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Diana Hall
Operator's Signature

10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1137

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1137

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/15/03

Tape Number	Side A	Side B	Meter #
1	x		0.0-20.3
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: Chairman Kaiser opened the hearing on HB 1137.

Laurie Wolf, Direct of Agent Licensing & Investigation for the ND Insurance Department, introduced the bill. (See attached)

Rep. Johnson: What problems created the need for this?

Wolf: Delays in obtaining pertinent information for proper investigation of complaints for constituents that adversely affect their livelihood or a claim that they need to find the basis for denial, it doesn't happen often. A time frame would expedite our process.

Rep. Ekstrom: Does this bill cover both in state and out of state companies?

Wolf: Yes, both domestic and out of state companies.

Rep. Ekstrom: Who causes more problems, out of state companies or ND companies?

Wolf: Most delays are from out of state companies.

Rep. Severson: Could I request an extension a of 45 days, if that's what I want?

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Diana G. Ball
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1/15/03
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House Industry, Business and Labor Committee
Bill/Resolution Number HB 1137
Hearing Date 1/15/03

Welf: We consider granting extensions when it's necessary in order for information to be gathered from several sources but we want to expedite activity on behalf of our consumers and trying to provide proper response for their situation.

Rep. Kasper: What is the penalty under current statute for not meeting timelines and what would be the maximum penalty if this legislation is enacted?

Welf: At present we don't have specific language for a penalty. The penalties could be up to a \$50,000 fine, maximum, based on willful and non willful language, etc. This penalty hasn't ever been imposed on a failure to respond situation though.

Rep. Ekstrom: What kind of revenues would you anticipate generating from administering fines?

Welf: That's too complicated to determine at this time.

Patrick Ward, Zuger Kirmis & Smith, representing ND Domestic Insurance Companies etc., appeared in opposition to HB 1137. (See attached)

Jeel Gilbertson, Vogel Law Firm, representing American Insurance Association, appeared in opposition to HB 1137 and spoke extemporaneously against the bill. Twenty days isn't enough time to properly deal with issues, we'd be requesting extensions all the time. *Inquiry* is a broad term, I prefer the term *request for information*.

Rep. Ekstrom: Is there is a standard time frame for insurance companies nationally?

Gilbertson: I don't know. Insurance is regulated state to state.

Chairman Keiser: Is this good public policy for the Insurance Commissioner to have ability to request this information for the citizens of the state?

Gilbertson: Absolutely.

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Rep. Kasper: What is the current time line for response?

Gilbertson: It varies.

Don Ulmer, Blue Cross Blue Shield, appeared in opposition to HB 1137 and presented an alternative amendment which would preserve the original intent of 26.1-04 (See attached)

Jim Peelman, ND Insurance commissioner, took the podium to answer questions and discuss the bill with the committee and attendees. ND Insurance Department recovered 2.3 million dollars for citizens of this state. We fielded 12,000 calls. We need tools and cooperation to recover claims. We are trying to be efficient. If the number of days doesn't seem appropriate, debate and decide what will work.

Rep. Kasper: Does Ulmer's amendment/suggestion give you what you need?

Peelman: I haven't seen the amendment so I can't answer that.

Rep. Therpe: Is this good for business?

Peelman: This is just common sense, if an insurance company is knowingly providing misleading or false information, shouldn't they be held accountable for that?

Red St. Aubyn, Blue Cross North Dakota, appeared in opposition to HB 1137 and spoke of BCBS' proposed amendment language. Our amendment helps companies because we are clearly defining what the commissioner office wants.

As no one else was present to testify in opposition to HB 1137, Chairman Kasper closed the hearing.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1137

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

Tape Number	Side A	Side B	Meter #
2	x		26.9-29.5

Committee Clerk Signature *Judith Hanna*

Minutes: Chairman Kaiser called for committee work on HB 1137.

Rep. Zaiser distributed the hoghouse amendments for this legislation. He has conferred with Blue Cross and Pat Ward. Blue Cross submitted this amendment, I took it to the Insurance Commissioner's office. Poolman concurred with the 20 day requirement. Everyone is in agreement with this now.

Rep. Zaiser moved to adopt the amendments.

Rep. Ekstrom seconded the motion. A voice vote carried the motion to adopt. At this point, the amendment becomes the bill. The lobbyists didn't want this to become part of the prohibitive practices legislation.

Rep. Klein moved a Do Pass.

Rep. Zaiser seconded the motion. The roll call vote results were: 14-0-0.

Rep. Zaiser will carry this on the floor.

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