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10/2/03

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1140

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10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1140

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 1/15/03

Tape Number	Side A	Side B	Meter #
1	x		20.4-31.2
Committee Clerk Signature <i>Judith Hamma</i>			

Minutes: Chairman Kelser opened the hearing on HB 1140.

Douglas Holloway, Deputy Commissioner for the ND Insurance Department, introduced the bill and walked the committee through its various components. (See attached)

This bill asks for the authority to accept reports conducted by the New York Insurance Dept.

The Insurance Department will double check to verify that these companies are at the same time meeting the risk based capital requirements that are different in North Dakota from New York state. Sections 1 & 2 deal with historic relics of existing law, either repealing or updating them.

Only two HMO's do business in ND. This section allows Medica to file its annual report with ND at the same time their home state requires it to be filed.

Rep. Klein: How many attorneys are on your staff?

Holloway: We have two on staff, we are advertising for a third and our market conduct examiner is usually an attorney.

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Doreen Holloway
Operator's Signature

1/21/03
Date

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1140

Hearing Date 1/15/03

As there was no one else present to testify either in support or opposition to HB 1140, Chairman

Keiser closed the hearing. Rep. Severson moved a do pass, Rep. Klein seconded the motion.

The roll call vote was 13-0-1. Rep. Severson will carry this bill on the floor.

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Deanna Hall
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1/21/03
Date

Date: 1/15/03
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1140

House Industry, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Severson Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	✓		Rep.Boe	✓	
Rep.Severson, Vice-Chair	✓		Rep.Ekstrom	✓	
Rep.Dosch	✓		Rep.Thorpe	✓	
Rep. Froseth	✓		Rep. Zaiser	✓	
Rep. Johnson	✓				
Rep.Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad	✓				
Rep. Ruby	✓				
Rep.Tieman	-	-			

Total (Yes) 13 No 0

Absent 1

Floor Assignment Severson

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

REPORT OF STANDING COMMITTEE (410)
January 15, 2003 1:22 p.m.

Module No: HR-07-0594
Carrier: Severson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1140: Industry, Business and Labor Committee (Rep. Kelsor, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1140 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-07-0594

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Operator's Signature

10/2/03
Date

2003 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1140

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Dorena Hall
Operator's Signature

10/2/03
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1140

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 03-04-03

Tape Number	Side A	Side B	Meter #
1		xxx	1140-2412
Committee Clerk Signature <i>Lisa Van Berkum</i>			

Minutes: Chairman Mutch opened the hearing on HB 1140. All Senators were present.

HB 1140 relates to examination reports of foreign companies, term of existence of a mutual insurance company, articles of incorporation of a mutual insurance company, and annual reports of health maintenance organizations.

Testimony in support of HB 1140

Douglas Holloway, Deputy Insurance Commissioner, introduced the bill. See attached testimony.

Senator Espgaard: Section 1 allows the Insurance Commissioner to use a commissioner from another state that has lost his/her accreditation. That bothers me somewhat. You cite the case in New York, what would happen if they are all not accredited? What safe guards do you have against that?

Douglas: Every insurance company must comply with North Dakota law. We look at every company to make sure that they comply. In the specific case of New York, they have lost

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Douglas Holloway
Operator's Signature

10/2/03
Date

Page 2

Senate Industry, Business and Labor Committee

Bill/Resolution Number 1140

Hearing Date 03-04-03

accreditation because the legislature there hasn't adopted the risk based capitol model. So we would look at these risk based capitol of these companies to make sure that they are meeting our risk based capitol requirements.

Senator Espgaard: Are insurance companies in New York financially strapped because of Sept. 11, 2001?

Douglas: No, the NAIC raised the bar in terms of what they require for risk-based capitol. The legislature chose not to adopt the risk based capitol model because there are many small businesses in New York that wouldn't be able to do business under the new model.

The companies that are doing business here are meeting the higher standards.

Senator Klein: Isn't the NAIC being a little difficult then if one small resolution that they should lose their accreditation?

Doug: Yes, they do set high standards because we want to be able to rely on and trust that company that we do business with.

Senator Mutch: I suppose each individual company from New York would be the one to comply and pay the expense of having the examiner in order to have the North Dakota insurance commission a favorable consideration.

