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Deanna Baller
Operator's Signature

10/2/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1231

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Doreen Hallcraft
Operator's Signature

10/2/03
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1231

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/20/03

Tape Number	Side A	Side B	Meter #
3		x	1.2-33.2

Committee Clerk Signature

Justin Hammer

Minutes: **Chair Kelsner** opened the hearing on HE 1231.

Jim Poolman, North Dakota Insurance Department, briefed the committee on the merits and necessity of this insurance fraud legislation. He distributed a letter of support from Howard Goldblatt, the Director of Government Affairs for the Coalition Against Insurance Fraud headquartered in Washington, D.C.

Replying to a question from **Rep. Froseth** about appropriations for staffing and implementing this legislation, **Poolman** said the Insurance Regulatory Trust Fund would provide the moneys necessary for marketing the fraud unit to the citizens of North Dakota. As far as staffing, the equivalent of four full time positions will be allocated internally.

Rep. Klein: Don't you need a fiscal note?

Poolman replied that they weren't asked for one when they submitted the bill.

Froseth: You don't anticipate any increase in fees?

Poolman: No. Our department raises far more than we spend.

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Demetra Goldblatt
Operator's Signature

10/2/03
Date

Page 2
House Industry, Business and Labor Committee
Bill/Resolution Number 1231
Hearing Date 1/20/03

Poolman deferred **Rep. Ekstrom's** question regarding "any authorized agencies" to his legal staff.

Doug Holloway, Deputy Insurance Commissioner, presented testimony and a proposed amendment. (See attached) re: **Rep. Ekstrom's** question, "Any authorized agency" is a catchall term to include any federal, state or local authority in order to streamline the document.

Replying to **Rep. Thorpe's** question about total number of fraud claims, **Holloway** stated that he didn't know offhand. That's why the education campaign is so important.

Laurie Wolfe, Director of Agent Licensing and Investigations, ND Insurance Dept, interjected that there are only a handful at present but the Insurance Department needs the authority to investigate.

Rep. Kasper inquired about a statute of limitations on this type of fraud for agents and the insured. **Wolfe** answered that under existing law there is no statute but there are limitations in this legislation.

Rep. Boe asked about confidentiality of reports and the possibility that people might call the Fraud Unit telephone number to be a nuisance to others. **Holloway** said they would weed through the malice and false leads but that this type of malfeasance can happen under present statute too.

Chair Keiser stated that intentional reports of false information should be addressed in this bill.

In reply to **Rep. Thorpe's** question, **Poolman** stated that fraud investigations would be patterned after those conducted the Workers Compensation Bureau.

Rep. Froseth asked whether records are released after conviction. **Poolman** replied that if a criminal action results in conviction, yes, those records do become public record.

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Page 3
House Industry, Business and Labor Committee
Bill/Resolution Number 1231
Hearing Date 1/20/03

Marilyn Foss, general counsel for the North Dakota Bankers Association, appeared in support of HB 1231 to provide testimony and a proposed amendment to clarify language regarding banking.

(see attached)

Jo Zschomler, Director of OMB Management Division, appeared in support of HB 1231 and provided testimony and a proposed amendment (see attached)

Kent Olson, Executive Director for the North Dakota Professional Insurance Agents Association, provided oral testimony in support of HB 1231.

Pat Ward, representing State Farm Insurance Company, provided oral testimony in support of HB 1231.

As there was no one present to testify in opposition to HB 1231, **Chair Keiser** closed the hearing.

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Dorena H. Ball
Operator's Signature

1/20/03
Date

38262.0101
Title.

Prepared by the Legislative Council staff for
Representative Kasper
February 3, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1231

Page 1, line 2, after the third comma insert "and" and remove ", and 26.1-02.1-12"

Page 3, line 3, replace the underscored colon with "pay"

Page 3, line 4, remove "a. Pay"

Page 3, line 6, replace "b. Pay" with "pay"

Page 3, line 8, replace "c. Pay" with "pay"

Page 3, line 9, replace "d. Act" with "act" and after the second underscored period insert "The term does not include a debt cancellation contract between a bank and debtor or between a savings association and debtor and does not include a debt suspension contract between a bank and debtor or between a savings association and debtor."

