

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2088

2005 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2088

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2088

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 01-05-05

Tape Number	Side A	Side B	Meter #
1	xxx		873-1902
Committee Clerk Signature <i>Lisa Van Berkom</i>			

Minutes: **Senator Mutch** opened the hearing on SB 2088. A bill for an Act to amend and reenact sections 26.1-05-07, 26.1-13-02, 26.1-13-33, and 26.1-16-07 of the North Dakota Century Code, relating to review of insurance company articles of incorporation and amendments by the insurance commissioner.

**Jim Poolman, North Dakota Insurance Commissioner**, introduced his staff members who will be working with the IBL Committee.

**Craig Burns, Legal Counsel for the ND Insurance Department**, introduced the bill. See written testimony.

**Senator Krebsbach**: Why is this set up for both to review in the beginning, in the first place?

**Craig**: My guess is these statutes have been on the books for quite some time, from the early 1900's, I suspect it's from a time when the Insurance Dept. wouldn't have had it's own attorney.

**Senator Klein**: How many attorneys do we have in the Insurance Dept.?

**Craig**: As attorneys there is Charles Johnson and I.

**Chairman Mutch:** Is there a problem the way the law is now?

**Craig:** Well, the Attorney General's office looks at it and then we look at it, so essentially we've got two sets of people doing essentially the same function on it. And the Attorney General's office doesn't have any objection to being taken out of the process. It's fairly straight forward review.

**Senator Heitkamp:** Nothing that has been sent in has jumped out at you?

**Craig:** No, it's very straight forward, the company is incorporated here, it's very simple and straight forward.

**Senator Fairfield:** So there's never been disagreement between the two?

**Craig:** Not that I am aware of.

**Senator Mutch:** Maybe there hasn't been a problem because the law has made it less possible, as it currently on the books, to have any problems?

**Senator Nething:** What is the problem?

**Craig:** It's simply, you've got the Attorney General's (office) performing what essentially the Insurance Dept. is required to do , so it's essentially redundant.

**Senator Mutch:** Well when these applications are made, would the Attorney General's office put a stamp of approval on it? Is that an opinion?

**Craig:** I don't know the answer to that. I don't believe that it does.

**Senator Heitkamp:** Really what you are doing is just cutting out one leg of the bureaucracy? It's still going to be looked at through the Attorney General's office, it's just going to be done through the Insurance Commissioner's office?

**Senator Mutch:** How big of a deal is it to have the Attorney General put a stamp of approval on it?

**Craig:** The Attorney General and we would get a copy to review. We view it as an extra step that isn't necessary at this time.

**Senator Mutch:** Are there many applications for it?

**Craig:** Anytime a company is seeking to do business as an insurance company in the state of North Dakota, that they would have to submit their articles of incorporation to the Department (Insurance) and the Attorney General's office for review.

**Senator Mutch:** Are there many applications?

**Lori Wolf, ND Insurance Department,** (interjects) Articles of incorporation come in with a filing of a submission for a company to do this in the state of North Dakota. What happens is this statute kind of goes way back and it's a duplicated effort that is routine.

**Senator Mutch:** Does anyone wish to appear in opposition to this bill?

**There was no opposition.**

**Chairman Mutch closed the hearing on bill 2088. No action was taken.**

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2088

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-18-05

Tape Number	Side A	Side B	Meter #
no tape			
Committee Clerk Signature <i>Lisa VanBerkom</i>			

Minutes: **Chairman Mutch opened committee discussion on SB 2088. All Senators were present. SB 2088 relates to review of insurance company articles of incorporation and amendments by the insurance commissioner.**

**Senator Espegard moved a DO PASS. Senator Klein seconded.**

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

**Carrier: Senator Espegard.**

Date: Jan. 18  
 Roll Call Vote #: 1

**2005 SENATE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO.**

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number 2088

Action Taken Do Pass

Motion Made By Espegard Seconded By Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch, Chairman	X		Senator Fairfield	X	
Senator Klein, Vice Chairman	X		Senator Heitkamp	X	
Senator Krebsbach	X				
Senator Nething	X				
Senator Espegard	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Espegard Fairfield

