

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/12/2019**

Amendment to: HB 1391

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				\$10,000		\$2,500
<b>Expenditures</b>						
<b>Appropriations</b>						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1391 provides regulatory authority to the state for self-service storage insurance, and outlines the licensing of owners and sale of the insurance.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of the bill requires owners to submit \$100 with license application and to renew the license biennially at \$25.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Insurance Department estimates that there will be approximately 100 applicants during the 2019-21 biennium and those licenses will be renewed during the 2021-23 biennium. These fees will be deposited into the Insurance Regulatory Trust Fund.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This bill has no fiscal impact on expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill has no fiscal impact on appropriations.

**Name:** Melissa Seifert

**Agency:** Insurance Department

**Telephone:** 328-2930

**Date Prepared:** 01/14/2019

**FISCAL NOTE**  
**Requested by Legislative Council**  
**01/12/2019**

Bill/Resolution No.: HB 1391

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HB 1391 provides regulatory authority to the state for self-service storage insurance, and outlines the licensing of owners and sale of the insurance.

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- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

This bill has no fiscal impact on expenditures.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

This bill has no fiscal impact on appropriations.

**Name:** Melissa Seifert

**Agency:** Insurance Department

**Telephone:** 328-2930

**Date Prepared:** 01/14/2019

**2019 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1391**

# 2019 HOUSE STANDING COMMITTEE MINUTES

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

HB 1391  
1/30/2019  
31851

- Subcommittee  
 Conference Committee

Committee Clerk: Ellen LeTang by Kathleen Davis
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### Explanation or reason for introduction of bill/resolution:

Relating to regulation of self-service storage insurance

**Minutes:**

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**Chairman Keiser:** Opens the hearing on HB1391.

**Rudy Martinson~ Self Storage Association:** Introduces himself and Joe Daugherty.

4:30

**Joe Daugherty~ Self Storage Association, Alexandria, VA:** HB 1391 which provides a regulated program for self-storage facilities to offer insurance to their tenants. Many self-storage tenants do not have existing insurance coverage for property they store in a self-storage space. This insurance fills the coverage gap, create a regulatory framework, require training for employees offering insurance, mandate written disclosures to tenants who purchase. 31 states allow this insurance for sale by self-storage operators.

6:43

**Rep Adams:** Is a person at the facility an insurance person?

**Daugherty:** The business holds the license and employees permitted to work under that license.

**Rep Adams:** Do I tell you the value of my contents.

**Daugherty:** The value of the contents.

**Rep Laning:** How is this different than other insurance. Why is this necessary, why so much different?

**Daugherty:** It's narrowly tailored to the off premise property policy.

**Rep Bosch:** What is a qualifying loss. What is covered?

**Daugherty:** Fire, flood, other natural disaster, leaked roof. Mold, mildew, insects or rodents covered but with sublimit associated with it.

**Chairman Keiser:** Further testimony in support? Opposition? Neutral? We have a proposed amendment.

**Chrystal Bartuska, ND Ins. Dept.:** The current format we support but we haven't seen the amendment.

**Chairman Keiser:** Page 4 Line 2, remove "by the commissioner".

**Martinson:** That phrase crept in at legislative counsel. In consultation we got back from the self-storage folks, those standards are established by the insurer, the supervising entity and not the insurance commissioner's office.

**Rep Schauer:** Can you choose if you want to be covered.

**Daugherty:** Yes.

**Bartuska:** We agree with the amendment.

**Rep D Ruby:** Bottom of page 3, does that give you any authority to determine if rates are too excessive.

**Bartuska:** Yes.

**Chairman Keiser:** closed the hearing on HB 1391.

**Rep. Schauer:** Move to adopt the proposed amendment.

**Rep. Lefor:** Second

**Chairman Keiser:** Rep Schauer moves to adopt the amendment, second by Lefor. Further discussion? Seeing none, voice vote, aye? opposed? Motion carries. The amendment is on the bill and we have an amended HB 1391.

**Rep. Lefor:** Move a Do Pass as Amended.

**Rep Bosch:** Second.

**Chairman Keiser:** We have a motion and a second for a Do Pass as Amended on HB 1391. Roll call vote. 14 yes, 0 no, 0 absent. Motion carried. Rep. Adams is carrier.

