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2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1460

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1460

### House Industry, Business and Labor

Check here for Conference Committee

Hearing Date: 5 February 2007

Recorder Job Number: 2854

Committee Clerk Signature



Minutes:

**Representative Bob Skarphol, District 2, introduced the bill.** As a member of the Legislative Audit and Fiscal Review Committee and listening to the audits that took place in the last interim, it became somewhat apparent to me that we need to address a couple of issues with regard to the board. As the prime sponsor of the bill that created the board back in the '97 session, I have some strong feelings about the board and its evaluation.

I wanted two particular problems to be addressed: 1) the need for some extra people on the board with regard to insurance, and 2) the need for some technology. The health care industry needs to be represented more adequately on the board so they could have input as to the needs of the provider. Lastly, this addresses the terms of office. I think a six-year term is what we need. It can take at least two years to get up speed with all the issues and subtleties with regard to WSI, and then you will get four years of good service out of an individual. I think it's important we have rotation of the board. Representative Carlson has an amendment that I am fully supportive of and believe is appropriate.

To understand where we were in 95-97 when we did all this work, it was the opinion of the IBL Committee to take care of legitimately injured workers and we do it well and we insure they are more than adequately taken care of. We also wanted to make sure that we did not have individuals taking advantage of the system. That's a very fine line to walk and very difficult

balance. I believe it takes a dedicated workforce in that agency to make that happen. I

believe we gave the agency the tools they need to do that. We did that with the personnel system that was passed in '95. I'm not entirely convinced that that personnel system is still functioning in the way we intended. I hope there is some way for this committee to make adjustments to what needs to be done there. We want a transparency. We wanted that agency to be wide open to public scrutiny within the guidelines of privacy that are required in regard to medical records and those kinds of things. I think if it was as transparent now as it was then, we would have a lot less controversy now.

Affordability was an issue. But it was the last issue that was of primary importance to us at that time and I think it still needs to be so today. The premiums that our employers pay are critical to insuring our injured workers are taken care of. I think it should be the last consideration in the priority list.

**Representative Al Carlson, District 41**, distributed a proposed amendment (70708.0102, attached). When we established the board some of us members that were active in the reform were appointed to board in the interim and I was the interim chairman until the actual board was appointed. We were very involved in the concept of what was the role of the board and how active should the board be and what kind of model should the board use. Our history goes deep. Representative Skarphol and I were both on that board. We still believe today that board concept is the right concept. It took an override of the governor's veto to get us that board. This is not a matter to be taken lightly. I still very strongly believe that a good, strong board is the way to nonpoliticalize the process of workers compensation. We are a monopoly. There are some here that are employers and we pay premiums. There is nothing more important to me than the health and welfare of employees and that they are properly treated and that they get their checks when they are laid up and can't work. Those are the issues we address each and every session. I still feel this is a good board but sometimes you

have to step back and say—how could the board be better? The amendments before you make some changes. The biggest change is that one member represents the health care industry and must be the CEO or CFO. Another member represents the information technology industry and must be a CEO or CFO of a technology related business. We think these additions are important to the board. One member represents the insurance agency and must be a CEO or CFO of an insurance related business. The reason we ask for those is that we want the active players in the business to be on the board. We also wanted to take away the tie where there would be a conflict between the executive branch of government and this board. We have not agreed on what should be the term of the board should be. What is their ability to a time commitment to a job like this? Consistency of the board, understanding the workings of the board is important and a strong board is important. I cannot reiterate enough that I believe a board is the solution to running Workman's Comp.

**Representative Amerman:** The new members you are putting on, aren't they employers? This is the same language we use from industry.

**Representative Carlson:** They are employers, but they also have a certain area of expertise. This is something we developed years ago and we are taking it a step further; and you, as a committee, have the option to look at the balance on that board and say what is or isn't the right balance. We believe these are good additions to the board. It expands the board and makes it more responsive.

**Representative Skarphol:** The statute today says that every one of the employers on that board is supposed to come from the three categories of principal owner, CEO, or CFO. In listening to audits it became apparent that if you have that expertise on the board you are going to get questions that are more germane to workforce safety. They are looking at a \$20.million program and who on that board has enough expertise to adequately address those

questions. It takes a high level of expertise in technology to come forward with the right questions to insure that those projects are adequately planned and implemented.

