

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1142

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1142

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 12, 2009

Recorder Job Number: 6846

Committee Clerk Signature *Ellen Litang*

Chairman Keiser: Opened the hearing on HB 1142 relating to insurance producer continuing education requirements.

Rebecca Ternes~Deputy Commissioner of ND Insurance Department. See attachment 1.

Representative Amerman: Grandfathered in they won't have to and everyone else will have to.

Ternes: True

Representative Amerman: Do you have any idea how many are grandfathered in?

Ternes: None what so ever.

Representative Boe: Why August 1st.

Ternes: This is when law takes effect.

Chairman Keiser: Are other states are using the standards of 62 years?

Ternes: Some are, but the uniformity standard is to require everyone to report in 24 hours to CE every other year. Continue to discuss with Chairman Keiser on clarification of question.

Representative Boe: Why did we grandfather them in the first place?

Ternes: I wasn't at the department when it happened, so I don't know.

Chairman Keiser: Will this make our agent & department fall into the national licensing program that is going on?

Ternes: There are still two uniformity measures that we do not follow. First is finger printing & the second is the birth month renewal, which we do have a bill in place.

Chairman Keiser: Share with the committee what is happening nationally with producer licensing.

Ternes: Explains answer.

Chairman Keiser: Explains the two major issues nationally. First that agents have to buy so many licenses. The second is market conduct analysis.

Kent Olson~ND Professional Insurance Agents Association. We support HB 1142.

Representative Vigesaa: Do the continuing educations hours run on a calendar year basis?

Olson: Yes, but we renew our license every two years.

Representative Vigesaa: You would have up to the end of the calendar year, December 31, when you want to complete your continuing education.

Olson: Yes

Representative Boe: On the grandfathering clause, what would you say to an amendment that was that ended in three to five years.

Olson: We don't use grandfather, we use start date and stop date. Our recommendation is not later next January.

Representative Boe: We are eliminating the people being grandfathered in.

Olson: This is not retroactive.

Representative Boe: That's what I'm going with this.

Olson: No, from that date forward.

Norbert Mayor~I represent the ND Association of Insurance and Advisors. We support this bill.

Chairman Keiser: One of the reasons that rule was instituted was that it was difficult and expensive to meet the requirements of educations. Rebecca, is it easy now with internet.

Olson: Yes, it is very easy.

Evan Mandigo~State Executive for the ND Independent Insurance Agents. We support this bill and see my testimony (attachment 2).

Chairman Keiser: **Anyone in opposition of HB1142? Seeing none we will close the hearing on HB 1142.**

What are the wishes of the committee?

Representative Vigesaa: I would offer the amendment to change the date on line 18 to January 1, 2010.

Chairman Keiser: That is a motion to amend. Is there a second.

Representative Thorpe: Second.

Chairman Keiser: All those in favor of the amendment indicate by saying aye, oppose nay. All ayes. The bill is amended as proposed and is before you. What are the wishes of the committee for HB1142?

Representative Thorpe: Do Pass.

Representative N Johnson: Second.

The carrier is Representative Amerman.

January 12, 2009

VR
1/12/09

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1142

Page 1, line 18, replace "August" with "January" and replace "2009" with "2010"

Renumber accordingly

Date: Jan 12-2009
Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1142

House House, Business & Labor Committee

Check here for Conference Committee module no: HR-05-0220

Legislative Council Amendment Number 98175.0101 Title .0200

Action Taken Do Pass Do Not Pass As Amended

Motion Made By Rep Ruby Seconded By Rep N Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Representative Amerman	✓	
Vice Chairman	✓		Representative Boe	✓	
Representative Clark	✓		Representative Gruchalla	✓	
Representative N Johnson	✓		Representative Schneider	✓	
Representative Nottestad	✓		Representative Thorpe	✓	
Representative Ruby	✓				
Representative Sukut	✓				
Representative Vigasaa	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep Amerman

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

REPORT OF STANDING COMMITTEE

HB 1142: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends
DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1142 was placed
on the Sixth order on the calendar.

Page 1, line 18, replace "August" with "January" and replace "2009" with "2010"

Renumber accordingly

2009 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1142

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1142

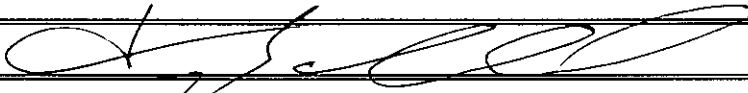
Senate Industry, Business, and Labor Committee

Check here for Conference Committee

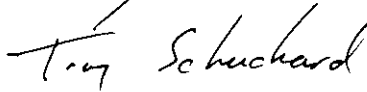
Hearing Date: March 11, 2009

Recorder Job Number: 10723

Committee Clerk Signature



Minutes:



Chairman Klein: Opened the hearing on HB 1142, all members present.

Rebecca Ternes: Deputy Commissioner of the North Dakota Insurance Department testified in support of HB 1142. (See attachment #1)

Senator Horne: In your testimony, you state "we are one of the few states not involved", explain that for us.

Rebecca Ternes: There is a whole set of uniformity measures that includes requiring 24hrs of continuing education every 2 years. There has been a very strong effort to become uniform across all of the states. The rule of 85 that we currently have is not a uniformity standard. In other states, if you want to sell insurance you have to continue to take continuing education. I think States, agents, and producers have recognized that the industry has changed faster lately and that it is important to stay current on the education standards set forth. In order to stay uniform and prevent federal legislation, this is an important step.

Senator Horne: If we remove this, you claim this would be one step towards uniformity. What else would we have to do?