DP 1/30/19

19.0882.01001  
Title.02000

Adopted by the Industry, Business and Labor  
Committee

January 30, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1391

Page 4, line 2, remove "by the commissioner"

Renumber accordingly

Date: 1.30.19

Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1391

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 Schauer    Seconded By Lefor

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Rep O'Brien		
Vice Chairman Lefor			Rep Richter		
Rep Bosch			Rep Ruby		
Rep C Johnson			Rep Schauer		
Rep Kasper			Rep Adams		
Rep Laning			Rep P Anderson		
Rep Louser			Rep M Nelson		

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

Absent \_\_\_\_\_

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

*Voice vote  
Motion carried.*

*remove " by the commissioner "*

Date: 1.30.19

Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES

BILL/RESOLUTION NO. 1391

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 Lefor    Seconded By Bosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep O'Brien	X	
Vice Chairman Lefor	X		Rep Richter	X	
Rep Bosch	X		Rep Ruby	X	
Rep C Johnson	X		Rep Schauer	X	
Rep Kasper	X		Rep Adams	X	
Rep Laning	X		Rep P Anderson	X	
Rep Louser	X		Rep M Nelson	Y	

Total (Yes) 14    No 0

Absent 0

Floor Assignment Adams

**REPORT OF STANDING COMMITTEE**

**HB 1391: Industry, Business and Labor Committee (Rep. Keiser, Chairman)**  
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends  
**DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1391 was placed  
on the Sixth order on the calendar.

Page 4, line 2, remove "by the commissioner"

Renumber accordingly

**2019 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1391**

# 2019 SENATE STANDING COMMITTEE MINUTES

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

HB 1391  
3/19/2019  
Job #33911

- Subcommittee  
 Conference Committee

Committee Clerk: Amy Crane

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

relating to regulation of self-service storage insurance.

### Minutes:

None.

**Chairman Klein:** Opened the hearing on HB 1391. All members were present.

**Representative Keiser, District 47:** introduced the bill. A product to insure the valuables and assets that people place into self-storage units. Many states have passed legislation similar to this. It's a limited liability license, so it means that people owning the storage units can offer this as a product to people. Several disclosures are required.

**Senator Burckhard:** Is this something you can just have as a rider on your home insurance?

**Representative Keiser:** You can certainly check with your insurance agent; you might be able to get it. On my home I have a significant shed on my property and I got that and everything inside insured.

**Vice Chairman Vedaa:** Would this be added onto the rent or would it be a separate bill?

**Representative Keiser:** I would think so yes, but you'd have to consult the expert.

**Chairman Klein:** We're just allowing the owner of the unit to offer insurance to their clients right when they sign the lease.

**Representative Keiser:** It's similar to travel insurance and the insurance you buy on your cell phone. It's a similar type of product it's just for the

**Senator Piepkorn:** So right now the owner of the storage unit property has no responsibility for anything that's in that unit?

**Representative Keiser:** There may be some areas of coverage that they might be responsible for. But if you read the contract they don't cover the value of the goods that are covered in that property. A storage unit owner isn't going to cover

**Rudie Martinson, Storage Association:** testified in support of the bill. Introduced Joe Doherty.

**Joe Doherty, Self-Storage Association:** Address the questions, self-service storage. You don't tell the property owner what you put in your storage unit. The owner has no idea what is in the unit and therefore no way of underwriting the property. The way its invoiced, its one invoice but a separate line item, for this insurance versus the cost of the rental for the unit. This insurance costs me \$5-10 per month. One additional point, now 32 states have implemented this. We ask for your favorable recommendation.

**Chairman Klein:** So I as the owner of the storage unit, I ask would you like to insure this?

**Joe:** We set a single dollar amount. Typically, the payments are in dollar amounts from \$1,000-10,000. There is no underwriting for the low dollar amounts.