**Representative Zaiser:** Getting at the balance in terms of workers executive/owners--there used to a slight majority of owners/CEOs/ CFOs but adding these additional members to the board further adds to that majority.

**Representative Carlson:** What is the right balance? We have always had that argument. I believe the actively involved--the man who writes and signs the last check should have some input and he should hear what is being said at those meetings. I think the assumption is that because of this no one is going to be taken care of and I think that's a long way from truth.

**Representative Zaiser:** You put some thought into this before you proposed the bill and amendment. Did you consider that this be a further imbalance?

**Representative Carlson:** I did put some thought in it and proposed it still. If we go back to the original board we had a lot of discussion over the fact that we have a very, very small unionized workforce in ND but yet we made sure there was a representative of those workers on the board. The balance is a decision that is legislated. If someone has a better idea they should bring it forward. Our intent in this bill is to add some more expertise to that board so we have people on the board that understand the issues that have created some of the problems.

**Representative Zaiser:** Did you consider the possibility of replacing some of the members that represent business with these specialized people.

**Representative Skarphol:** No we didn't. I didn't take time to check the board minutes to see if there was a consistent division of votes with regard to the division of the board among employers and employees. I suspect if I would have most of the votes would probably have been unanimous in consensus. If this committee sees reason to increase the employees on

that board, I don't see any problem with that. I do think it is important to have these three particular areas represented based on what has transpired recently.

**From someone in the audience:** There is a bill in the Senate that does add one more employee to the bill.

**Sandy Blunt, executive director, WSI, and representing the chairman and board of directors:** The board desires to remain independent and free of politics. As amended, the board of directors supports this bill and adds expertise to the board.

**Representative Thorpe:** How many industry employers are on the board now that would meet these qualifications? If we add these members can we take some off?

**Blunt:** There 6 from business, 3 from an injury profession, the governor appoints 2 employees, 1 from health care industry, 1 employer at-large. As to removing individuals, I am not able to answer that. The board in place is a strong board and their belief is that if there is a desire to supplement with a greater skill set then their desire would be to supplement rather than remove current representatives.

**Vice Chairman Johnson:** Has the board talked about length of term? Do you have an opinion of length of term?

**Blunt:** It was 6 years at one time. I have talked to board members appointed to a six-year term. They were very wary to get on to the board. That is a significant commitment to make to a very complex board. Personally, I would advocate for a four year term simply because it would be easier to recruit qualified members.

**Vice Chairman Johnson:** Would like us to limit it to a four year term.

**Blunt:** It's currently three four-year terms. I think that would be appropriate if they desired to stay that long.

**Representative Zaiser:** I think you are aware that one is the amendment and one is the bill. Representative Skarphol thought a six-year term was advantageous. If someone wanted to

resign, there is no law that says you cannot. I assume members when they are recruited are aware of that.

**Blunt:** Yes, they can. That causes turnover which causes changes in the board's structure. It will take you at least two years to come up to speed and understanding this system

**Representative Zaiser:** That is left to the legislature. My opinion is that it would be difficult to recruit qualified candidates.

**Representative Amerman:** Could you give me an idea of if the chief information and the insurance commission are ex-officio members, what would they be doing? What input would they have?

**Blunt:** Ex-officio has full rights of the committee. There would be changes in membership depending on election results.

**There was no testimony in opposition to the bill.**

**David Kemnitz, president of the ND AFL-CIO, testified neutral on the bill.** We are neutral for several reasons. The amendments are new to us

**Chairman Kaiser:** We will hold this bill until tomorrow so you have a chance to review the amendments.

**Kemnitz:** Last week we testified before the board to change the voting percentage change for a policy change and what you need for a quorum. This expands the employer membership substantially. I don't know if there is a sentiment to expand the employee side of that. We would like you to consider a 75% or 66% majority vote to initiate or change policy in that it deepens the discussion and debate and puts the emphasis on and bringing people to conclusion. If you expand on this side of this there is a bias.

The other is the method of governance mentioned. It seems the non-profit model does not fit what this board does. How can I as a board member speak to you about something amiss



under those rules? If you would look at the bylaws you would be surprised as how they are operating.

**Representative Zaiser:** There was reference that most of the decisions made by the board were unanimous. From your perspective and knowledge is that the case?

**Kemnitz:** We have seen lots of unanimous, but it is changing. We think there ought to be deeper debate and sharper positions taken.

