

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

1477

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LoCosta Richard  
Operator's Signature

10/16/03  
Date

FR

2003 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1477

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Salvatore Riccardi 10/6/03  
Operator's Signature Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1477

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/4/03

Tape Number	Side A	Side B	Meter #
3	x		0.0-13.0
Committee Clerk Signature <i>Judith Hamma</i>			

Minutes: opened the hearing on HB 1477.

**Rep. Kasper**, District 46, walked the committee through the bill which relates to protection of confidential financial information with respect to the securities and insurance industries. This will bring privacy guidelines in the law into an "opt-in" compliance with the banking law that we operate under in our state. Part 2 references Gramm-Leach-Bliley Act.

**Rep. Ekstrom**: Aren't there any penalties for failure to comply?

**Rep. Kasper**: There's no private right of action included in either section.

**Chairman Keiser**: Can an insurance or securities company enter into joint marketing efforts with an affiliated company without permission?

**Rep. Kasper**: An affiliate may need an opt in statement. I'll clarify that with Legislative Council.

**Rod St. Aubyn**, representing Blue Cross Blue Shield, presented an amendment which relates to compliance with HPA. There are penalties for failure to comply with HPA statutes.

Page 2  
House Industry, Business and Labor Committee  
Bill/Resolution Number HB 1477  
Hearing Date 2/4/03

Pat Ward, Zuger, Kirmis & Smith, appeared to testify in opposition to HB 1477. (See attachment #1)

As there was no one else present who wished to testify in opposition to HB 1477, the hearing was closed.

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La Costa Rickford  
Operator's Signature

10/16/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1477

House Industry, Business and Labor Committee

Conference Committee

Hearing Date 2/12/03

Tape Number	Side A	Side B	Meter #
1		x	7.7-11.9
Committee Clerk Signature <i>Justin Hamner</i>			

Minutes: **Chairman Keiser** called for committee work on HB 1477.

**Rep. Severson** explained that the subcommittee has decided to carry two bills. HB 1179 will be carried as an insurance bill, HB 1477 as a securities bill and we'll kill HB 1485. The proposed amendment .0205 amends the insurance issues out of HB 1477.

**Rep. Kasper:** This allows the oversight that the banking and securities authorities need to look at each others business because they're dealing with customers. It's necessary for the securities industry to have this.

**Rep. Nottestad:** Are Rod St. Aubyn's amendments out of this?

**Rep. Severson:** Yes. Those were with the insurance side of the legislation.

**Rep. Ekstrom** moved to adopt the amendments.

**Rep. Severson** seconded the motion. A voice vote carried the motion to adopt.

**Rep. Severson** moved a Do Pass As Amended. **Rep. Boe** seconded the motion.

Results of the roll call vote were 14-0-0. **Rep. Ruby** will carry this on the floor.

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/14/2003

Amendment to: HB 1477

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The amendments to HB 1477 remove the provisions relating to the Insurance Department and leave the provisions relating to the Securities Department. The engrossed HB 1477 will not have a fiscal impact on the General Fund or the Insurance Department budget as far as the Insurance Department is concerned.

The engrossed HB 1477 now applies only to the Securities Department and requires that the Securities Department adopt rules to implement privacy protections for customers of securities firms. The engrossed HB 1477 is not expected to have an impact on the General Fund, since the costs of any rulemaking would be included in the present budget appropriation.

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.

N/A

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.

N/A

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.

N/A

<b>Name:</b>	Charles E. Johnson	<b>Agency:</b>	Insurance Department
<b>Phone Number:</b>	328-4984	<b>Date Prepared:</b>	02/17/2003

*Richard Costa*  
 Operator's Signature

10/16/03  
 Date

LR

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

Bill/Resolution No.: HB 1477

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	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

This bill will have no effect on either the Insurance Department budget or the general fund. The privacy requirements as outlined in the bill will impact the insurance industry, except for the provision that requires the Insurance Commissioner to adopt rules. We anticipate that the cost of a rulemaking will be \$2,000 - \$4,000 but those expenses would be paid from the funds that will be appropriated to the Insurance Department in its pending budget. No additional funds will be required.

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.

N/A

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.

N/A

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.

N/A

Name:	Charles E. Johnson	Agency:	Insurance Department
Phone Number:	328-2440	Date Prepared:	01/27/2003

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*Richard Costa*  
Operator's Signature

10/16/03  
Date

30117.0205  
Title.0300

Prepared by the Legislative Council staff for  
Representative Severson  
February 12, 2003

VR  
2/12/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1477 IBL 2-13-03

Page 1, line 2, replace "; and to amend and reenact section" with a period

Page 1, remove line 3

Page 1, remove the underscore under lines 7 through 23

Page 1, line 24, remove the underscore under "[Pub. L. 106-102; 113 Stat. 1437; 15 U.S.C. 6802(b)(2)]." and insert immediately thereafter "However, a customer's consent is not required under this subdivision if the information is disclosed to the extent specifically permitted or required to:

- (1) Comply with federal or state laws, rules, or guidelines for the sole purpose of compliance with requirements relating to the sale or recommendation of nondeposit investment products in a financial institution;
- (2) Comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by federal, state, or local authorities; or
- (3) Respond to judicial process or governmental regulatory authorities with jurisdiction for examination, compliance, or other purposes."

HOUSE AMENDMENTS TO HB 1477 IBL 2-13-03

Page 2, remove the underscore under line 1

Page 2, remove lines 2 through 27

Renumber accordingly



LR

Date: 2/12/03  
Roll Call Vote #: |

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1477

House INDUSTRY BUSINESS & LABOR Committee

Check here for Conference Committee

30117.0205

Legislative Council Amendment Number .0300

Action Taken Do Pass As Amended

Motion Made By Severson Seconded By Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Boe	✓	
Vice-Chair Severson	✓		Ekstrom	✓	
Dosch	✓		Thorpe	✓	
Froseth	✓		Zaiser	✓	
Johnson	✓				
Kasper	✓				
Klein	✓				
Nottestad	✓				
Ruby	✓				
Tieman	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Ruby

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

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LoCosta Richard Date 10/16/03  
Operator's Signature