**Chairman Klein:** So if I am burglarized, how do we determine that actual value?

**Joe:** There's the program administrator, the storage unit owner, the fully silenced insurance producer, and then the underwriting insurer, the program administrator would determine the cost of that claim and determine the value of the property, then the check would be cut for whatever the amount is and go straight to the tenant. The deductibles are generally \$10-100

**Vice Chairman Vedaa:** Is there any perils out there that this does not cover? Like floods for example.

**Joe:** There are sublimates, rather than a full exclusion. Like you can't store cash.

**Senator Kreun:** How often does a situation come up where you actually have to use that insurance, what causes do you have other than a fire or a theft?

**Joe:** It is typically acts of god. Its fires, floods, but it also covers burglaries.

**Senator Kreun:** Does your organization offer it? Whoever owns the property, are they involved in the insurance product or are they just a conduit?

**Joe:** They offer the insurance, its administered through a fully licensed insurance agent, and its underwritten by companies like AIG, Hanover. It isn't any additional involvement for the storage owner other than the having the disclosures there.

**Senator Kreun:** Is this going to be for every storage unit? Do I need to have this disclosure when I have my form signed?

**Joe:** You don't need to offer this insurance. But if you do offer it then you have to provide this disclosure.

**Senator Kreun:** So then if they deny the insurance, are you gonna be asked for proof of coverage to remove you of liability?

**Joe:** The practice differs from facility to facility. Some are more insistent. Others simply say, it's not for me to cover you so if your home insurance doesn't cover then you're just self-insuring.

**Chairman Klein:** So if you don't have insurance than you're just out, but you can elect to get this coverage up to a certain level and there's a burglary then I get the amount back I'm insured for? There is no responsibility to the storage owner other than the walls aren't falling down.

**Joe:** That's correct cause there is no way to underwrite.

**Chairman Klein:** So you're just providing this to the folks in your group saying you can now provide this coverage if you would like, cause you're not forcing them to do this?

**Joe:** Our association is not involved in the product at all. We just do the lobbying.

**Senator Burckhard:** So if I'm the storage unit owner I could also provide the insurance and be the insurance agent?

**Joe:** That's correct. They serve as a limited agent. If there are any technical questions it would go to the licensed insurance agent.

**Senator Burckhard:** So if I had a rusted out Schwinn bicycle I left in there and somebody breaks in there and steals it, I would just get the \$5000 I had insured it for?

**Joe:** You could insure it for whatever amount you like but the program administrator would come in and adjust that claim and determine your bike is not worth that amount.

**Senator Piepkorn:** So you said the policies might be ten to twenty dollars. How much does the owner of the rental facility make on that?

**Joe:** They make about 15% commission.

**Chairman Klein:** This is more of a service. It's not really a money making thing, it's just to insure your property.

**Joe:** That's right. The public companies that don't operate here in North Dakota because North Dakota doesn't have any, of the public companies that have to disclose the sale of their insurance, maybe 5-10% of their income comes from the sale of this insurance.

**Senator Piepkorn:** Representative Keiser mentioned this is similar to travel insurance. Can you buy it for one month or two months?

**Joe:** It's a month to month thing that can be canceled at any time.

**Steve Becher, Professional Insurance Agent:** provided neutral testimony. On a homeowner's policy, there is a limitation of 10% for anything that is located in another location

for a majority of the time. If I have a lake home, that would be part of that 10%. This would fill in some niches. We get it all the time where I have my stuff in a unit and I assume that the owner of the storage unit covers me but they don't.

**Senator Roers:** So those climate-tempered storage units where people are moving from place to place and they have a bunch of stuff, would you write a different policy for that?

**Steve:** Yes, there are some companies that will underwrite an insurance policy for those large amounts.

**Chairman Klein:** Closed the hearing.

**Vice Chairman Vedaa: Moved a Do Pass.**

**Senator Roers: Seconded.**

**A Roll Call Vote Was Taken: 6 yeas, 0 nays, 0 absent.**

**Motion Carried.**

**Senator Piepkorn will carry the bill.**

Date: 3/19  
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1391

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 Vedaa Seconded By Roers

Senators	Yes	No	Senators	Yes	No
Chairman Klein	X		Senator Piepkorn	X	
Vice Chairman Vedaa	X				
Senator Burckhard	X				
Senator Kreun	X				
Senator Roers	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Piepkorn

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

**REPORT OF STANDING COMMITTEE**

**HB 1391, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1391 was placed on the Fourteenth order on the calendar.