**Representative Zaiser:** If you had your druthers, how would you change the board?

**Kemnitz:** As a representative democracy and to remove bias, you have an even number of employer/employee reps.

**Representative Kasper:** Can you clarify for me the Carver Method of governance? What do they use to get to decision making?

**Kemnitz:** It's the non-profit model. The difference from the profit model in that you are on the board as an advisor.

**Representative Kasper:** With the Carver Method of governance at WSI, is it impeding the board members to have full impact, full discussion and to work with other board members during their members? I hope that is not what you are implying.

**Kemnitz:** That is not what I'm trying to imply. The point I'm trying to make, if you were to subpoena one of those board members and if they were in the minority of the vote that the board had taken and you asked them what is their position; according to their bylaws they are forbidden to testify to you something different than what the board policy was voted on. That concerns me.

**Representative Kasper:** In the law under the board powers and duties, 65-02-03.3, no where in here does it say what you just said. It may be a policy, but the law does not prohibit them from making that statement. If we have in statute their powers and duties how could they not be able to come to the podium and express their viewpoint publicly?

**Kemnitz:** If this is not true, then they've changed it or it should be changed. That would be a good question for this committee to investigate. Does this conflict with the law you put in place?

**Chairman Kaiser:** If I understand this correctly, you are testifying neutral and you are against the Carver Method and you want more employee reps—so where's the neutrality?

**Kemnitz:** I tried to approach in a neutral position but as the questions moved around the table. . .

**Chairman Kaiser:** Let's ask someone from WSI. Is it illegal in the Carver Method for someone on your board who is in a minority position to say anything publicly?

**Blunt:** The basis for the Carver Method is to provide ends and the ways to get to get there. I want to see achieved, I'll provide you what's necessary to get there, but I'm not going to micromanage you or tell you how to do it. I will simply hold you accountable for what you did or did not achieve in these objectives at the end of the day. The discussion of subpoenas—if they are subpoenaed they are obligated by law to say. If you requested a board member to appear before you and explain why they were in opposition to that vote, they can come forward and explain why they are in opposition; but, under the Carver Model, they may not advocate against the board and the position the board took. They may explain to you why they took that position. To assure that we are following the model, the board will be having a retreat at the end of the month and contracting with one of the very rare people that has been personally trained by Carver himself to review practices and procedures as well as teach the new board members what the Carver model is and make sure we are incorporating it as is appropriate.

**Representative Kasper:** Do your minutes reflect the debate and do you have roll call votes to make decisions and are those public or private records.

**Blunt:** They are recorded roll call votes, minutes are taken and recorded, you may receive the minutes, the tape recordings, and you may receive the votes and the discussions.

**Bill Shalhoob, representing the ND Chamber of Commerce:** I would like to point out a couple areas that were in the original bill. We were not in favor of ex-officio members but I see in the amendment that is taken out. A comment on terms of office—4-year terms are better. If we want to limit, 2, 4-year terms this creates a bit more turnover. It is difficult to find people to make a 6-year commitment. Certainly board members suggested would add more expertise.

**Representative Thorpe:** If we had an amendment for the proposed members to go on the board as the present members expire?

**Shalhoob:** That would drag the time frame back considerably. Board size can get to be an issue.

**There being no further testimony, Chairman Kaiser closed the hearing of HB 1460.**

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1460

House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: February 7, 2007

Recorder Job Number: 3024

Committee Clerk Signature

*Stephanie N Thomas*

Minutes:

**Chair Keiser** opened the hearing on HB 1460. I've prepared an amendment.

See proposed amendment 70708.0103.

WSI in this past interim, and as a result of a lot of media play, there are really two issues. Are the benefits being extended to WSI employees, the claimants appropriate? Even in our committee that is a hard one to answer. The number one issue was board accountability, the perceived inbreeding in the board; the board appoints their own people. What this amendment does is take the bill and creates to 4 year terms that can be consecutive, but it also grandfathers in any board member who's on there under the old regulation, which was 3 consecutive 4 year terms. So, it doesn't throw anybody off the board that is currently there. It maintains the eleven member board as the current law is, the difference being that the ND Medical Association will send three names to the Governor, and the Governor will select one. Later, which it currently does, will send three names to the Governor, and the Governor will select one. The Governor will directly select the two remaining employee members, and the one at large member. The State Chamber working with all the other business organizations in our state, Motor Carriers will nominate the 6<sup>th</sup> employer representatives, but the criteria for the employer representatives do not change. Then we created three nonvoting members, and put

