

Committee Report

CONSENT CALENDAR

May 13, 2021

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

**The Committee on Commerce and Consumer Affairs to
which was referred SB 36,**

**AN ACT relative to residency under auto insurance
policies. Having considered the same, report the same
with the following amendment, and the
recommendation that the bill OUGHT TO PASS WITH
AMENDMENT.**

Rep. Christy Bartlett

FOR THE COMMITTEE

COMMITTEE REPORT

Committee:	Commerce and Consumer Affairs
Bill Number:	SB 36
Title:	relative to residency under auto insurance policies.
Date:	May 13, 2021
Consent Calendar:	CONSENT
Recommendation:	OUGHT TO PASS WITH AMENDMENT 2021-1303h

STATEMENT OF INTENT

This bill repeals the requirement that applicants for coverage under new policies of automobile insurance sign statements of residency. The residency form was originally passed over a decade ago when neighboring states had very high insurance rates. More recently it has come to the attention to the New Hampshire Insurance Department that the residence forms have become a burden to New Hampshire auto insurance buyers who normally would get their insurance with just a phone call. The amendment clarifies the exemption provision. The entire committee felt it is pro consumer and good for business to repeal the requirement for these forms to be signed prior to purchase of a new car.

Vote 19-0.

Rep. Christy Bartlett
FOR THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

CONSENT CALENDAR

Commerce and Consumer Affairs

SB 36, relative to residency under auto insurance policies. **OUGHT TO PASS WITH AMENDMENT.**

Rep. Christy Bartlett for Commerce and Consumer Affairs. This bill repeals the requirement that applicants for coverage under new policies of automobile insurance sign statements of residency. The residency form was originally passed over a decade ago when neighboring states had very high insurance rates. More recently it has come to the attention to the New Hampshire Insurance Department that the residence forms have become a burden to New Hampshire auto insurance buyers who normally would get their insurance with just a phone call. The amendment clarifies the exemption provision. The entire committee felt it is pro consumer and good for business to repeal the requirement for these forms to be signed prior to purchase of a new car. **Vote 19-0.**

Original: House Clerk

Cc: Committee Bill File

Archived: Tuesday, June 1, 2021 11:52:11 AM

From: [JOHN HUNT](#)

Sent: Tuesday, May 25, 2021 11:32:53 AM

To: [Carrie Morris](#)

Cc: [Pam Smarling](#)

Subject: SB 36

Importance: Normal

SB36

This bill repeals the requirement that applicants for coverage under new policies of automobile insurance sign statements of residency. The residency form was originally passed over a decade ago when neighboring states had very high insurance rates. More recently it has come to the attention to the New Hampshire Insurance Department that the residence forms have become a burden to New Hampshire auto insurance buyers who normally would get their insurance with just a phone call. The Majority of the committee felt this was pro consumer and good for business to repeal requiring these forms to be signed prior to purchase of a new car.

Rep. Bartlett, Merr. 19
May 4, 2021
2021-1303h
11/06

Amendment to SB 36

1 Amend the bill by replacing section 2 with the following:

2

3 2 Automobile Insurance; Cancellation; Grounds. Amend RSA 417-A:4, IV to read as follows:

4 IV. ~~[Failure to sign the New Hampshire residency form as required by RSA 417 A:3 b.]~~

5 ***Named insured was not a resident of the state of New Hampshire at the time the policy was***
6 ***issued or renewed, unless the insured vehicle at issue was exclusively garaged in New***
7 ***Hampshire when the policy was issued or renewed.***

Voting Sheets

HOUSE COMMITTEE ON COMMERCE

EXECUTIVE SESSION ON HB SB36

BILL TITLE: relative to residency under auto insurance policies

DATE: 5/13/21

LOB ROOM: 306-308

MOTION: (Please check one box)

- OTP ITL Retain (1st year) Adoption of Amendment # 1303h
 Interim Study (2nd year) (if offered)

Moved by Rep. Bartlett Seconded by Rep. Hunt Vote: 19-0

MOTION: (Please check one box)

- OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. Bartlett Seconded by Rep. Hunt Vote: _____

MOTION: (Please check one box)

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Moved by Rep. _____ Seconded by Rep. _____ Vote: 19-0

MOTION: (Please check one box)

- OTP OTP/A ITL Retain (1st year) Adoption of Amendment # _____
 Interim Study (2nd year) (if offered)

