

2019 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2167

2019 SENATE STANDING COMMITTEE MINUTES

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

SB 2167
1/16/2019
Job # 30858

- ☐ Subcommittee
☐ Conference Committee

| |
|----------------------------|
| Committee Clerk: Amy Crane |
|----------------------------|

Explanation or reason for introduction of bill/resolution:

Relating to insurance producer and consultant continuing education; and relating to definitions relating to insurance producers and consultants.

Minutes:

| |
|----------|
| Att #1-2 |
|----------|

Chairman Klein: Opened the hearing on SB2167. All members were present.

Senator Burckhard, Senator District 5: Testified in support of the bill. SB 2167 has to do with insurance and continuing education units. This bill grants three hours of continuing education to active members of a professional organization. Currently North Dakota has three such professional groups: NAIFA which stands for National Association of Insurance and Financial Advisers, Big I which stands for Big Independent, PIA of North Dakota which is Professional Insurance Agents of North Dakota. All three of these are in favor of this bill for active membership. Continuing education will be granted to those who are active and participate in meetings where continuing education or legislative matters or new business is discussed. This bill recognizes the importance of reliable insurance from a local North Dakota insurance agent. We were just discussing insurance and agents so hopefully, we're not insecure about any insurance needs that we have.

(2:49)Jon Godfreed, Insurance Commissioner: Testified in support of the bill. We do have a couple of logistical amendments to make this bill better. I come from an association background. And I think I understand and we value the membership and the associations. We've seen a steady decline in membership and active participation in these associations and that's a critical loss to a lot of our agents. What the association provides is outside of the networking opportunity, they do provide a fundamental level of continuing education and just involvement within the industry which helps and can go along the way. We could solve a lot of the problems we see with our agents if they could have good mentor that they could work with that's gone through this before and you get that through an association membership. So we're all for encouraging association membership and seeing if we can utilize a tool like this to not only reward those who are actively participating in their associations but to encourage others to consider joining the association because it is an important tool to furthering your professional development. It's furthering what you do as an insurance agent. It's a career as an insurance agent is a career and you need to be continually learning and this bill helps do that. **(See Attachment #1 for details of the amendment.)**

(8:54)Senator Burckhard: Are all three of the professional groups in agreement with these amendments?

Jon: Yes, we all got together and got it to a place we could agree on.

Senator Piepkorn: You've used the word encourage several times, so you're encouraging that these agents attend the four hours they are not mandatory?

Jon: Absolutely not. If I'm an agent out there I can get my CE credits from a myriad of different ways, this would be one, not to use the term tool in a tool box for our associations to go out and help encourage people and say here are things that we can offer and by doing things and being involved in our association you can get some CE credit as well. I don't know if it's going to create a flood but it's a tool to help our associations again, recruit those agents and again they do a great job with the agents they have. I'd like to have every agent a member of an association. It's a worthy cause.

Chairman Klein: So the idea is to provide a carrot that says you know what I get to go these association meetings and I get two hours of credit?

Jon: Yes, it has to be an hour to hour offset. There will be some definition behind what that active participation looks like, but it will be that carrot to get them in the door. Once they're in the door and they see that they have a voice at the table in terms of determining the rules and the laws that govern their profession are done, I've got to imagine they'd be more involved.

Vice Chairman Vedaa: I sold insurance twenty years ago and my wife is an active insurance salesperson now. When you sit down to do CE credits, most of the time it's on the computer. They're tough to sit through, the computer classes. But anytime I went to NAIFA or the association things, I learned way more. Plus, I signed on as a co-sponsor.

Chairman Klein: I'm gonna have Senator Larson speak briefly about 2135 because he will be back at 11 and I know he's very busy.

(12:21)Senator Larson, District 3: Testified in support of the bill. We have another bill 2135, it is such an important bill that's why we submitted it twice. It is a good piece of legislation to allow the insurance continuing ed credit, to get that if you join one of these organizations. I've been a diesel mechanic forever and when I got into the legislature I could no longer teach what I used to, so I thought I could do insurance instead. Since then, I'm an independent and carry all lines. What I've learned from my time in insurance, is that you can't hold it. You literally are selling trust to an individual. If an incident occurs that you are going to be paid for one way or another, and you expect that that agent is understand what the rules are. And when they violate that trust, it is devastating not only to the recipient that has the policy, but also to our industry. We already have a tarnished name. Nobody really embraces an insurance guy. I equate it to my diesel mechanic career: I am industry certified. I'm certified nationally and I hold all these certifications but without it I can still do those things. But if you take a vehicle to someone who isn't certified, they don't have that background or information or that base of the unintended consequences of what would happen if it came along or really

