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Operator's Signature

10-16-03
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2123

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10-16-03
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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2123

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-14-03

| Tape Number | Side A | Side B | Meter # |
|---|--------|--------|---------|
| 1 | xx | | 0-804 0 |
| | | | |
| | | | |
| Committee Clerk Signature <i>Lisa VanBerkem</i> | | | |

Minutes: Chairman Mutch opened the hearing on SB 2123. All Senators were present.

The bill relating to surplus lines insurance was introduced by Laurie Wolf, Director of Agent Licensing and Investigations of the ND Insurance Dept.

Testimony in support of SB 2123

See testimony of Laurie Wolf. She introduced the bill to amend the affidavit filing requirements for surplus lines insurance from the current language of 15 days to file the affidavit to a more reasonable filing time frame of 60 days.

Senator Heitkamp asks if the commissioner can currently wave the late fees.

Laurie responds that the law isn't clear enough to allow that. They want the ability to wave the \$25 per day late fee for a surplus lines broker.

Senator Espgaard asks Laurie to explain the definition of surplus lines.

Laurie explains the process of the surplus lines. (Meter no. 350)

Senator Klein is assured that this bill pertains only to surplus lines.

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Senate Industry, Business and Labor Committee
Bill/Resolution Number 2123
Hearing Date 1-14-03

Senator Mutch asks if 60 days will be long enough.

Laurie said that is a reasonable time frame.

No opposing testimony.

The hearing is closed

Senator Espegard moved a DO PASS. Seconded by Senator Klein.

Roll Call Vote: 7 Yes. 0 No. 0 Absent.

Carrier: Senator Klein

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10-16-03
Date

REPORT OF STANDING COMMITTEE (410)
January 14, 2003 1:17 p.m.

Module No: SR-06-0527
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SB 2123: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2123 was placed
on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-06-0527

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2003 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2123

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10-16-03

Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2123

House Industry, Business and Labor Committee

Conference Committee

Hearing Date March 4, 2003

| Tape Number | Side A | Side B | Meter # |
|-------------|--------|--------|-----------|
| 1 | x | | 28.7-36.5 |
| | | | |
| | | | |

Committee Clerk Signature

Judith Hammer

Minutes: **Chairman Keiser** opened the hearing on SB 2123.

Laurie Wolf, Director of Agent Licensing and Investigations for the North Dakota

Insurance Department, introduced SB 2123 and testified in support. (See attached)

Rep. Zaiser: Are there any impacts, negative ones, that would occur by extending this time frame?

Wolf: No, this is really more of a filing time frame from when the surplus lines broker receives that policy from the company and they get the affidavit filed to us. It doesn't cause any harm to the consumer who purchases the policy.

Chairman Keiser: The big difference with surplus lines is that they are not pre-filed with the Department. A normal insurance policy is filed by the company with the Department of Insurance, the Department approves it and it is ready to be marketed. In surplus lines, the Department deems that there is no one doing due diligence? Due diligence is done by the Department, I assume?

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10-16-03

Date

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House Industry, Business and Labor Committee
Bill/Resolution Number SB 2123
Hearing Date March 4, 2003

Can you give us an example of a surplus lines market? So the complete affidavit is submitted to the Department and that serves as approval, right?

Wolf: Due diligence is actually done by the surplus lines broker. Day care providers, bowling alleys, bars etc., we have a list at Administrative Rules. I could bring that in if you like. Yes, we want to make sure that a due diligence search has been done, the necessary information has to be there so that when we come up for the annual filing time we know that the policy had a certain amount of premium and we tie it and link their tax base/rate (?) pay to us when they do their statement filing each year.

Rep. Klein: The fifteen days, when did that originally get set in? And you think that it's unreasonable?

Wolf: I don't really know. Probably when the initial Chapter 26 came in, that's when surplus lines also came hand in hand with Chapter 24. Correct, it is unreasonable.

As there was no one else present to testify in support of or in opposition to SB 2123, the hearing was closed.

Rep. Zaiser moved a Do Pass.

Rep. Ekstrom seconded the motion.

Results of the roll call vote were 14-0-0.

Rep. Ruby will carry this on the floor.

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10-16-03
Date

34
Date: 2/ /03
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2123

House INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Zaiser Seconded By Ekstrom

| Representatives | Yes | No | Representatives | Yes | No |
|---------------------|-----|----|-----------------|-----|----|
| Chairman Keiser | ✓ | | Boe | ✓ | |
| Vice-Chair Severson | ✓ | | Ekstrom | ✓ | |
| Dosch | ✓ | | Thorpe | ✓ | |
| Froseth | ✓ | | Zaiser | ✓ | |
| Johnson | ✓ | | | | |
| Kasper | ✓ | | | | |
| Klein | ✓ | | | | |
| Nottestad | ✓ | | | | |
| Ruby | ✓ | | | | |
| Tieman | ✓ | | | | |
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Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep Ruby

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

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REPORT OF STANDING COMMITTEE (410)
March 4, 2003 11:11 a.m.

Module No: HR-38-3833
Carrier: Ruby
Insert LC: Title:

REPORT OF STANDING COMMITTEE
SB 2123: Industry, Business and Labor Committee (Rep. Kelsor, Chairman) recommends
DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2123 was placed
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-38-3833

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2003 TESTIMONY

SB 2123

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Operator's Signature

10-16-03
Date

SENATE BILL NO. 2123

Presented by: Laurie A. Wolf
Director of Agent Licensing and Investigations
North Dakota Insurance Department

Before: Industry, Business and Labor Committee
Senator Duane Mutch, Chairman

Date: January 14, 2003

TESTIMONY

*SAME
given to House*

Mr. Chairman and members of the committee:

Good morning, my name is Laurie Wolf, Director of Agent Licensing and Investigations with the North Dakota Insurance Department. I stand before you today to introduce Senate Bill No. 2123.

This bill amends the affidavit filing requirement for surplus lines insurance from the current language of 15 days to file the affidavit to a more reasonable filing time frame of 60 days. The current language of 15 days does not allow for an adequate time frame for surplus lines brokers to receive the surplus lines insurance policy from the carrier and get the affidavit filed within that time frame. Additionally, it also allows the Commissioner some discretion in the penalty section for late filings.

If there are any questions, I would be happy to answer them.

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Laurie A. Wolf
Operator's Signature

10-14-03
Date