Rebecca Ternes: Really there is only one thing left to be uniform with the other states and that is fingerprinting all agents. Not every state agrees that that is the way to go.

Chairman Klein: There are current states that require fingerprinting?

Rebecca Ternes: Yes.

Chairman Klein: Is that federal standard for uniformity or the NAIC?

Rebecca Ternes: NAIC

Norbert Mayer: Representing the North Dakota Association of Insurance and Financial Advisors testified in support of HB 1142.

Senator Horne: If this is approved and I am 62 and I have 23 years of experience which totals 85, after that point I would not have to do continuing education and or report it, is that correct?

Norbert Mayer: No, that is the way it is now. Should this pass, aside from those grandfathered in, they would have to continue to get those 24 hrs of continuing education. What this legislation is trying to accomplish is removing the "rule of 85".

Steve Becker: Executive Director of the North Dakota Professional Insurance Agents testified in support of HB 1142. Insurance is not an industry where you can rely on your experience to get you by. It changes daily and we need these agents in the business to continue their education in the field.

Evan Mandigo: Executive Director of the Independent Insurance Agents of North Dakota testified in support of the repeal of the "rule of 85".

Senator Nodland: Made a motion for a Do Pass

Senator Wanzek: Seconded

Chairman Klein: Motion for a Do Pass is approved 7-0, Senator Behm to carry.

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Date: 3/11/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1142

Senate

Committee

Industry, Business and Labor

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Pass Do Not Pass Amended

Motion Made By Senator Nodland Seconded By Senator Wanzek

Senator	Yes	No	Senator	Yes	No
Senator Jerry Klein - Chairman	✓		Senator Arthur H. Behm	✓	
Senator Terry Wanzek - V.Chair	✓		Senator Robert M. Horne	✓	
Senator John M. Andrist	✓		Senator Tracy Potter	✓	
Senator George Nodland	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Behm

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

REPORT OF STANDING COMMITTEE (410)
March 11, 2009 1:00 p.m.

Module No: SR-44-4574
Carrier: Behm
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1142, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1142 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

HB 1142

HOUSE BILL NO. 1142

Presented by: **Rebecca L. Ternes**
Deputy Commissioner
North Dakota Insurance Department

*Same given
to Senate*

Before: **House Industry, Business and Labor Committee**
Representative George Keiser, Chairman

Date: **January 12, 2009**

TESTIMONY

Good afternoon, Chairman Keiser and IBL Committee members. For the record, my name is Rebecca Ternes. I am the North Dakota Deputy Insurance Commissioner.

You have before you House Bill No. 1142 which amends a section of the insurance chapter of the North Dakota Century Code as it relates to the continuing education, or CE, of insurance producers.

Currently, insurance producers must complete 24 hours of Department-approved CE every two years and report that CE to the Department when they renew or continue. Once a producer's age added to his or her years of continual licensure equals 85, the producer is exempt from reporting CE. This law was enacted in 1989.

This bill would add language that would grandfather in anyone who has met that requirement by August 1, 2009, but not allow that practice in the future. All active producers of major lines would have to complete 24 hours of approved CE and report those hours to the Department every other year.

Several things have changed in insurance CE since the Rule of 85 was instituted. CE was once only held face-to-face and not on the Internet, it was more expensive, and

there were fewer providers. Today, there is a more diverse set of providers offering in-person and online courses in a wide variety of subject matters at a reasonable cost.

I have discussed this bill with the North Dakota Professional Insurance Agents (PIA), the North Dakota Independent Insurance Agents (Big I) and the North Dakota Association of Insurance and Financial Advisors (NDAIFA). These associations are supportive of this bill. You may find it interesting that these agents tell me they know their members seek CE whether they are required to or not. Additionally, it is important to the Department and to North Dakota consumers that in this very dynamic and ever-changing industry, producers selling insurance are knowledgeable and well-trained on all of the latest laws related to their business, product changes and industry standards.

It is also important to mention that requiring all producers to continually seek training in the field is one of the few national producer licensing uniformity measures that North Dakota does not follow. These measures create a uniform national system important to multi-state producers that want North Dakota to be a reciprocal state, meaning that other states recognize the quality of our licensure.

Mr. Chairman, members of the Committee, I am happy to answer any questions and urge your support of House Bill No. 1142. Thank you.

TESTIMONY

House Bill 1142-Independent Insurance Agents of ND
House IBL Committee
Representative Keiser, Chairman

Chairman Keiser and members of the House Industry Business & Labor committee, my name is Evan Mandigo. I am the State Executive of the North Dakota Independent Agents Association and a licensed insurance agent in North Dakota. I am here to testify in favor of HB 1142 on their behalf.

HB 1142 changes what is called the rule of 85. Currently insurance producers with a combination of age (62) and years of continuous licensure totaling 85 are exempt from continuing education. Line 18 adds a qualifier so that anyone meeting this test after August 1, 2009 will no longer be exempt. Anyone who has already qualified under the rule of 85 is not affected.

North Dakota is among a small minority of states currently allowing this exception. One argument advocates of federal regulation make is there are 50 different sets of laws which justifies federal regulation in their mind. We support minimizing the differences between states where possible. 1142 is a step in that direction. Our organization has historically vigorously opposed any more federal regulation than is already present in the insurance industry. We believe regulation of insurance is best and most efficiently accomplished at the state level by regulators on the scene.

We also believe given the pace of change in the insurance industry, continuing education is beneficial to any insurance producer and ultimately the members of the public they serve.

Mr. Chairman, this concludes my testimony. I urge the committee to adopt a do pass recommendation for HB 1142.

I would be happy to stand for any questions you or the committee members may have.