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Operator's Signature

10/3/03
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1323

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1323

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1-29-03

Tape Number	Side A	Side B	Meter #
1	x		0.0-11.1
2	x		14.6-15.6
3	x		7.6-15.5

Committee Clerk Signature *Judith Hammer*

Minutes: All members of the IBL Committee were present when roll was called.

Chairman Kelsner opened the hearing on HB 1323. Pat Ward, representing the National Association of Independent Insurers, presented testimony in support of this legislation. (see attached)

Ekstrom: What examples of businesses in ND are large commercial risk?

Ward: MDU, those companies with in house risk management capable of making insurance decision, they can go out on the open market and do better for themselves. Larger municipalities too.

Ekstrom: re:page 8, section 5, Why is that onerous to do?

Ward: Actual filing is onerous but we have a prior approval system in ND.

Ekstrom: In your testimony on page 2, "may" implies that you won't be filing them necessarily.

Will they be filed for informational purposes?

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House Industry, Business and Labor Committee
Bill/Resolution Number HB 1323
Hearing Date 1-29-03

Ward: It's optional, not a requirement under this new legislation. Companies not doing business in the state could enter the market.

Jasper: Is this typically done when companies like this are exempt for clients in North Dakota? Must they use an agent licensed in ND or will they have out of state agents marketing products in ND?

Ward: that's possible that companies could use a broker that isn't licensed here.

Jasper: So, this is like a controlled group, and agents would be wiped out and not getting commissions?

Ward: This would eliminate the middle man for larger businesses.

Kelser: Basin Electric submitted an amendment. They are requesting that the language requiring an agent or broker be removed. This insurance is a negotiated program between large companies and buyers, to reduce costs and customize policies.

Ward: Correct.

Kelser: This legislation has been here before.

Ward: Was here two sessions ago, was ultimately voted down by the Senate.

Kelser: How many companies could meet three out of the five criteria.

Ward: Not even a dozen. This is a NAIC model, developed for Forbes 4000 companies..

As there was no one present to testify in opposition to HB 1323, **Chair Kelser** closed the hearing.

After the slate of morning hearings were completed, **Chair Kelser** called for committee work on HB 1323.

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House Industry, Business and Labor Committee
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Rep. Kasper: I have some concerns about this. The action would let large employers to solicit or obtain insurance without using an agent or broker in the state of North Dakota, with little or no oversight from the Insurance Department and almost be a controlled group situation like the bill we had yesterday. I favor a Do Not Pass on this.

Chairman Kelsner: The amendment that was handed out on behalf of Basin Electric would have taken out that requirement.

During the afternoon work session, **Chairman Kelsner** called for committee work on HB 1323, large insurance purchasers would be able to circumvent the process of having the Insurance Commissioner approve the policy and program. Basin Electric offered an amendment.

Rep. Kasper: I want to restate my concerns. The way I understand it, larger companies no longer have to utilize an agent when procuring their policies and insurance services. It allows them to use a full time risk manager or qualified consultant instead. It eliminates insurance business in our state. Isn't this like our controlled business bill?

Chairman Kelsner: The amendment does what you describe but the bill as it exists does just the

Rep. Kasper: If we must use the services of an agent or broker, that would solve my problem with this.

Rep. Ekstrom: Could we not ask them to file the policies for informational purposes, at least, with the Insurance Commissioner's office?

Rep. Klein: The broker doesn't necessarily have to be registered in ND, the way I understand it. I'm opposed to this the way it reads.

Rep. Klein: I move a Do Not Pass.

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House Industry, Business and Labor Committee
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Rep. Kasper: I second the motion.

Chairman Keiser: This plan is so unique. Filing is an unnecessary expense.

Rep. Klein: We're leaving the Insurance Department out of this.

Results of the roll call vote were: 7-5-2.

Rep. Kasper will carry this bill on the floor.

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Date: 1/29/03
 Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 1323

House Industry, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Klein Seconded By Kasper

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelser	✓	✓	Rep.Boe	✓	
Rep. Severson, Vice-Chair	✓		Rep. Ekstrom		✓
Rep. Dosch	✓		Rep. Thorpe	✓	
Rep. Froseth	✓		Rep. Zaiser		
Rep. Johnson		✓			
Rep. Kasper	✓				
Rep. Klein	✓				
Rep. Nottlestad		✓			
Rep. Ruby		✓			
Rep. Tieman	✓				

Total (Yes) 7 No 5

Absent 2

Floor Assignment Kasper

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

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Deanna Holmquist Operator's Signature 10/3/03 Date

REPORT OF STANDING COMMITTEE (410)
January 30, 2003 10:25 a.m.

Module No: HR-18-1333
Carrier: Kasper
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
HB 1323: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)
recommends **DO NOT PASS** (7 YEAS, 5 NAYS, 2 ABSENT AND NOT VOTING).
HB 1323 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-18-1333

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2003 TESTIMONY

HB 1323

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1/29/03

Amendment language for HB 1323

26.1-25-02.1 **Definitions.**

4. "Exempt commercial policyholder" means a large commercial risk that meets three of the following seven criteria. An "exempt commercial policyholder" is not subject to policy, form, and rate regulatory oversight.

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