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

CONSENT CALENDAR? X Yes _____ No

Minority Report? _____ Yes _____ No If yes, author, Rep.: _____ Motion: _____

Respectfully submitted, Rep. AMMON, Clerk

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK

1/22/2021 9:55:55 AM
Roll Call Committee Registers
Report



2021 SESSION

Commerce and Consumer Affairs

Bill #: SB36 Motion: OTP/A AM #: _____ Exec Session Date: 5/13/21

<u>Members</u>	<u>YEAS</u>	<u>Nays</u>	<u>NV</u>
Hunt, John B. Chairman	19		
Potucek, John M. Vice Chairman	1		
Osborne, Jason M.	2		
Ammon, Keith M. Clerk	3		
Abramson, Max	4		
Ham, Bonnie D.	5		
Depalma IV, Joseph	6		
Greeson, Jeffrey	7		
Johnson, Dawn M.	8		
Terry, Paul A.	9		
Bartlett, Christy D.	10		
Abel, Richard M.	11		
Herbert, Christopher J.	12		
Van Houten, Constance	13		
Fargo, Kristina M.	14		
Weston, Joyce	15		
Beaulieu, Jane E.	16		
Burroughs, Anita D.	17		
McAlear, Chris R.	18		
TOTAL VOTE:	19	0	

STATE OF NEW HAMPSHIRE
OFFICE OF THE HOUSE CLERK



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Van Houten, Constance	13		
Fargo, Kristina M.	14		
Weston, Joyce	15		
Beaulieu, Jane E.	16		
Burroughs, Anita D.	17		
McAleer, Chris R.	18		
TOTAL VOTE:	19	0	

Hearing Minutes

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON SB 36

BILL TITLE: relative to residency under auto insurance policies.

DATE: March 30, 2021

LOB ROOM: Remote **Time Public Hearing Called to Order:** 9:03 a.m.

Time Adjourned: 9:55 a.m.

Committee Members: Reps. Hunt, Potucek, Ammon, Osborne, Abramson, Ham, Depalma IV, Greeson, Johnson, Terry, Bartlett, Abel, Herbert, Van Houten, Fargo, Weston, Beaulieu, Burroughs and McAleer

Bill Sponsors:

Sen. French
Sen. Giuda
Sen. Reagan

Sen. Hennessey
Sen. Sherman
Rep. Pearl

Sen. Ricciardi
Sen. Soucy

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Sen French

This bill is at the request of the insurance department. This bill removes the requirement that applicants applying for auto insurance would not have to sign the statement of residency. It's an outdated requirement that they're looking to get rid of. As you know most times when we apply for or get new coverage for our automobile, we do it over the phone and never even go into the insurance office.

Rep Hunt: I remember when this law was created. This law was created because people from out of state were trying to get insurance in the state of New Hampshire.

I assume you're correct, representative. You obviously have a long background and knowledge on the institution, and we'll see fit to guide this through your committee.

Rep Van Houten

A: Will the insurance department be testifying? I find the wording of the bill not easy to understand.

Q: I believe they will be testifying.

Rep McAleer

Q: Will this still require that people buying insurance will need to live in New Hampshire?

Rep Hunt: Yes. I have James Fox. Senator French does this still mean that somebody out of state cannot come into New Hampshire or on the phone and purchase auto insurance. They still must be a NH resident, I presume.

A: Yes, absolutely.

Rep Abramson

Q: Is it a problem that someone who moves here but has not established residency has difficulty buying insurance?

A: This requires that your vehicle be exclusively garaged in New Hampshire.

Q: I wonder if it makes more sense just to say, if you're moving here, if your intent is to move here, you're eventually going to have the car garaged here, the right to buy insurance.

A: If you see fit, make some changes.

James Fox

Property and casualty Director of NH Insurance Dept. This a modernization bill. This form has been in place awhile. Called "rate invasion." People buy insurance in NH who don't live here. This is the only state that requires this is NH. Some people can't meet the requirements of the form who don't have an intent to stay here. Basic standards either 1) resident and you intend to stay here 2) you live in a different state but leave your vehicle here. The problem from the carrier's perspective, since it's only an insurance issue, they have a problem with processing the form. Sometimes they send out cancellations. We haven't seen rate invasion since I've been here. We can look at people who don't live here and try to buy here, we can look at that as a market action perspective. We're only getting rid of the form. We're keeping all the same standards.

Rep Van Houten

Q: I understand the concept of modernization and simplification. I don't understand the wording. The words "at that time" are confusing to me. Could you explain what that means and how it is appropriate?

A: Means when they filled out the form for initial or renewal.

Q: The word "that" is a reference that is bothersome to me.

