

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1455

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson  
Operator's Signature

10/16/03  
Date

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1455

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson  
Operator's Signature

10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1455

House Industry, Business and Labor Committee

Conference Committee

Hearing Date January 28, 2003

Tape Number	Side A	Side B	Meter #
4	X		3986-end
4		X	329-2328
Committee Clerk Signature <i>Elizabeth B. Leier</i>			

Minutes: **CHAIR KEISER**: Opened hearing on HB1455

**REP. SANDVIG**: Described bill and submitted e-mail from Tim Effertz.

**TIM EFFERTZ**: Supports with written testimony. Tim also suggested a change in the language to strike "the death" on line 14 and "occurs" on line 15. Currently there are too many limits because you have to die within six years of the injury.

**REP. RUBY** asked Effertz to speak on the issue of the first six years and that if your death is not associated with the injury, you get nothing. What happens past six years and proving death is related to the injury. Effertz said that WCB has a new face. They know what your injuries are and if your death is associated. You can appeal (a 2 yr. process) and go through the courts. He said that is the way the system is and they all know about the hearing process.

**REP. EKSTROM**: Did you get a permanent impairment award? Effertz did. Rep. Ekstrom asked if he was on full disability. Effertz said he was able to collect on both, but yes, he is 100% impaired. He was injured in 1962

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Salvatore Riccardi*  
Operator's Signature

*10/16/03*  
Date

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number 1455

Hearing Date 1-28-03

**SEBALD VETTER (Pres of CARE):** Supports Tim Effertz. He was hurt in 1989. However, since he has no been able to work, he has not been able to pay into social security and his wife will be left with almost nothing.

**DAVE KIMNITZ (ND AFL-CIO):** Supports

**EVAN MANDIGO (WCB):** Opposed with written testimony

**JODI BJORNSON (WCB):** Opposed with written testimony. Said WCB is committed to studying the issue, but at this point urge Do Not Pass.

**REP. SEVERSON:** What else have you looked at? Bjornson said they are doing analysis of other jurisdictions.

**REP. RUBY:** Asked Bjornson to explain the appeals process as to death as a direct result. Rep. Keiser also asked when they get the benefit. Bjornson said they have to prove cause of death, but she did not have the exact answers at the hearing.

**REP. KLEIN:** asked how long the study will take. Bjornson said she hopes they would have it done by the next session.

**REP. KASPER:** What is the number of deaths within the 6 years that receive the benefits? Bjornson did not have the figures. Chair Keiser asked her to provide the figures for the committee.

**REP. NOTTESTAD** asked if the figures in the fiscal note are based on the current percentage of those claiming benefits or on the potential of claims. Bjornson said the actuary looked at current claims in the system of potential eligible benefits and then looked at the marriage rate and then added some potential claims. Rep. Nottestad then asked if they went with a high number rather than the actual percentage. Bjornson called on John Halvorson.

Page 3

House Industry, Business and Labor Committee

Bill/Resolution Number 1455

Hearing Date 1-28-03

**JOHN HALVORSON:** Difficulty is narrowing down numbers. You look at maximums and minimums. Set rates by predicting what claims they may have.

**BRENT EDISON (WCB):** They are attempting to look at the rules in all states, but he can not advise the board yet. They want the best decision on public policy. This current structure has been in place since 1919 and there are many different aspects that need to be updated. The process will take some time.

**REP. THORPE:** Would Tim Effertz's request fall under compensable payments? Bjornson said they are committed to providing benefits the best they can. Rhetorically, Rep. Thorpe then asked if his 40 years of disability is enough for them. Bjornson noted she hopes they can answer that question once the analysis is done.

**CHAIR KEISER:** Closed hearing on HB 1455

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Yolanda Richardson  
Operator's Signature

10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 1455

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 1/29/03

Tape Number	Side A	Side B	Meter #
3	x		46.9-end
3		x	0.0-9.00
Committee Clerk Signature <i>Judith Hammer</i>			

Minutes: **Chairman Kelser** called for committee work on HB 1455.