Douglas: The companies already do that and we can check on that at any time.

Senator Krebsbach: What was the reason to have the Attorney General involved in the first place?

Jim Poolman: I believe it is a historical relic. Back in the days when the Insurance Commission didn't have attorneys on staff. The Attorney General's office sends their insurance issues to our office currently.

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Douglas Holbrook
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10/2/03
Date

Page 3
Senate Industry, Business and Labor Committee
Bill/Resolution Number 1140
Hearing Date 03-04-03

No opposition.

Hearing was closed.

Senator Klein moved a DO PASS. Senator Krebsbach seconded.

Roll Call Vote: 7 yes. 0 no. 0 absent.

Carrier: Senator Klein

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Danina Hall
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10/2/03
Date

Date: 3-4-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1140

Senate _____ Committee _____

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Klein Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Sen. Mutch, Chairman	X				
Sen. Klein, Vice Chairman	X				
Sen. Krebsbach	X				
Sen. Nothing	X				
Sen. Heitkamp	X				
Sen. Every	X				
Sen. Espgaard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Klein

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

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10/2/03
Date

REPORT OF STANDING COMMITTEE (410)
March 4, 2003 1:11 p.m.

Module No: SR-38-3843
Carrier: Klein
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1140: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends
DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1140 was placed
on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-38-3843

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10/2/03
Date

2003 TESTIMONY

HB 1140

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10/2/03
Date

HOUSE BILL NO. 1140

Presented by: Douglas L. Holloway
Deputy Commissioner
North Dakota Insurance Department

Before: Industry, Business and Labor Committee
Representative George Kelsor, Chairman

Date: January 15, 2003

TESTIMONY

Mr. Chairman and members of the committee:

Good morning, my name is Doug Holloway, Deputy Commissioner with the North Dakota Insurance Department. I stand before you today to introduce House Bill No. 1140.

Section 1. Present law provides that the Insurance Commissioner must examine the financial condition of every insurance company doing business in the state every five years. It allows the Commissioner to accept exams performed on nondomestic insurance companies by examiners from other states provided the state is accredited by the National Association of Insurance Commissioners (NAIC). Infrequently, a state has lost its accreditation for technical reasons. The state, however, still maintains a competent staff that is able to conduct thorough examinations.

This section allows the Commissioner to accept an examination report conducted by examiners from a nonaccredited state provided the state's consumer protection laws are no less protective than those present under North Dakota law.

Section 2. This section changes the allowed term of existence of a mutual insurance company from 30 years to perpetual. Some mutual companies have reached 30 years of age. Technically the companies should dissolve and reorganize as a new mutual company, which would be expensive and confusing for policyholders. This change will

allow a mutual company to continue its existence indefinitely.

Section 3. This section was submitted at the request of the Attorney General. Present law requires that both the Attorney General and the Insurance Commissioner review and approve the Articles of Incorporation of a mutual insurance company. This section eliminates the Attorney General's review.

Section 4. Present law requires that every health maintenance organization (HMO), domestic or foreign, file its annual report by March 1 of each year. Some states (including Minnesota) allow HMOs to file reports at a later date. This section allows a foreign HMO to delay filing its annual report until the report is due in its domestic state.

This section also allows the Commissioner to waive the filing of an annual report if the HMO has discontinued its operation in North Dakota.

That concludes my testimony on House Bill No. 1140. If there are any questions, I would be happy to answer them.

HOUSE BILL NO. 1140

Presented by: Douglas L. Holloway
Deputy Commissioner
North Dakota Insurance Department

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

Date: March 4, 2003

TESTIMONY

Mr. Chairman and members of the committee:

Good morning, my name is Doug Holloway, Deputy Commissioner with the North Dakota Insurance Department. I stand before you today to introduce House Bill No. 1140.

Section 1. Present law provides that the Insurance Commissioner must examine the financial condition of every insurance company doing business in the state every five years. It allows the Commissioner to accept exams performed on nondomestic insurance companies by examiners from other states provided the state is accredited by the National Association of Insurance Commissioners (NAIC). Infrequently, a state has lost its accreditation for technical reasons. The state, however, still maintains a competent staff that is able to conduct thorough examinations.

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