

**1999 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1238**

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1238

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-19-99

| Tape Number                                  | Side A | Side B | Meter #    |
|--|--------|--------|------------|
| 1  |        | x      | 545 - 1830 |
|  |        |        |            |
|  |        |        |            |
| Committee Clerk Signature <i>Lisa Horner</i> |        |        |            |

Minutes: Rep. Klemin introduced HB 1238 relating to Mutual insurance company bylaws, domestic mutual insurance company voting and absolute exemptions of Roth individual retirement accounts in process, levy, and sale proceedings.

Tom Smith of Domestic Insurance Companies testified in support of HB 1238. He explained the back ground of the bill and the changes to the bill. SB 2241 does the same thing as section four.

Rep. Keiser: Does this exclude Blue Cross/Blue Shield?

Tom Smith: No. My general understanding of what happened was that BC/BS as a nonprofit organization converted to a nonprofit mutual insurance company, but they would be subject to this chapter by converting to a mutual insurance company. There is no specific provision that excludes them.

Susan Anderson, legal council for the ND Insurance Department testified in support of HB 1238.

Chairman Berg closed the hearing.

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1238 1-27-99

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-27-99

| Tape Number                                  | Side A | Side B | Meter #     |
|--|--------|--------|-------------|
| 2  |        | x      | 2478 - 2690 |
|  |        |        |             |
|  |        |        |             |
| Committee Clerk Signature <i>Lisa Horner</i> |        |        |             |

Minutes: **HB 1238**

Chairman Berg opened the discussion of HB 1238.

Rep. Ekstrom made the motion for a Do Pass.

Rep. Klein second the motion.

The roll call vote was 14 yea, 1 nay.

The motion carries.

Vice Chairman Kempenich will carry the bill.

Date: 1-27-99  
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1238

House Industry, Business and Labor Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken Do pass

Motion Made By \_\_\_\_\_ Seconded By \_\_\_\_\_

| Representatives        | Yes | No | Representatives | Yes | No |
|------------------------|-----|----|-----------------|-----|----|
| Chair - Berg           | /   |    | Rep. Thorpe     |     | /  |
| Vice Chair - Kempenich | /   |    |                 |     |    |
| Rep. Brekke            | /   |    |                 |     |    |
| Rep. Eckstrom          | /   |    |                 |     |    |
| Rep. Froseth           | /   |    |                 |     |    |
| Rep. Glasheim          | /   |    |                 |     |    |
| Rep. Johnson           | /   |    |                 |     |    |
| Rep. Keiser            | /   |    |                 |     |    |
| Rep. Klein             | /   |    |                 |     |    |
| Rep. Koppang           | /   |    |                 |     |    |
| Rep. Lemieux           | /   |    |                 |     |    |
| Rep. Martinson         | /   |    |                 |     |    |
| Rep. Severson          | /   |    |                 |     |    |
| Rep. Stefonowicz       | /   |    |                 |     |    |

Total (Yes) 14 No 1

Absent 0

Floor Assignment Kempenich

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

REPORT OF STANDING COMMITTEE (410)  
January 27, 1999 4:40 p.m.

Module No: HR-17-1319  
Carrier: Kempenich  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1238: Industry, Business and Labor Committee (Rep. Berg, Chairman)** recommends **DO PASS** (14 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1238 was placed on the Eleventh order on the calendar.

**1999 SENATE INDUSTRY, BUSINESS AND LABOR**

**HB 1238**


1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1238

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date February 24, 1999

| Tape Number  | Side A | Side B | Meter #  |
|--|--------|--------|----------|
| 1  | x      |        | 950-1864 |
|  |        |        |          |
|  |        |        |          |
| Committee Clerk Signature  |        |        |          |

Minutes:

Senator Mutch opened the hearing on HB1238. All senators were present.

Tom Smith testified in support of HB1238. His testimony is included.

Representative Kleming testified in support of HB1238. He felt that this needs to be clarified from time to time.

Chris Edison testified in support of HB1238. He felt that this is an interruptational issue.

Senator Mutch closed the hearing on HB1238.