a sunset on them, and those three nonvoting members are one IT CEO, one Healthcare CEO, and one Insurance CEO. My argument for that is you need these people on your board. Then we created three nonvoting members, and put a sunset on them, and those three nonvoting members are one IT CEO, one Healthcare CEO, and one Insurance CEO. My argument for that is if your rationale is you need these people on your board then we better redo all the boards in the state, and make sure we get an IT CEO on the State Board of Higher Education, and on all the other boards, and it's also a dangerous practice when you start designating slots. It can get you into trouble, and so just on a trial basis I think we should put them in as nonvoting members. If in two years it proves that they are so beneficial and appropriate, then the legislative body can reconsider and do whatever they want.

**Rep. Ruby:** When you talk about the CEO's in those three areas, didn't they also want that the board members were also members?

**Rep. Keiser:** It leaves Rep. Skarphol's bill in tact. He wanted to make sure that all of the business board members were CEO's, if you look at his bill on page 19 and 20. We had people on the board who weren't in that category that were allowed to continue, and they now are just starting their 3<sup>rd</sup> term.

**Rep. Dosch:** Why make those nonvoting members?

**Rep. Keiser:** If you've never had a chance to go to a board meeting, most of their meetings are done teleconference, and I just think an 11 person board is manageable. I don't have a problem in making them voting, but I just think we should try and see if they are so good, put them in a nonvoting capacity for two year, and see if it's worthwhile.

**Rep. Ruby:** Will they be engaged if they're nonvoting?

**Rep. Keiser:** What frustrates me is that there isn't anybody that has an IT person on their board of directors, but when I go and buy IT, I must get a consultant to help me. I don't need a board member to do it, so that may be an area the committee wants to change.

**Rep. Zaiser:** I've been on boards where they're not voting members of the board, and they engaged and intended just to straighten out a good attendance record, just as those other folks. If they do have a fiscal meeting where they go someplace, I assume those nonvoting board members would get travel costs as well?

**Rep. Keiser:** I believe they did.

**Rep. Zaiser:** In terms of the labor side, the 5 members representing labor, are they all nonexempt employees, meaning per hour labor?

**Rep. Keiser:** No. The current law has labor unions recommending one person, and that stays. The Governor will then appoint the two other employees using the same criteria, and the one at large using the same criteria. Instead of the board appointing them, currently, the board is making most of the recommendations, but the board would love to get out of that responsibility, because how do they get the 6 business people. WSI's board, and staff are pleased to get out of the requirement to send the names to the Governor. There's no group that I've talked to that doesn't like this amendment.

**Rep. Zaiser:** These are exempt employees, or they could be all of them.

**Rep. Keiser:** They could be. They're totally not management. I think from a policy standpoint, we have a responsibility to look at the benefits.

**Rep. Johnson:** I'm kind of concerned with these individuals that are nonvoting members, about their role, and desire to show up and be there. What I do like is that they are nonvoting members, and that we don't change the makeup of the voting membership on the board.

**Rep. Keiser:** It added three more business executives voting.

**Rep. Ruby:** I like the idea that it's not expanding the number of board members, they're making them non board members, and there's the sunset clause, so I would move the amendment.

**Rep. Nottestad:** Second.

**Rep. Dosch:** The original bill had called for the Insurance Commissioner to serve as official member of the board. I guess I see some pretty good value in having the Insurance Commissioner as someone who is specifically used to looking at rates, looking at rate structures, analyzing insurance companies, because this is an insurance company, and I guess I like that aspect of the bill, rather than just a member of the insurance industry.

**Rep. Keiser:** The Insurance Commissioners in every state that I have ever talked to have nothing to do with Workforce Safety. It's a separate entity, and they don't play a role in that. They were as ex-official board members in the bill, and we certainly could consider that. It's like putting the Insurance Commissioner on a for profit board for me.

**Rep. Kasper:** The Insurance Commissioner's duties really don't go anywhere near WSI.

**Rep. Nottestad:** As I look at the Insurance Commissioner's office, the Insurance Commissioner's office is being a resource to this board at anytime they feel they need it. So, in essence it's available whether he's on as a person, because his office and the expertise of that office are still available as a resource.

**Rep. Zaiser:** I can see Rep. Dosch's viewpoint, because if there's an issue, or maybe the WSI's CEO doesn't think it's an issue, maybe the Insurance Commissioner might take a different look at it.

