

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/B5) 5M



ROLL NUMBER

DESCRIPTION

1198

2001 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1198

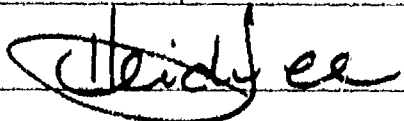
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Jan 29, 2001

Tape Number	Side A	Side B	Meter #
1	X		31-43.6
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Representative Goerge Keiser: Sponsoring bill. This bill removes the requirement of notifying policy holders of non-renewal of insurance if a company is changing their name or holding company. This is confusing and expensive and simply not necessary. This is just an opportunity not to send out notices.

Larry Maslowski: (39.86) *ND Insurance Department* (amend includ.)

We're offering amendments to address both terminations and non-renewals so transfers to a sister-company are subject only to a notice of transfer.

Kent Olson: (43.00) *NDPIA* We also support.

C. Berg: We'll close the hearing on HB 1198

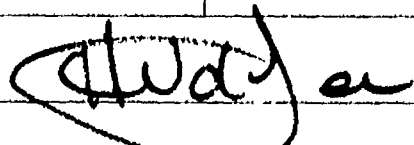
2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198(B)

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date Feb 7, 2001

Tape Number	Side A	Side B	Meter #
2	X	17-26,9	
Committee Clerk Signature 			

Minutes: Chairman R. Berg, Vice-Chair G. Keiser, Rep. M. Ekstrom, Rep. R. Froelich, Rep. G. Froseth, Rep. R. Jensen, Rep. N. Johnson, Rep. J. Kasper, Rep. M. Klein, Rep. Koppang, Rep. D. Lemieux, Rep. B. Pietsch, Rep. D. Ruby, Rep. D. Severson, Rep. E. Thorpe.

Rep Jensen: This allows holding company's not to send non-renewal notices to customers.

Amendments provided. I move the amendments.

Rep Pietsch: I second.

Rep Pietsch: I move a do pass as amended.

Rep M. Klein: I second.

14 yea, 0 Nay, 1 Absent Carrier Rep Jensen

DRAFT

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1198

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 26.1-30.1, a new section to chapter 26.1-39, and a new section to chapter 26.1-40 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system; and to amend and reenact subsection 4 of section 26.1-39-11 and subsection 5 of section 26.1-40-01 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 26.1-30.1 of the North Dakota Century Code is created and enacted as follows:

Policy transfer.

1. A policy transferred to an insurer within the same insurance holding company system is not subject to sections 26.1-30.1-02, 26.1-30.1-03, 26.1-30.1-03.1, and 26.1-30.1-06.
2. The transferring insurer must give notice to the policyholder of the policy transfer.

SECTION 2. A new section to chapter 26.1-39 of the North Dakota Century Code is created and enacted as follows:

Notice of transfer. The insurer transferring a policy to another insurer within the same insurance holding company system must give notice to the policyholder of the transfer.

SECTION 3. AMENDMENT. Subsection 4 of section 26.1-39-11 of the North Dakota Century Code is amended as follows:

4. "Termination" means either a cancellation or nonrenewal of property insurance coverage in whole or in part. A cancellation occurs during the policy term. A nonrenewal occurs at the end of the policy term as set forth in subsection 3. For purposes of sections 26.1-39-10 through 26.1-39-21,

the transfer of a ~~policyholder policy~~ between companies within the same insurance ~~group holding company system~~ is ~~considered not~~ a termination. Requiring a reasonable deductible, reasonable changes in the amount of insurance, or reasonable reductions in policy limits or coverage is not considered a termination if the requirements are directly related to the hazard involved and are made on the renewal date for the policy.

SECTION 4. AMENDMENT. Subsection 5 of section 26.1-40-01 of the North Dakota Century Code is amended and reenacted as follows:

5. "Termination" means either a cancellation or nonrenewal of automobile insurance coverage in whole or in part. A cancellation occurs during the policy term. A nonrenewal occurs at the end of the policy term. An insurer's substitution of insurance upon renewal which results in substantially equivalent coverage is not a termination. The transfer of a policy between companies within the same insurance holding company system is not a termination.

SECTION 5. A new section to chapter 26.1-40 of the North Dakota Century Code is created and enacted as follows:

Notice of transfer. The insurer transferring a policy to an insurer within the same insurance holding company system must give notice to the policyholder of the transfer."

Renumber accordingly

Date: 2-7-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. ~~Click here to type Bill/Resolution No.~~ 1198

House Industry, Business and Labor Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as Amended

Motion Made By Pietsch Seconded By M. Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman- Rick Berg	✓		Rep. Jim Kasper	✓	
Vice-Chairman George Keiser	✓		Rep. Matthew M. Klein	✓	
Rep. Mary Ekstorm	✓		Rep. Myron Koppang	✓	
Rep. Rod Froelich			Rep. Doug Lemieux	✓	
Rep. Glen Froseth	✓		Rep. Bill Pietsch	✓	
Rep. Roxanne Jensen	✓		Rep. Dan Ruby	✓	
Rep. Nancy Johnson	✓		Rep. Dale C. Severson	✓	
			Rep. Elwood Thorpe	✓	

Total (Yes) 14 No 0

Absent 1

Floor Assignment Rep Jensen

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

REPORT OF STANDING COMMITTEE

HB 1198: Industry, Business and Labor Committee (Rep. Berg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1198 was placed on the Eleventh order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact a new section to chapter 26.1-30.1, a new section to chapter 26.1-39, and a new section to chapter 26.1-40 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system; and to amend and reenact subsection 4 of section 26.1-39-11 and subsection 5 of section 26.1-40-01 of the North Dakota Century Code, relating to transfer of policies within an insurance holding company system.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 26.1-30.1 of the North Dakota Century Code is created and enacted as follows:

Policy transfer.