Senator Klein motioned for a do pass committee recommendation on HB1238. Senator

Krebsbach seconded his motion. The motion carried with a 6-0-1 vote.

Senator Klein will carry the bill.

Date: 2/24/99  
Roll Call Vote #: 1

~~SR343530~~  
SR343530

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
HOUSE BILL/RESOLUTION NO. 1238

Senate INDUSTRY, BUSINESS AND LABOR COMMITTEE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

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

Action Taken Do Pass

Motion Made By KLEIN Seconded By KREBSBACH

| Senators          | Yes | No | Senators | Yes | No |
|-------------------|-----|----|----------|-----|----|
| Senator Mutch     | X   |    |          |     |    |
| Senator Sand      | X   |    |          |     |    |
| Senator Krebsbach | X   |    |          |     |    |
| Senator Klein     | X   |    |          |     |    |
| Senator Mathern   | X   |    |          |     |    |
| Senator Heitkamp  | X   |    |          |     |    |
| Senator Thompson  |     |    |          |     |    |
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|                   |     |    |          |     |    |
|                   |     |    |          |     |    |

Total (Yes) 6 No 0

Absent 1

Floor Assignment KLEIN



REPORT OF STANDING COMMITTEE (410)  
February 25, 1999 11:09 a.m.

Module No: SR-34-3530  
Carrier: Klein  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**HB 1238: Industry, Business and Labor Committee (Sen. Mutch, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1238 was placed on the Fourteenth order on the calendar.

**1999 TESTIMONY**

**HB 1238**

TESTIMONY ON HOUSE BILL 1238  
SENATE INDUSTRY, BUSINESS & LABOR COMMITTEE  
February 24, 1999

HB 1238, Sections 1-3, amend three different sections in Chapter 26.1-12. That chapter of the insurance code pertains to mutual insurance companies incorporated and organized under the laws of North Dakota. Over the past two years, a problem has arisen as to the interpretation of this chapter.

Chapter 26.1-12 traditionally has been interpreted as only applying to mutual insurance companies that write property and casualty insurance. Mutual insurance companies writing life insurance were considered as being organized under Chapter 26.1-05. In reviewing Chapter 26.1-12, the Insurance Department has taken the position that all of the statutory provisions in that chapter apply to both life and property/casualty insurance companies. The first three sections of HB 1238 amend those statutory provisions which create significant concerns for mutual life insurance companies in North Dakota.

Section 1 amends the statutory provision relating to bylaws of a mutual insurance company. On page 1, line 15, the words "the back of" are removed. The reason for this is that life insurance companies have this information printed on the front of their policies. By removing that language, both the life and property/casualty companies would be in compliance with that provision.

Section 2 amends the section dealing with membership in domestic mutual insurance companies. The concept of an insured under a property/casualty insurance policy as opposed to a life insurance policy can be different. This section is amended to recognize that difference. The new language, which is added on page 2, lines 3-4, state a member may be an insured or owner of a policy as provided in the bylaws of the company. In a life insurance policy, the policy owner may be different from that insured. This amendment recognizes that difference. The overstruck language on lines 5, 6, and 7 is being done at the request of the Insurance Commissioner's office.

Section 3 amends the section relating to voting by proxy. The mutual life insurance companies have always had a proxy solicitation committee appointed by the board of directors to solicit proxies. The amendment to this section (lines 23-25) codifies that practice. The amendment would apply to both property/casualty insurance companies and life insurance companies.

Section 4 of the bill (page 2, line 26) amends subsection 3 of § 28-22-03.1. This section is similar to a bill previously considered by this committee, SB 2241. Section 28-22-03.1 deals with additional absolute exemptions for residents. This section, as well as other sections in that chapter, provide that a resident of this state may select certain property as being exempt from all attachment or process, levy and sale upon execution, and any other final process issued by any court. Subsection 3 deals with pensions, annuity policies or plans, and life insurance, as well as certain types of retirement plans such as Keogh plans. The new language adds Roth IRAs. Like SB 2241, this amendment updates the existing law to recognize the newly federally created Roth individual retirement accounts.

We request this committee give favorable consideration to HB 1238.