the quality. With the insurance agencies, I always ask these groups who are the agents that you're working with now, are the NAIFA certified, and when they say they're not I think you have an agent who is a shade tree mechanic that's trying to sell you this trust and sell you this information. It worries me for the company, everybody wants to make a living, but you need to have that information. Its these groups in the industry like NAIFA that give them that building block. I used to think as I was going through the industry technician why do you need those certifications but as you grow in your profession, maybe you do need to be certified in transmission, in the Affordable Care Act guidelines and in Blue Cross Blue shield and the mechanics of the All State cancer policies. And without having these groups support you, you just go in there and you know can I see you this so I can make my commission.

Chairman Klein: You do realize that Senator Burckhard's 2167 is identical to your 2135, however the commissioner has provided some amendment's so we may dispose of your bill with the understanding that you understand what the amendments are and move along from there.

Senator Larson: I absolutely work hand in hand with the commissioner and their guidelines and the agencies.

(19:08)Patrick Gores, National Association of Insurance and Advisers(NAIFA): See Attachment #2 for testimony in support of the bill.

Chairman Klein: We understand and I bring up the relationship which provides for recording your conversations when you're selling these policies. We can't watch tv without seeing someone you could just click or call within moments. As that side of the industry grows and people get more confident, I can see how that would be more not every agent goes to church anymore. We're changing our relationship which is where the concern is. Do you know do you already police your own membership? Have you had any concerns pop up?

Patrick: We have sanctioned some of our own members and we have kicked them out of the organization, but they've already been in trouble with the department.

Steve Bain, Big I, Independent Insurance Agents of North Dakota: Testified in support of the bill. We support the two hours per year and think it's an excellent way to help our members and be involved with the insurance commissioner and get the good CE that we need.

Steve Becker, Professional Insurance Agents of North Dakota: Testified in support of the bill. We had some heartburn with this bill initially. We do feel that continuing education is vitally important but we do also do know that being a member of our association is vitally important as well. We are supportive of this bill as amended. To answer Chairman Klein's questing of do we ever do anything with our own members? Yeah we talk after the fact if we find out they've been in trouble with the insurance commissioner but there's been a few different cases where I've heard of our members doing something and I will actually call them up and say hey I've heard this I don't think you want to be doing it. I'd rather police it upfront than waiting for it to go through the insurance department. I think all of the insurance associations feel the same way.

Senator Piepkorn: Typically do agents belong to one of these three major organization or to all three?

Steve: Normally they would belong to one. NAIFA tends to be more the life and financial people, Big I and PIA are very similar, we have probably 35 or 40 agencies that belong to both associations and then they have some that don't belong to PIA and we have some that don't belong to Big I. So they might, but more often not.

Senator Piepkorn: How many agents are in North Dakota and how many belong to an association?

Steve: For us, we have 300 agencies and between 1200 or so agents but then you have the State Farms or Farmers Unions that don't belong to the agency association. The insurance commissioner would have a number of how many licensed resident agents we have. We have tens of thousands of nonresident agents. The phone people and things like that. 6,000, maybe ball park. You can find one at any street corner like Starbucks.

Jon: One logistical note, the bigger paragraph where it says CE, that needs to be spelled out.

Chairman Klein: Should the word equates to be in there?

Jon: Yeah probably. You should spell out CE, continuing education and the word to should be in there as well.

Chairman Klein: Closed the hearing on SB 2167.

Senator Burckhard: Moved a Do Pass on the amendments.

Senator Roers: Seconded.

Chairman Klein: Just so we're clear, it will say no more than two hours may be accepted for every calendar year and then one hour of active participation equates to one hour of continuing education credits. Those are the only two changes we've made.

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

Motion Carried.

Senator Burckhard: Moved a Do Pass as Amended.

Senator Roers: Seconded.

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

Motion Carried.