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

**REPORT OF STANDING COMMITTEE (410)**  
January 18, 2005 4:01 p.m.

**Module No: SR-10-0666**  
**Carrier: Fairfield**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2088: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2088 was placed on the Eleventh order on the calendar.**



2005 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2088

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2088

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2-28-05

Tape Number	Side A	Side B	Meter #
1	x		0-6.7
Committee Clerk Signature <i>Joey Renick</i>			

Minutes:

**Chairman Keiser:** Opened the hearing on SB 2088. All committee members were present.

**Craig Burns, Legal Counsel, North Dakota Insurance Department:** Appeared in support of bill and provided a written statement (SEE ATTACHED TESTIMONY).

**Representative Ekstrom:** I see no fiscal, assuming the work has been done by the Attorney Generals office and the Insurance office, all the work will be done by the Insurance Commissioners office. Any shift in cost of labor?

**Craig Burns:** I don't believe so, traditionally.

**Representative Thorpe:** I move a DO PASS on SB 2088.

**Representative Ekstrom:** SECOND the motion on a DO PASS.

Motion carried. **VOTE: 13-YES 0-NO 1-Absent (DIETRICH).**

**Representative Kasper will carry the bill on the floor.**

Hearing adjourned.

Date: 2-28-05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.

House INDUSTRY, BUSINESS AND LABOR Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Rep. Thorpe Seconded By Rep. Ekstrom

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	A		Rep. E. Thorpe	X	
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigesaa	X				

Total (Yes) 13 No 0

Absent (1) Rep. Dietrich

Floor Assignment Rep. Kasper

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

**REPORT OF STANDING COMMITTEE (410)**  
February 28, 2005 11:38 a.m.

**Module No: HR-36-3756**  
**Carrier: Kasper**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2088: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2088 was placed on the Fourteenth order on the calendar.**

2005 TESTIMONY

SB 2088

testimony

SENATE BILL NO. 2088

**Presented by:** Craig Burns  
Legal Counsel  
North Dakota Insurance Department

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

**Date:** January 5, 2005

TESTIMONY

Mr. Chairman and members of the committee:

Good morning. My name is Craig Burns, Legal Counsel with the North Dakota Insurance Department. I stand before you today to introduce Senate Bill No. 2088. The Insurance Department sponsored this bill.

This bill amends and reenacts N.D. Cent. Code §§ 26.1-05-07, 26.1-13-02, 26.1-13-33, and 26.1-16-07 dealing with the review of Articles of Incorporation and amendments to the Articles of Incorporation of domestic insurance companies, county mutual insurance companies, and benevolent societies.

The intent of the bill is to eliminate the need for Articles of Incorporation and amendments thereto to be submitted, reviewed, examined, or approved by both the Attorney General and the Insurance Commissioner.

Because the Insurance Commissioner is responsible for regulating these entities, the bill eliminates the inefficient and largely duplicative requirements that Articles of Incorporation or amendments thereto must be submitted to, reviewed, examined, certified or approved by the Attorney General.

Similar legislation was passed in the last legislative session which eliminated the requirement that county mutual insurance companies submit Articles of Incorporation or amendments to the Attorney General. The Commissioner has discussed this bill with Attorney General Stenehjem. The current bill is supported by the Attorney General.

The following summarizes the changes the bill would make:

**Section 1:** Amends N.D. Cent. Code § 26.1-05-07 to eliminate the requirement that the Attorney General examine and certify to the Insurance Commissioner that the Articles of Incorporation and any amendments of a domestic insurance company are consistent with state law. The bill provides that the Insurance Commissioner, rather than the Attorney General, would be responsible for examining the Articles of Incorporation and any amendments of a domestic insurance company. The existing statute already requires the Insurance Commissioner to examine the company to ascertain whether the company has complied with the requirements of the law according to the nature of the business proposed to be transacted by the company.