**Rep. Ekstrom:** I talked to minority leadership today and we a plan to turn this into a study resolution for Workers Comp to look at the Washington plan whereby a partial impairment award, portions of it, were dedicated to a life insurance policy with death benefits. We'd be going forwards. This has to be addressed, the reason and rationale is this: when someone is injured significantly, they stop working. Their social security benefits are impacted severely. I'd like them to figure out the actuaries etc. in terms of life expectancy.

**Chairman Kelser:** I'd strongly resist hog housing this into a study resolution. I want a study resolutions to carry there own merit and be selected. If we put it into the form of a statute, then we'd have to do it.

**Rep. Severson** moved a Do Not Pass. **Rep. Klein** seconded the motion.

**Rep. Severson:** If the constituent who brought this forth had been injured today, there'd be lots of programs and things that could be done for him.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*LaCosta Rickford*  
Operator's Signature

*10/16/03*  
Date

Page 2

House Industry, Business and Labor Committee

Bill/Resolution Number HB 1455

Hearing Date 1/29/03

**Chairman Keiser:** Remember that insurance is based on premiums and premiums are prospective. We calculate the risks today and charge accordingly. You can't go back on insurance programs that wasn't paid for in the reserve fund at the time the injury was incurred.

**Rep. Thorpe:** I understand all this conversation but I am still going to support the sponsors of the bill.

The results of the roll call vote were on a **Do Not Pass: 11-2-1.**

**Rep. Ruby** will carry this on the floor.

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

Richard Costa  
Operator's Signature

10/16/03  
Date

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/21/2003

Bill/Resolution No.: HB 1455

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

NORTH DAKOTA WORKERS COMPENSATION  
2003 LEGISLATION  
SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Removing the 6-year statute of limitation on death claims

BILL NO: HB 1455

SUMMARY OF ACTUARIAL INFORMATION: North Dakota Workers Compensation, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation eliminates the six year statute of limitations so that death benefits will be payable if disability continues to the time of death and the death is a direct result of the work injury, "regardless of the date of death". Under current legislation, the surviving spouse of an injured worker will receive death benefits only if the worker dies within six years of injury and the death is a direct result of the work injury.

FISCAL IMPACT: The proposed legislation will increase future rate levels. Furthermore, we have interpreted the change as applying to all future deaths, regardless of date of injury, and thus, anticipate an impact on reserve levels. We were not able to develop a specific formal estimate of the cost of the proposed legislation because we do not have an appropriate base of experience to use in quantifying the ultimate effect of the change. The difficulty can be tied to the impossibility of estimating in advance the number of additional claims that will qualify for death benefits. Additionally, the fiscal note does not reflect increased litigation costs.

Rate Level Impact: We are currently estimating the number of married PTD recipients arising out of each fiscal accident year to be 20. At the current \$197,000 cap, the potential rate level impact would range anywhere from 0 to 2.5% on rate levels. At the \$250,000 cap proposed in HB 1060, the potential rate level impact would range from 0 to 2.9%. Should the proposed legislation pass, a 1% increase in rate levels for claims arising out of this coming year is anticipated. We will evaluate this as we see more

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

*Yolanda Richardson*  
Operator's Signature

10/16/03  
Date



experience.

Additionally, NDWC will need to consider a prospective rate surcharge to fund the reserve increase that will hit as the proposed legislation retroactively increases benefits for claims arising out of prior years. Past premium charges did not contemplate this additional benefit.

Reserve Level Impact: At the existing \$197,000 cap, for every 5% (43 claims) of potential claims qualifying for death benefits (858 claims) the undiscounted reserve increase would be approximately \$5.25 million. The corresponding discounted reserve increase would be approximately \$1.8 million. At the \$250,000 cap proposed in HB 1060, for every 5% of potential claims qualifying for death benefits the undiscounted reserve increase would be approximately \$6.2 million, and the corresponding discounted reserve increase would be approximately \$2.1 million.

DATE: January 27, 2003

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	John Halvorson	Agency:	NDWC
Phone Number:	328-3760	Date Prepared:	01/27/2003

The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed.

John Costa Richardson  
Operator's Signature

10/16/03  
Date