January 16, 2019

8/1201

PROPOSED AMENDMENTS TO SENATE BILL NO. 2167

Page 3, line 15, replace "six" with "four"

Page 3, line 16, after "participation" insert ", with no more than two hours accepted for each calendar year"

Page 3, line 16, remove "Active participation"

Page 3, line 17, replace "hours do not qualify as" with "One hour of active participation equates to one hour of continuing education credit. A licensee may not use continuing education granted for active participation to satisfy other continuing education requirements or"

Page 3, line 19, replace "commissioner" with "professional insurance association"

Page 3, line 19, after the underscored period insert "The professional insurance association shall inform the commissioner of participation by the insurance producer or consultant."

Page 3, line 20, replace "such verification" with "participation confirmation"

Page 3, line 20, replace "shall" with "may"

Renumber accordingly

Date: 1/16
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2167

Senate Industry, Business and Labor Committee

☐ Subcommittee

Amendment LC# or Description: 19.0561.01001

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 Burckhard Seconded By Roers

| Senators | Yes | No | Senators | Yes | No |
|---------------------|----------|----|------------------|----------|----|
| Chairman Klein | <u>X</u> | | Senator Piepkorn | <u>X</u> | |
| Vice Chairman Vedaa | <u>X</u> | | | | |
| Senator Burckhard | <u>X</u> | | | | |
| Senator Kreun | <u>X</u> | | | | |
| Senator Roers | <u>X</u> | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Date: 1/16
Roll Call Vote #: 5

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2167

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 Burckhard Seconded By Roers

| Senators | Yes | No | Senators | Yes | No |
|---------------------|----------|----|------------------|----------|----|
| Chairman Klein | <u>X</u> | | Senator Piepkorn | <u>X</u> | |
| Vice Chairman Vedaa | <u>X</u> | | | | |
| Senator Burckhard | <u>X</u> | | | | |
| Senator Kreun | <u>X</u> | | | | |
| Senator Roers | <u>X</u> | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 6 No 0

Absent 0

Floor Assignment Burckhard

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

REPORT OF STANDING COMMITTEE

SB 2167: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2167 was placed on the Sixth order on the calendar.

Page 3, line 15, replace "six" with "four"

Page 3, line 16, after "participation" insert ", with no more than two hours accepted for each calendar year"

Page 3, line 16, remove "Active participation"

Page 3, line 17, replace "hours do not qualify as" with "One year of active participation equates to one hour of continuing education credit. A licensee may not use continuing education granted for active participation to satisfy other continuing education requirements or"

Page 3, line 19, replace "commissioner" with "professional insurance association"

Page 3, line 19, after the underscored period insert "The professional insurance association shall inform the commissioner of participation by the insurance producer or consultant."

Page 3, line 20, replace "such verification" with "participation confirmation"

Page 3, line 20, replace "shall" with "may"

Renumber accordingly

2019 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2167

2019 HOUSE STANDING COMMITTEE MINUTES

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

SB 2167
2/27/2019
32937

- ☐ Subcommittee
☐ Conference Committee

| |
|-------------------------------|
| Committee Clerk: Ellen LeTang |
|-------------------------------|

Explanation or reason for introduction of bill/resolution:

Insurance producer and consultant continuing education & definitions.

Minutes:

| |
|--------------|
| Attachment 1 |
|--------------|

Chairman Keiser: Opens the hearing on SB 2167.

Pat Gores~NAIFA: Attachment 1. This is for continuing education for NAIFA representatives & representatives of the industry trade groups. In addition to NAIFA, we have two other trade groups that meet the definition in our state. This bill gives two hours to active members. The local insurance reps are becoming fewer these days. The internet is becoming a big player.

4:26

Rep P Anderson: Do other states do this?

Pat Gores: Yes.

Rep P Anderson: What are the other two trade groups?

Pat Gores: The Professional Insurance Agents (PIA) & the Big I, independent agents.

Rep Schauer: Is there a continuing education for someone on B & C, that could take the place of real conference education?

Pat Gores: I would defer that question to the commissioner.

Steve Bain~Executive Director of Professional Insurance Agents of ND: We do support the bill, but we worked with the Big I & NAIFA, which made us more comfortable because of the amendments.

7:40

Steve Bain: We do also support the bill.

Jon Godfread~ND Insurance Commissioner: There is a level of trust to work with the associations on business workings. If we can find the way to encourage folks to join the associations or leadership roles, is a good thing. If this is abused, we will be the first ones to standup. There is a lot of self-policing. We support this & give this a test run.

Rep Kasper: Last page, lines 2 & 3, what we are appealing?