1. A policy transferred to an insurer within the same insurance holding company system is not subject to sections 26.1-30.1-02, 26.1-30.1-03, 26.1-30.1-03.1, and 26.1-30.1-06.
2. The transferring insurer shall give notice to the policyholder of the policy transfer.

SECTION 2. A new section to chapter 26.1-39 of the North Dakota Century Code is created and enacted as follows:

Notice of transfer. The insurer transferring a policy to another insurer within the same insurance holding company system shall give notice to the policyholder of the transfer.

SECTION 3. AMENDMENT. Subsection 4 of section 26.1-39-11 of the North Dakota Century Code is amended and reenacted as follows:

4. "Termination" means either a cancellation or nonrenewal of property insurance coverage in whole or in part. A cancellation occurs during the policy term. A nonrenewal occurs at the end of the policy term as set forth in subsection 3. For purposes of sections 26.1-39-10 through 26.1-39-21, the transfer of a policyholder policy between companies within the same insurance ~~group~~ holding company system ~~is considered not~~ a termination. Requiring a reasonable deductible, reasonable changes in the amount of insurance, or reasonable reductions in policy limits or coverage is not considered a termination if the requirements are directly related to the hazard involved and are made on the renewal date for the policy.

SECTION 4. AMENDMENT. Subsection 5 of section 26.1-40-01 of the North Dakota Century Code is amended and reenacted as follows:

5. "Termination" means either a cancellation or nonrenewal of automobile insurance coverage in whole or in part. A cancellation occurs during the policy term. A nonrenewal occurs at the end of the policy term. An insurer's substitution of insurance upon renewal which results in substantially equivalent coverage is not a termination. The transfer of a

policy between companies within the same insurance holding company system is not a termination.

SECTION 5. A new section to chapter 26.1-40 of the North Dakota Century Code is created and enacted as follows:

Notice to transfer. The insurer transferring a policy to an insurer within the same insurance holding company system shall give notice to the policyholder of the transfer."

Renumber accordingly

2001 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1198

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1198

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date March 12, 2001.

Tape Number	Side A	Side B	Meter #
1	x		0 to 20.1
Committee Clerk Signature <i>Doris E. Perez</i>			

Minutes:

The meeting was called to order. All committee members, except Senator Krebsbach, present.

Hearing was opened on HB 1198 relating to transfer of policies within an insurance holding company system.

Representative George Kelser, District 47, cosponsor. With the national trend for acquisitions, mergers, holding companies, and name changes, this bill is necessary. The current insurance law requires that if a company changes name they have to send letters of cancellation or non renewal to the policy holder. This bill addresses that issue, it says that if it stays under the same corporate structure or umbrella, all that needs to be done is inform policy holder of the new name. This bill serves consumers. Letters of cancellation or non renewal confuse or frighten policyholders, specially the notes of cancellation, and cause companies a lot of expense which will be passed eventually to the consumers. Letter of non renewal are sent when change happens at the end of the policy and letters of cancellation when it happens during the term of the policy. If company

decides to group policies under one company they would have to do the same thing under the present law.

Senator Espgaard: What does the customer do when he gets the notice?

Rep. Kelser: Call insurance company who will issue new policy.

Senator Tollefson: Section five mentions notice of transfer.

Rep. Kelser: We think there should be some information, for customer is going to be getting correspondence from a new company.

Senator Mathern: Does the new company have option of canceling the policy?

Rep. Kelser: Yes, that option would stay as is in the law. The only thing this bill addresses is corporate identity.

Senator Espgaard: Why did they allow a law like this to stand.

Rep. Kelser: At the time it was enacted there was no such thing as umbrellas and mergers. In this day and time a change is needed.

Gary Thune, AIA, urge favorable consideration of this bill. We asked for this bill and worked with the insurance department on it. History of the interpretation of "the company" by the insurance department is that it is one company only; so even transfers within a holding company would require the notices. Under this bill the only notice required would be of change of company name.

Larry Maslowski, ND Ins. Dept. Favor this bill. Notice to the consumer needed so they won't be caught by surprise. As long as everything is within the same holding company system, policies can be moved.

Senator Mutch: If the customer doesn't want to make the switch would they be able to stay with

the same company?

L Maslowski: If the company changes the program the customer wouldn't because the program is no longer available.

Senator Espegard: Wouldn't this be a way of moving bad underwriting around?

L Maslowski: This is not the intent, if it happened the department would hear about it.

Senator Tollefson: Change of company would entail potential change of coverage and premium.

L Maslowski: It is intended to be an on par switch, not an excuse to rewrite.

Rep Kelser: Keep in mind what is happening and principles of business: companies are profit driven, they know that arbitrary rate increases are not good business practice. Transfers won't be based on one or two policies. A company might buy multiple companies and move the policies with specialized groups. The only problem are the letters of non renewal and cancellation.

No opposing testimony. Hearing concluded.

Senator Espegard: Motion: do pass. **Senator Klein:** Second.

Roll call vote: 6 yes; 0 no; 1 absent. Floor assignment : **Senator Klein.**

Date: 3/12/01

Senate Industry, Business and Labor

or

Motion Made By Sen Espgaard Seconded By Sen Levin

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

REPORT OF STANDING COMMITTEE (410)
March 12, 2001 12:05 p.m.

Module No: SR-42-5321
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1198, as engrossed: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed HB 1198 was placed on the Fourteenth order on the calendar.