A: We would want the property to be in NH at that time, and not mean they have an intent to do it at some future date. We can clean any of that up in the rule, which is more detailed. If you moved your car out of state, we would let you go until the end of the policy period.

Rep Fargo

Q: Could you speak to line 20? Relative to the exclusion of certain claims..?

A: The old law was saying that you falsely attest to a residency form and you're from another state, then we shouldn't use that for rate calculations. The RSA to assign rates to another state, we haven't used it and don't need it.

Rep Abramson

Q: Is there a way to clean this up so that people can buy insurance before they get here?

A: Most people have their policy from a different state, and they work with their insurance company, to switch to a NH policy either when they arrive or at renewal.

Rep Hunt: If you know the day you're going to move to NH, you can set up ahead of time an insurance policy to be active the day you're going to move, so you don't have any lapses between insurance policies. You could set up a policy and when the effective date begins.

Fox: There are two ways to handle it. There are people who let it roll out at renewal. And there are people who are more proactive and set up a date for it to switch over.

Q: Shouldn't this be a majority of the time or enough of the time? Some cars are garaged in different state over the course of the year.

A: If you're a NH resident and have multiple residencies, you can still get a policy. We wouldn't want people who come up a lot and we'd have to start doing counting.

Rep Hunt: I assume garage means parked somewhere.

Q: What about all the people who are parked at the Seabrook Walmart?

A: People parked and are in NH a lot. Generally, property insurance is location rated, so there would be a concern if you were from an area that had a high incidence of accidents and had it there 50% of the time. Your rates would be based on what's happening in NH.

Rep Hunt: The assumption is that NH has cheaper rates than other states. We wouldn't want people from out of state to take advantage of our cheaper rates.

Rep Abel

Q: I understand this issue would be a concern of an insurance company, but I'm not sure why this is a concern to the state of NH or the Insurance Department. What's the problem from the state's perspective that we're trying to solve here?

A: The reason we're here is that the form is unnecessary. There's no reason to keep that requirement. From the consumer's point of view, some insurers are online only. They mail the form, and some consumers send it back and others don't. Some will get a cancellation notice. The department has determined that this is no longer necessary. We do market action audits and can monitor it a different way. In the nine years I've been here, we have not seen any instances of people trying to get into NH and save a modest amount on their insurance premiums.

Q: Would it not then be easier to say that the form is not necessary?

A: All this does, is delete the form requirement and inserted the requirement for residency or the requirement that the car be exclusively garaged.

Rep Terry

Q: Some of my questions have been answered. This discussion is broadening beyond the request to just remove the form. With respect to compliance, how many staff do you have that engage in this practice?

A: We have a "market conduct" unit that has 4 members and then I assist. We have different issues that come up and we do examinations. We take a sample of files and review those files and ensure they comply with NH law. We do claims exams yearly. If we saw people applying that weren't from NH we would discuss with that insurance company using a "corrective action order." We also have a consumer division and that's how we determined that some of the insurers had trouble recognizing the form. We had complaints from consumers they were being canceled for not having filled out the form.

Q: It sounds like this is an annual exercise by sample by insurance company?

A: The insurance companies also have to do reporting on a national basis. We also have an analyst that also reviews all the national data. If you had an insurance company with a very high cancellation rate, our analysis would contact them to figure out why their cancellation rate was so high.

James Hatem

Attorney. State Farm Insurance. Testifying in support. This law was thrown on the books in 2004. There was a former commissioner who had a house on Lake Winnepesaukee and saw neighbors

showing up from out of state with NH plates on weekends. Every time you bought another vehicle or trailer it required a consumer to come down to a local state farm office to sign a form. This form is no longer necessary and remains the biggest issue with agents in NH. 50 to 60 mom and pop agencies in NH. My agent expressed excitement that the legislature would be getting rid of the form. The form says if you lie on the form, you can be denied coverage. The department needed to create language that warns what happens if you lie about your residency. There's only been one claim in 17 years there was only one claim that had a residency issue. I would encourage you to support this bill to support the agents who have to issue this form.

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Q: If I have a second residence in NH, I would want to register my car in NH than MA because of the sales tax. How does this address that if someone wants to register here to avoid sales tax?

A: There are many issues where "residency" plays out. This bill is narrowly tailored to the residency requirement for insurance.

