere.

The amendment to 26.1-13-15 will rectify this misconception, and allow county mutual insurers to insure these types of structures.

The requested change would result in clarification of this section, and insureds with other nonresidential structures located away from the residence premises, which are not used by the general public, or are part of an existing policy, to endorse those structures to their homeowner policy. This will allow the county mutual insurance companies to continue to meet the insurance needs of their policyholders.

Chairman Klein and Members of the Committee, I respectfully ask for a do pass recommendation on House Bill 1147. Thank you.

HB 1147

TESTIMONY

CHAIRMAN SENATOR JERRY KLEIN

TESTIMONY OF TRACEY SHERMAN BEFORE THE NORTH DAKOTA  
STATE SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE.

CHAIRMAN KLEIN, SENATOR CAMPBELL AND MEMBERS OF THE  
COMMITTEE, MY NAME IS TRACEY SHERMAN. I AM THE MANAGER  
OF CASS COUNTY MUTUAL INSURANCE COMPANY IN CASSELTON  
NORTH DAKOTA. I AM ALSO THE CURRENT PRESIDENT OF THE  
NORTH DAKOTA ASSOCIATION OF FARM MUTUAL INSURANCE  
COMPANIES.

I ASK FOR YOUR SUPPORT ON HB 1147.

HB 1147 IS INTENDED TO LOOSEN THE RESTRICTION ON COUNTY  
MUTUAL INSURANCE COMPANIES TO ALLOW INSURING SELECTED  
NON-RESIDENTIAL RISK IN CITIES IN NORTH DAKOTA. CURRENTLY,  
THE ELEVEN COUNTY MUTUAL INSURANCE COMPANIES ARE  
RESTRICTED TO WRITING RESIDENTIAL PROPERTIES IN TOWNS AND  
UP TO A FOURPLEX APARTMENT. HB 1147 WILL ALLOW OUR  
COMPANIES TO ACCEPT A COMMERCIAL RISK SUCH AS A STORAGE  
BUILDING OR A NON- RESIDENTIAL BUILDING WHICH MAY

BE PART OF AN EXISTING POLICY LOCATED INSIDE OF A CITY.  
THE AMENDMENT IS NOT INTENDED TO ALLOW A COUNTY MUTUAL  
COMPANY TO INSURE THE LOCAL TASTY FREEZE, GAS STATION OR  
ANY BUSINESS WITH GENERAL PUBLIC ACCESS BUT TO ALLOW  
THE SMALLER NON-PUBLIC USE BUILDINGS TO BE INSURED  
ON A STAND-ALONE POLICY OR AS PART OF AN EXISTING POLICY.  
WE ARE A GROUP OF COMPANIES WITH AN INHERENT MISSION TO  
SERVICE THE SMALL COMMUNITY, SO THE AMENDMENT IS A  
LOGICAL STEP TO ACCOMMODATE OUR CUSTOMERS IN AN EVER  
CHANGING ENVIRONMENT. THE CHANGE WILL BENEFIT NOT ONLY  
THE INSURANCE CONSUMER BUT ALSO OUR AGENTS, WHO WITHOUT  
THE CHANGE WILL GO ELSEWHERE TO FIND COVERAGE.

I APPRECIATE THE OPPORTUNITY TO VISIT WITH YOU TODAY AND  
HOPE YOU CAN SUPPORT HB 1147. THANK YOU AND IF YOU HAVE  
ANY QUESTIONS, I WILL DO MY BEST TO ANSWER THEM.

TRACEY SHERMAN, PRESIDENT OF THE NORTH DAKOTA  
ASSOCIATION OF FARM MUTUAL COMPANIES/ MANAGER, CASS  
COUNTY MUTUAL INSURANCE COMPANY.

## Testimony for HB 1147 – ND Senate IBL Committee

Chairman Klein and members of the Senate Industry, Business, and Labor Committee for the record my name is Steve Becher and I am Executive Director of the Professional Insurance Agents of ND. PIA of ND represents over 300 main street insurance agencies with over 1000 independent agents across the state of North Dakota. I am providing testimony today and asking you for a Do Pass recommendation on House Bill **1147**.

County Mutual insurance companies provide a valuable service to independent agents and consumers by providing an additional insurance market for property in rural areas as well as some limited coverage in cities over 10,000 in population. They provide coverage in areas and for risks that tend to have a smaller number of insurance markets available to them. These county mutual companies are limited to a certain territory of operation as well as limited in the types of risks they may insure. The area of law that this bill is designed to address is that these county mutuals are currently only allowed to write **residential** property in cities over 10,000 population. The problem occurs when they have a current farm customer that builds or purchases a storage building inside the city limits of these larger population cities and the insured wants to add that building to their current farm policy with the county mutual. Under current state law that building would not be allowed to be written by the county mutual since it is not a residence or residential rental property of 4 units or less. The insurance agent would then need to find another insurance company willing to write just the storage building or tell the insured that they need to find another company for that building if

none of the agent's other companies were willing to write it. Companies are usually reluctant to write coverage for a storage building by itself and if they do write it, the premiums are usually significantly higher than adding the building to an existing farm policy. The typical outcome is that the county mutual loses this customer to another company that will write all of the buildings and the agent may lose the client if they don't have another market to write the risk. We should not have to force a farm client to write their property insurance with multiple insurance companies or make them switch companies or their agent just because they acquire a non-residential building that happens to be in a city.

This bill would allow the farm customer to keep all of his buildings with one insurance carrier and not have multiple deductibles if both his farm and city buildings were damaged in a storm. It would also allow the county mutual to retain the customer and will not significantly increase the exposure to these county mutuals as they would only be writing non-residential buildings in this very limited capacity. For these reasons, I would respectfully ask for a "Do Pass" on House bill 1471.

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February 20, 2017

The Honorable Jerry Klein  
Chairman, Senate Industry, Business and Labor Committee  
State Capitol Building  
600 East Boulevard  
Bismarck, North Dakota 58505

Re: Letter in Support of HB 1147

Dear Chairman Klein and Committee Members:

The National Association of Mutual Insurance Companies (NAMIC) is the largest property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of \$196 billion in annual premiums. More than 200,000 people are employed by NAMIC member companies. In North Dakota, we have 163 member companies, including 18 domiciled companies, which underwrite 48% of the state's insurance.

HB 1147 updates the county mutual insurance code to reflect changes in North Dakota's demographics and respond to policyholder needs. State law limits county mutuals operations inside city boundaries. But cities continue to grow and annex nearby rural areas. This leads to the situation where an insured can no longer have property covered by his or her long-standing county mutual. And consumers in the area who are not currently with the mutual lose an option for coverage.

The bill, which passed on the House floor 89 – 0, remedies this situation by increasing flexibility. It does so without compromising county mutual's agricultural roots and commitment to serving the rural market.

NAMIC appreciates your attention to this issue. If you have any questions or comments, please do not hesitate to contact me. In the meantime, I remain,

Sincerely,



Mark Johnston  
Director of State Affairs – Midwest Region