Jon Godfread: We are removing the reference, it's renumbering.

Chairman Keiser: Anyone here to testify in support, opposition, neutral on SB 2167. Closes the hearing. What are the wishes of the committee?

Rep Kasper: Moves a Do Pass.

Rep Bosch: Second.

Chairman Keiser: Further discussion?

Rep Kasper: Talks about his experience on NAIFA. This is great for the people.

Rep Louser: Other industries recognize continuing ed by going to congress & listening to hearings.

Roll call was taken on SB 2167 for a Do Pass with 12 yes, 0 no, 2 absent & Rep P Anderson is the carrier.

Date: Feb 27, 2019Roll Call Vote #: 12019 HOUSE STANDING COMMITTEE
ROLL CALL VOTESBILL/RESOLUTION NO. 2167

House _____ Industry, Business and Labor _____ Committee

☐ SubcommitteeAmendment 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 O'Brien | Ab | |
| Vice Chairman Lefor | x | | Rep Richter | x | |
| Rep Bosch | x | | Rep D 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 | Ab | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 12 No 0Absent 2Floor
Assignment Rep P Anderson

REPORT OF STANDING COMMITTEE

SB 2167, as engrossed: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2167 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2167

PROPOSED AMENDMENTS TO SENATE BILL NO. 2167

Page 3, line 15, replace "six" with "four"

Page 3, line 16, remove the second instance of "Active participation"

Page 3, line 16, after the period insert "No more than two hours may be accepted for each calendar year. One hour of active participation equates one hour of CE credit. A licensee may not use continuing education granted for active participation to satisfy other continuing education requirements or"

Page 3, line 17, remove "hours do not qualify"

Page 3, line 19, replace "commissioner" with "professional insurance association"

Page 3, line 19, after the period insert "The professional insurance association shall inform the commissioner of the insurance producer or consultant participation."

Page 3, line 20, replace "such verification" with "participation confirmation"

Page 3, line 20, replace "shall" with "may"

Jan 16, 2019

Good morning Chairman Klein, Commissioner GODFREY and distinguished Senators. My name is Patrick Gores. I represent NAIFA which stands for National Association of Insurance and Financial Advisors. I have been a member of NAIFA since 1981. I currently serve as The Government relations chair for ND and am a lobbyist for NAIFA.

B.11 Bill 2167 was modeled after a Nebraska Bill that went into effect JAN 1ST. IT granted its active members of its professional association 3 hours of CE credit annually.

Bill 2167 before you today would have initially asked for 3 credits of CE per year. In follow up testimony you will find that ND 3 professional trade associations and the Commissioner mutually agreed to 2 hours per year. An amendment stating such will be offered.

The states three trade associations are very important to the state of ND and its citizens. The associations train and mentor

Their members. They ask their members to abide by their Code of Ethical Behavior. I can't speak for those doing their sales over the phone or internet. Our local service is an added benefit of what we do for the citizens of this fine state. Today more than ever we need to promote our local insurance and financial advisors. This is one way that we can do it. I ask for your support of Bill 2167. Thank You

SB 2167

Attachment 1
Feb 27, 2019

DAKOTA



NAIFA-ND ADVISOR
Published by the National Association of
Insurance and Financial Advisors - North Dakota

SPECIAL ISSUE

DIRECTORY 2018



THE NATIONAL ASSOCIATION OF INSURANCE & FINANCIAL ADVISORS

Code of Ethics

Preamble: Helping my clients protect their assets and establish financial security, independence and economic freedom for themselves and those they care about is a noble endeavor and deserves my promise to support high standards of integrity, trust and professionalism throughout my career as an insurance and financial professional. With these principles as a foundation, I freely accept the following obligations:

- To help maintain my clients' confidences and protect their right to privacy.
- To work diligently to satisfy the needs of my clients.
- To present, accurately and honestly, all facts essential to my clients' financial decisions.
- To render timely and proper service to my clients and ultimately their beneficiaries.
- To continually enhance professionalism by developing my skills and increasing my knowledge through education.
- To obey the letter and spirit of all laws and regulations which govern my profession.
- To conduct all business dealings in a manner which would reflect favorable on NAIFA and my profession.
- To cooperate with others whose services best promote the interests of my clients.
- To protect the financial interests of my clients, their financial products and my profession, through political advocacy.

Adopted July 2012
NAIFA Board of Trustees