Bruce Berke

Professional Insurance Agents in NH. They are opposed to this bill for a variety of reasons. Currently, an insurer is required to sign this form, with certain exceptions. This makes clear that anyone outside New Hampshire cannot obtain insurance unless their residency is here. This form is only required on initial purchase, not on renewal. We have the lowest rates in the country. Doing away with this requirement could impact our insurance market. Adulterating the rating pool with non-residents would disrupt the marketplace. This would risk rate increases for NH drivers, increasing the cost of auto insurance. Both Fox and Hatem have said the law has been on the books since 2004 and there hasn't been a problem. We're not having rate invasion because we have this form in place. We urge you to retain the form and direct the department to update the form with the new language.

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Time Adjourned: 9:55 AM

(please bold if present)

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House Remote Testify

Commerce and Consumer Affairs Committee Testify List for Bill SB36 on 2021-C

Support: 15 Oppose: 0 Neutral: 2 Total to Testify: 3

[Export to Excel](#)

<u>Name</u>	<u>City, State</u> <u>Email Address</u>	<u>Title</u>	<u>Representing</u>	<u>Position</u>	<u>Testifying</u>	<u>S</u>
Fox, James	Concord, NH James.r.fox@ins.nh.gov	State Agency Staff	Insurance Department	Support	Yes (5m)	3
Hatem, James	Manchester, NH jhatem@nixonpeabody.com	A Lobbyist	State Farm Insurance Companies	Support	Yes (5m)	3
French, Senator Harold	Canterbury, NH kathryn.cummings@leg.state.nh.us	An Elected Official	Senate District 7	Support	Yes (0m)	3
Stevens, Representative Deb	Nashua, NH debstevens4ward7@gmail.com	An Elected Official	My 10K constituents	Support	No	3
Giuda, Bob	Warren, NH bob.giuda@leg.state.nh.us	An Elected Official	NH Senate District 2	Support	No	3
Hennessey, Erin	Concord, NH erin.hennessey@leg.state.nh.us	An Elected Official	SD1	Support	No	3
Ricciardi, Denise	Concord, NH denise.ricciardi@leg.state.nh.us	An Elected Official	SD9	Support	No	3
Doherty, Emily	Concord, NH emily.doherty@ins.nh.gov	State Agency Staff	Insurance Department	Support	No	3
Mobley, Marty	Concord, NH martha.v.mobley@ins.nh.gov	State Agency Staff	Insurance Department	Support	No	3
Sherman, Senator Tom	SD24, NH jennifer.horgan@leg.state.nh.us	An Elected Official	SD24	Support	No	3
Pimentel, Rod	Henniker, NH Rod.pimentel@leg.state.nh.us	An Elected Official	Myself	Support	No	3
DeMark, Richard	Meredith, NH demarknh114@gmail.com	A Member of the Public	Myself	Support	No	3
Fordey, Nicole	Litchfield, NH nikkif610@gmail.com	A Member of the Public	Myself	Support	No	3
Hope, Lucinda	Tilton, NH lmhope46@gmail.com	A Member of the Public	Myself	Support	No	3
Schmidt, Jan	Nashua, NH tesha4@gmail.com	An Elected Official	Myself	Support	No	3
Pauer, Eric	Brookline, NH secretary@BrooklineGOP.org	A Member of the Public	Myself	Neutral	No	3
Vogt, Robin	Portsmouth, NH robin.w.vogt@gmail.com	A Member of the Public	Myself	Neutral	No	3

Testimony

Archived: Tuesday, April 27, 2021 12:49:40 PM

From: Max Abramson

Sent: Tuesday, March 30, 2021 9:36:15 AM

To: ~House Commerce Committee

Subject: SB36, uninsured drivers by state

Importance: Normal

Attachments:

[Uninsured-Motorists-Insurance-Research-Council_300x200.jpg](#) 

While northeastern drivers are more likely than others to carry insurance, we do get more new drivers from other states. We also have people buy their first car, truck, or motorcycle when they make the move to New Hampshire who have no prior coverage on that vehicle.

New Hampshire also has a lot more interstate migrants who travel from one Walmart parking lot to the next, or one campground to the next.

<https://www.hanover.com/resources/tips-individuals-and-businesses/prepare-now-learn-how/five-states-20-or-more-drivers-have>

Rep. Max Abramson

Free Chad Evans. There is justice in Heaven, and there is justice in Hell. Both are therefore a law abider's utopia's compared to this monstrosity that our taxpayers are compelled to prop up.

