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Yolanda Rickford
Operator's Signature

10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1061

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Date

10/2/03

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1061

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/20/03

Tape Number	Side A	Side B	Meter #
2		x	36.-end
3	x		0.00-32.9
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **CHAIRMAN KEISER** opened the hearing on HB 1061. This bill relates to long-term care insurance. **INSURANCE COMMISSIONER DOUG HOLLOWAY** introduced **MIKE FIX**, the Director of the Life and Health Division and Actuary for the North Dakota Insurance Department who presented detailed testimony regarding this legislation and walked the committee through the legislation.. (see attached)

CHAIRMAN KEISER Is this the NAIC model?

FIX: Yes.

REP. EKSTROM: What protection will this legislation provide given probable advances in such areas as gene therapy or miracle drugs etc.?

FIX replied that exceptional increase are required by statute, and affect all companies across the board.

REP. KASPER: What happens to the Long Term Care Personal Worksheet you refer to on p.9?

What does the Insurance Commissioner do with that information after it's filed with his office?

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1061

Hearing Date 1/20/03

FIX: It's used to determine that the applicant's ability to pay and his goals and needs are defined and includes a disclosure that if there is a lapse within a 120 day period it's assumed they've elected the paid off option. There is a model worksheet put out by the NAIC puts out, I don't know if we'll require that.

KASPER: So the insurance commissioner will become the final determinant on suitability, someone will look at 2-3 pages of numbers and determine that the insurance agent did the suitable thing?

FIX: Intent is to see if the form will generate the info that the agent or company can decide if the coverage is suitable.

KASPER: Isn't it the obligation of the agent to make that determination? Would the Insurance Dept. override the agent's determination? What happens then?

FIX: It's the form we'd be reviewing, not the policies, I have samples of the form.

KEISER: Can you share the history of availability and policy maintenance of long term care insurance in ND? How many players are in the marketplace? Is the marketplace competitive?

FIX: Claim costs have increased because policy holders are living longer in care facilities, the market has evolved. These contracts are renewable, can't be canceled but premiums can be increased. A correction is necessary.

TIEMAN: How many companies in ND offer this policy now? How many 10 years ago?

FIX: 95 companies currently and 25,000 policy holders. Fewer companies in the past.

FROSETH: How about policies in force sold with guaranteed rates and benefits?

Yes, there are old policies that are noncancelable. They are not subject to increase.

TIEMAN: What are average size of increase in rates?

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House Industry, Business and Labor Committee
Bill/Resolution Number HB 1061
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FIX: Since the end of June, most requested increase is about 30%, varies from 15%-70.

JANIS CHENEY, State Director for AARP in North Dakota, presented testimony strongly supporting HB 1061. (see attached)

HOWARD SNORTLAND: Spoke extemporaneously in strong support of this legislation.

SHELLY PETERSON, President of the North Dakota Long Term Care Association, appeared to offer strong support for HB 1061. (See attached)

REP. FRANK WALD: Spoke extemporaneously in opposition of this legislation, especially Section 7.

KASPER: Referring to Section 9, line 15, what is the differential in premium upon the issue of a contract with a non-forfeiture and a policy without non-forfeiture benefits?

WALD: They Can vary between 30-100%. Nonforfeiture policies are a rip-off.

KEISER: Are there any companies choosing not to offer both options and operating in our state?

WALD: No. Not that I am aware of.

TIEMAN: Are they required to have a client sign a notification in the event of lapse upon the application?

WALD: Most companies have a provision whereby you can choose a third party to also receive a copy of a premium renewal notice to prevent a policy from lapsing.

KASPER: What is your opinion of someone in the Insurance Dept. overseeing and reviewing your paperwork for suitability?

POOLMAN: This is to protect the agent. Suitability standards are already on the books.

WALD: I don't have a problem with a suitability form I hope the clients have an option not to have their confidentiality breached.

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House Industry, Business and Labor Committee

Bill/Resolution Number HB 1061

Hearing Date 1/20/03

FIX: I want to clarify some of the discussion we've had. Lapse only is triggered with substantial increase in premiums, policy holder has 120 days to decide to pay or not pay the premium. If those two things happen, there has to be a benefit provided.

CHAIR KEISER closed the hearing on HB 1061.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1061

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/22/03

Tape Number	Side A	Side B	Meter #
4	x		36.5-50.1
4		x	0.0-8.0
Committee Clerk Signature <i>Juana Hammer</i>			

Minutes: Chairman Kelsner called for committee work on HB 1061.

Mike Fix, Director of the Life & Health Division and Actuary for the North Dakota Insurance Department presented written explanation of the amendments proposed in HB 1061 and walked the committee through his testimony. (See attached)

Rep. Klein moved to adopt the new set of amendments. Rep. Severson seconded the motion. A voice vote carried the move. Rep. Kasper carefully explained the nonforfeiture language for the edification of the committee.

Rep. Froseth moved a Do Pass As Amended.

Rep. Klein seconded the motion.

Results of the roll call vote: 8-5-1. Rep. Kasper will carry this bill on the floor.

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