**Rep. Amerman:** If I was the Insurance Commissioner, I would probably have to come down to the side of yourself and Rep. Kasper. What the Insurance Commissioner does wouldn't have any influence, or anything that WSI does. I think the amendment is better than the bill

with the nonvoting, and I would probably vote in favor of the amendments. Even though the members are nonvoting, they're still employers which mean they still pay premiums, and they would still be in discussion, and so there's still potential for then having great influence on the way the other 11 members might vote. Even though I like the amendments, I doubt very much that I will support the whole bill.

**Rep. Zaiser:** I'd like to have the board consider that the three people that are not spotted from one industry be nonexempt employees, in other words, people that work by the hour, and not by salary, and not management. As you indicated there are 6 CEO's who are appointed by GNDA, or the State Chamber, and then if we had CEO's from the medical profession, there was only one from labor, and that's organized labor. So, to me with those CEO's on there, it looks more like 9-1. I would propose an amendment to that amendment that makes the three individuals that are appointed by the Governor be nonexempt employees.

**Rep. Thorpe:** Second.

**Rep. Keiser:** I'm going to resist the amendment, the motion to further amend. If you talk to WSI folks, the Governor, and others who have been responsible for getting good people on the board, people are not running to volunteer for this board.

**Rep. Amerman:** What does nonexempt mean?

**Rep. Keiser:** An exempt employee is higher to do the job, usually on a fixed salary, and theoretically you as a legislature are somewhat exempt. A nonexempt person is a person who gets paid by the hour. People who are commissioned are not hourly, and people who are on other incentives are not hourly. The nonexempt is literally hourly pay.

**Rep. Amerman:** Was there a mention that one person was running the two places?

**Rep. Keiser:** There was, and there was an Attorney General's opinion which has already corrected that.



**Rep. Thorpe:** Am I wrong in assuming that exempt also covers management individuals?

**Rep. Keiser:** If they're not hourly, yes it would.

**Rep. Zaiser:** Management is generally considered exempt, and people that are nonexempt, for the most part, are the workers that have to respond, and are paid by the hour.

**Voice vote was taken to further amend the amendment.**

**Roll call vote was also taken. Motion Fails, 3 Yeas, 11 Nays, 0 Absent.**

**Rep. Amerman:** In your amendments, do they also take out the ex-official, or would we have to adopt it?

**Rep. Keiser:** They're no longer ex-official, they're now nonvoting members.

**Rep. Kasper:** On your amendment on the sunset, on the current where we're talking about the labor representatives, it would be on page 3 at the bottom of the page, who would that be?

**Rep. Keiser:** AFLCIO.

**Rep. Nottestad:** Basically, everything in here that Rep. Skarphol addressed is in here?

**Rep. Keiser:** What it didn't address, from my perspective, the real issue of who appoints these board members, and that's really what I think from a policy standpoint that we should make a decision about.

**Rep. Thorpe:** I felt that the original bill for me was real detrimental, and I applaud you for bringing the amendments, because the amendments are going to make it better. Are the amendments now still voting more, or is it neutral?

**Rep. Keiser:** By making them nonvoting members, I think it has kept more balance, but it still has loaded it a bit. They're going to participate in the discussion, and they're going to have an influence.

**Rep. Kasper:** In my opinion, this bill takes away the criticism that we've heard for the last year about how the board is being appointed, and itself perpetuating.

**Rep. Zaiser:** From my perspective, I think this is a definite improvement from the previous one. I think the nonvoting is good, but in terms of is it loaded, in the terms of voting no, but I would agree it might have a little more influence.

**Rep. Thorpe:** I still have some reservations.

**Roll call vote was taken on the adoption of the amendment. Amendment adopted, 14 Yeas, 0 Nays, 0 Absent.**

**Rep. Nottestad:** I recommend a do pass, as amended.

**Rep. Ruby:** Second.

**Roll call vote was taken. 10 Yeas, 4 Nays, 0 Absent, Carrier: Rep. Nottestad**

Hearing closed.

*adopted*

Keiser Amendments to the Proposed Hacker Amendments (70708.0215) to HOUSE  
BILL NO. 1460

Page 5, after line 14, insert:

**"SECTION 4. WORKFORCE SAFETY AND INSURANCE -  
LEGISLATIVE COUNCIL STUDY.** The legislative council shall consider studying,  
during the 2007-08 interim, the workforce safety and insurance governance changes  
made during the 2007 legislative session. The legislative council shall report its findings  
and recommendations, together with any legislation required to implement the  
recommendations, to the sixty-first legislative assembly."