"The problem isn't that Johnny can't read. The problem isn't even that Johnny can't think. The problem is that Johnny doesn't know what thinking is; he confuses it with feeling." --Thomas Sowell

"It is better to take refuge in the Lord than to trust in man." --Psalms 118:8

Archived: Tuesday, April 27, 2021 12:50:26 PM
From: [Hatem, James](#)
Sent: Wednesday, April 7, 2021 2:29:27 PM
To: [~House Commerce Committee](#)
Subject: SB 36 relative to residency under auto insurance policies
Importance: Normal

To the member of the House Commerce and Consumer Affairs Committee,

I am writing to supplement my testimony on behalf of State Farm in support of SB 36 eliminating the requirement of a signed residency form in connection with the purchase of auto insurance policies.

The residency form requirement was enacted at a time when the Massachusetts auto insurance rates were higher due to a lack of competition in the Massachusetts insurance market. This gave residents of Massachusetts an incentive to register their vehicles at their New Hampshire vacation homes to lower their insurance rates. Due to 2008 reforms, Massachusetts introduced competition, which lowered rates and the incentive for vacation home owners to falsely claim residency in New Hampshire.

State Farm has found no evidence that eliminating the form will drive up New Hampshire automobile insurance rates. Since the applicant's residence and where the vehicle will be parked is already covered in all application in all states, the form itself simply supplements representations already made by the applicant. In the normal course of business, State Farm's Investigative Underwriting Team systematically reviews policy information for suspicious activity, including whether the applicants misstated his or her state of residence. When compared to Maine, which presumably has vacation homes owned by resident of Massachusetts as well, New Hampshire has the same rate of false residency claims. The results in this regard with respect to Maine and New Hampshire are almost identical. In Maine, State Farm's underwriting department had 9 referrals for possible suspicious activity on an auto policy, while New Hampshire had 10 referrals. Based on this comparison, signing the residency form has no deterrent effect and thus it cannot be concluded that New Hampshire rates will increase if the residency form is eliminated.

As I mentioned in my testimony New Hampshire is the only state that requires an applicant to sign a residency form. Though it may have served a purpose at one point, it has long since become archaic. This form is an inconvenience for both the customer and the agent.

I ask for your continued support for passage of SB 36.

Thank you.

Jim

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Bill as
Introduced

SB 36 - AS INTRODUCED

2021 SESSION

21-0563

11/06

SENATE BILL **36**

AN ACT relative to residency under auto insurance policies.

SPONSORS: Sen. French, Dist 7; Sen. Hennessey, Dist 1; Sen. Ricciardi, Dist 9; Sen. Giuda, Dist 2; Sen. Sherman, Dist 24; Sen. Soucy, Dist 18; Sen. Reagan, Dist 17; Rep. Pearl, Merr. 26

COMMITTEE: Commerce

ANALYSIS

This bill repeals the requirement that applicants for coverage under new policies of automobile insurance sign statements of residency.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT relative to residency under auto insurance policies.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Prohibition on Nonresident Automobile Insurance. RSA 412:9 is repealed and reenacted to
2 read as follows:

3 412:9 Prohibition on Nonresident Automobile Insurance. Policies of automobile insurance, as
4 defined in RSA 417-A, shall only be issued and renewed to residents of the state of New Hampshire,
5 except that such policies shall also be permitted to be sold to any person if the vehicle insured is
6 exclusively garaged in New Hampshire. Notwithstanding any other provision of law to the contrary,
7 no individual shall be provided coverage under a policy of automobile insurance, as defined in RSA
8 417-A, if such applicant or applicants have been determined by the insurer to have intentionally
9 misrepresented their residency status or exclusive garaging status at the time of initial application
10 or renewal. Payment shall be made by the insurer with respect to accidents for all valid bodily
11 injury and property damage liability claims and all valid uninsured motorist claims by individuals
12 other than the applicant or applicants who made the intentional misrepresentation. However, the
13 insurer shall be legally entitled to reimbursement by the policyholder for all such paid claims.

14 2 Automobile Insurance; Cancellation; Grounds. Amend RSA 417-A:4, IV to read as follows:

15 IV. ~~[Failure to sign the New Hampshire residency form as required by RSA 417-A:3-b.]~~
16 ***Named insured was not a resident of the state of New Hampshire at the time the policy was***
17 ***issued or renewed, unless the insured vehicle at issue was exclusively garaged in New***
18 ***Hampshire at that time.***

19 3 Repeal. The following are repealed:

20 I. RSA 412:18, relative to the exclusion of certain claims in calculation of premium rates.

21 II. RSA 417-A:3-b, relative to statements of residency for automobile insurance policies.

22 4 Effective Date. This act shall take effect 60 days after its passage.