Page 3, line 15, after "association" insert ", the risk management fund, a bank or savings association as a party to a debt cancellation contract or debt suspension contract."

Page 7, remove lines 3 through 8

Page 7, line 9, replace "26.1-02.1-07" with "26.1-02.1-06"

Page 7, line 21, replace "26.1-02.1-08" with "26.1-02.1-07"

Page 7, line 23, replace "26.1-02.1-08" with "26.1-02.1-07"

Page 7, line 25, replace "26.1-02.1-07" with "26.1-02.1-06"

Page 8, after line 26, insert:

"5. Any investigative information gathered under section 26.1-02.1-06 or 26.1-02.1-08 is criminal investigative information and may not be disclosed except as provided under section 44-04-18.7."

Page 8, line 27, replace "26.1-02.1-09" with "26.1-02.1-08"

Page 8, line 29, replace "26.1-02.1-09" with "26.1-02.1-08"

Page 10, line 5, replace "26.1-02.1-10" with "26.1-02.1-09"

Page 10, line 7, replace "26.1-02.1-10" with "26.1-02.1-09"

Page 10, line 15, replace "26.1-02.1-11" with "26.1-02.1-10"

Page 10, line 17, replace "26.1-02.1-11" with "26.1-02.1-10"

Page 10, line 27, replace "26.1-02.1-12" with "26.1-02.1-11"

Page 10, line 29, replace "26.1-02.1-12" with "26.1-02.1-11" and replace "deemed" with "determined"

Renumber accordingly

Page No. 2

38262.0101

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10/2/03
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2003 HOUSE APPROPRIATIONS

HB 1231

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Dorena Bell
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1231

House Appropriations Committee

Conference Committee

Hearing Date 02-13-03

Tape Number	Side A	Side B	Meter #
1	X		-7
Committee Clerk Signature <i>Chris I. Naylor</i>			

Minutes:

Chairman Svedjan Opened HB 1231 for discussion. A quorum was present.

Rep. Kaiser Spoke in favor of creating an Insurance Fraud Division. This is the 2nd largest crime. 45 state currently have them. In theory, the Bureau of Criminal Investigations should investigate this. This bill establishes a unit like Worker's Compensation. This will act as a deterrent to crime.

Rep. Timm Does this bill deal with just consumers, or does it include insurance agents?

Rep. Kaiser It should deal with both.

Rep. Delzer \$150,000 appropriation, that is all for marketing? If that is all for marketing, how will they do everything else

Rep. Kaiser They maintain that they can operate with this amount in their agency.

Rep. Delzer Why were amendments not put on in committee?

Rep. Kaiser I screwed up, we ran out of time in committee.

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Page 2
House Appropriations Committee
Bill/Resolution Number HB 1231
Hearing Date 02-13-03

Rep. Wald On page 30, section 4, shouldn't we further amend this to give independent adjusters immunity from this?

Rep. Kaiser The department can respond to that.

Rep. Aarsvold How do we handle these illegal behaviors now?

Rep. Kaiser We turn them over to the BCI, but they don't get put high enough on the priority list to get attention due to the meth lab cases.

Rep. Kempenich Is one investigator able to handle all of this?

Rep. Kaiser For now it should be able to.

Laurie Wolf, Director of Licensing

Rep. Delzer Section nine gives police officer status to these insurance enforcers. Who is qualified to do this?

Wolf It would be allowed for someone to get training for that.

Rep. Kempenich Can one person cover all of these duties?

Wolf We do have some positions to allot toward this. We don't know if more are needed.

Rep. Carlisle Why wasn't this introduced as an agency bill and isn't there a reduction to the general fund by this?

Wolf The Insurance Commissioner, Jim Poolman, made this decision.


Don Holloway, Deputy Insurance Commissioner

Rep. Timm Are there a lot of problems there?

Wolf We have no supena power and can't take settlements and we have to receive reports from many other sources.

Rep. Wald We're forgetting what we are here for.

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