**Section 2:** Amends N.D. Cent. Code § 26.1-13-02 to eliminate the requirement that the proposed Articles of Incorporation of a county mutual insurance company be submitted to the Attorney General.

**Section 3:** Amends N.D. Cent. Code § 26.1-13-33 to eliminate the requirement that the Articles of Incorporation and Bylaws of a mutual reinsurance company formed under N.D. Cent. Code § 26.1-13-31 be submitted for approval to the Attorney General.

**Section 4:** Amends N.D. Cent. Code § 26.1-16-07 to eliminate the requirement that the Attorney General must approve and certify the Articles of Incorporation or amendments thereto of a "benevolent society" as that term is defined by N.D. Cent. Code § 26.1-16-01.

**52-08-13. Job task analysis services – Testing services – Job fair services -**

**Personal reemployment account services - Authorization to charge fees –**

**Continuing appropriation.** Job service North Dakota may provide job task analysis services, testing services, and job fair services to an employer requesting these services and personal reemployment account services to an individual requesting these services.

Notwithstanding the reference to free public employment offices in this chapter or in any other provision of law, job service North Dakota may charge reasonable fees to employers for providing job task analysis services, testing services, and job fair services and to individuals for providing personal reemployment account services. All fees collected under this section must be deposited in a separate interest-bearing account at the Bank of North Dakota and must be used for the purpose of providing job task analysis services, testing services, job fair services, and personal reemployment account services. Moneys in this fund are appropriated on a continuing basis for the purpose of providing job task analysis services, testing services, job fair services, and personal reemployment account services.



**SENATE BILL NO. 2088**

**Presented by:** Craig Burns  
Legal Counsel  
North Dakota Insurance Department

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

**Date:** February 28, 2005

**TESTIMONY**

Mr. Chairman and members of the committee:

Good morning. My name is Craig Burns, Legal Counsel with the North Dakota Insurance Department. I stand before you today in support of Senate Bill No. 2088 which was introduced by the Insurance Department with the support of the Attorney General.

This bill amends and reenacts N.D. Cent. Code §§ 26.1-05-07, 26.1-13-02, 26.1-13-33, and 26.1-16-07 dealing with the review of Articles of Incorporation and amendments to the Articles of Incorporation of domestic insurance companies, county mutual insurance companies, and benevolent societies.

Articles of Incorporation are the basic document filed with the state on the incorporation of a business. They must contain five things: (1) the name of the corporation; (2) the address of the registered office of the corporation and the name of its registered agent at that address; (3) the aggregate number of shares that the corporation has authority to issue; (4) the name and address of each incorporator; and (5) the effective date of incorporation if it is a later date than the date the Secretary of State issues the Certificate of Incorporation.

Articles of Incorporation may not contain two things: (1) any provision limiting the constitutional right to cumulative voting for directors of a corporation, or (2) any provision authorizing a corporation to issue stock or bonds except for money, labor done, or money or property actually received.

In addition, the Articles of an insurance company must contain a few additional items. These additional items are spelled out by statute in the insurance code and vary depending on whether it is a stock insurance company or a mutual insurance company. For example, a stock company's Articles must state the kind of insurance it proposes to issue and the starting and ending date of the company's fiscal year.

The intent of the bill is to eliminate the need for the Articles of Incorporation of insurance companies, which are very basic and simple documents, to be submitted, reviewed, examined, or approved by both the Attorney General and the Insurance Commissioner.

The Insurance Commissioner is responsible for regulating these entities and will still be required to review and approve the Articles of Incorporation and amendments to them for domestic insurance companies. This bill eliminates the requirement that Articles of Incorporation or amendments thereto must in some instances also be submitted to, reviewed, examined, certified or approved by the Attorney General.

The Commissioner has discussed this bill with Attorney General Stenehjem and the current bill is supported by the Attorney General.