*3-3*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1460

Page 1, line 1, replace "sections" with "section" and remove "and 65-02-03.2"

Page 1, line 2, replace the second "and" with a period

Page 1, remove line 3

Page 1, line 8, replace "thirteen" with "fourteen" and remove "The chief information officer of"

Page 1, remove line 9

Page 1, line 10, remove "ex officio members of the board."

Page 1, line 19, remove the overstrike over "~~Except for the employer at large~~"

Page 1, line 20, remove the overstrike over "~~representative, each~~" and remove "Each"

Page 2, line 2, remove the overstrike over "~~is a member at large who must be a resident of this state and at~~"

Page 2, line 3, remove the overstrike over "~~least twenty one years of age~~" and remove "represents the health care industry"

Page 2, after line 3, insert:

- "e. One member represents the health care industry and must be a principal owner, chief executive officer, or chief financial officer of a health care-related business.
- f. One member represents the information technology industry and must be a principal owner, chief executive officer, or chief financial officer of an information technology-related business.
- g. One member represents the insurance industry and must be a principal owner, chief executive officer, or chief financial officer of an insurance-related business.

Page 2, line 4, remove the overstrike over "~~Board~~", remove "Except for the ex officio board", remove ", members", and remove the overstrike over "~~four-year~~"

Page 2, line 5, remove "six-year"

Page 2, line 8, remove "and may not serve two or more"

Page 2, line 9, remove "consecutive terms" and after the period insert "The term of the initial appointment of the health care industry representative begins on the effective date of this Act and expires on December 31, 2008. The terms of the initial appointments of the information technology representative and insurance industry representative begin on January 1, 2008, and expire December 31, 2010."

Page 2, line 11, remove the overstrike over "~~Board members may not serve more than three consecutive~~"

Page 2, line 12, remove the overstrike over "~~terms.~~"

Page 2, line 16, after the second underscored comma insert "information technology industry representative, insurance industry representative,"

Page 2, line 19, after the underscored comma insert "information technology industry representative, insurance industry representative,"

Page 2, line 26, remove the overstrike over "~~The governor shall appoint the replacement~~"

Page 2, remove the overstrike over line 27

Page 2, line 28, remove the overstrike over "~~board.~~"

Page 2, remove lines 30 and 31

Page 3, remove lines 1 through 14

Renumber accordingly

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1460

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to amend and reenact section 65-02-03.1 of the North Dakota Century Code, relating to the workforce safety and insurance board membership; to provide for application and transition; to provide an effective date; and to provide an expiration date.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT.** Section 65-02-03.1 of the North Dakota Century Code is amended and reenacted as follows:

**65-02-03.1. Workforce safety and insurance board of directors -  
Appointment.**

1. The board consists of eleven voting members and three nonvoting members. The appointment and replacement of the voting members must ensure that:
  - a. Six board members represent employers in this state which maintain active accounts with the organization, at least one of which must be a participant in the risk management program, at least two of which must be employers with annual premiums greater than twenty-five thousand dollars, at least one of which must be an employer with an annual premium of ten thousand dollars but less than twenty-five thousand dollars, at least one of which must be an employer with an annual premium of less than ten thousand dollars, and at least one employer at large representative. Except for the employer at large representative, each employer representative must be a principal owner, chief executive officer, or chief financial officer of the employer.
  - b. Three members represent employees; at least one member must have received workforce safety and insurance benefits; and at least one member must represent organized labor.
  - c. One member is a member of the North Dakota medical association.
  - d. One member is a member at large who must be a resident of this state and at least twenty-one years of age.
2. ~~Board Voting board members shall serve four-year terms, except the initial term of office of the member at large to be appointed on August 1, 2003, expires on December 31, 2006, and the term of office of the medical association member whose term of office became effective January 1, 2003, expires on December 31, 2006~~ nonvoting members shall serve two-year terms. The governor shall make the necessary appointments to ensure the term of office of voting members begins on January first of each odd-numbered year and to ensure the term of office of nonvoting members begins on January first of each even-numbered year. Board members may not serve more than ~~three~~ two consecutive terms.
  - a. A departing member representing an employer must be replaced by a member representing an employer, most of whose employees are in a different rate classification than those of the employer represented by