

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2/50

2001 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2150

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2150

Senate Industry, Business and Labor Committee

Conference Committee

Hearing Date January 22, 2001

Tape Number	Side A	Side B	Meter #
1	x		33.0 to end
1		x	0 to 6.3
(vote)1/24/01 1		x	26.5 to 31.6
(April 03/01) 1	x		46.3 to 46.9
Committee Clerk Signature <i>Doris E. Pines</i>			

Minutes:

The meeting was called to order. All committee members present. Hearing was opened on SB 2150 relating to viatical settlement contracts; and to provide a penalty.

SUSAN J. ANDERSON, Legal Counsel, ND Insurance Department. Introduced the bill.

Testimony in favor. Written testimony attached, including amendments and explanatory diagram.

This is a strong consumer protection bill.

SENATOR EVERY: In which instances can they sell before the two year period?

S ANDERSON: The conditions are enumerated in pages 16 and 17 of the bill. This bill and its amendments have been discussed with the viatical industry and with the trade associations, they favor it.

SENATOR KLEIN: We have received written testimony from the Viatical and Life Settlement Assn. of America and from Century Financial opposing this bill. Do you know what is their opposition?

Page 2

Senate Industry, Business and Labor Committee

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S ANDERSON: They favor the NCOIL Model which differs from this bill in the definition of viatical settlement, and in the licensing , fraud and disclosure provisions (Comparison memo between NCOIL Model and SB 2150 attached.)

SENATOR KLEIN: Have other states adopted this more beefed-up model?

S ANDERSON: Two. NAIC Model has not gone yet, we anticipate its adoption. Overall four states have beefed-up provisions like we do.

SENATOR TOLLEFSON: How big is this industry in ND?

S ANDERSON: It's difficult to answer, it's a growing industry, Now we have 7 providers and 2 brokers licensed.

PAT WARD, American Council Life Insurance. Submitted letter in favor of this bill from ACLI.

NORM STUHMILLER, Silver Haired Education Assn. Written testimony attached.

TERRY WEIS, In favor of this bill.

JANIS CHENEY, ND Director, AARP. Favors this bill. Written testimony attached.

Hearing closed. . SENATOR KREBSBACH: Motion to adopt amendment. Discussion held
Motion withdrawn.

January 24/01. Tape 1-B-26.5 to 31.2. Committee reconvened. All members present. Committee reviewed amendments proposed by insurance department.

SENATOR ESPEGARD: Move to adopt amendment. SENATOR KLEIN: Second.

Roll call vote: 7 yes; 0 no; 0 absent or not voting.

SENATOR ESPEGARD: Motion: do pass as amended. SENATOR TOLLEFSON: Second.

Roll call vote: 7 yes; 0 no; 0 absent or not voting. Carrier: SENATOR KLEIN.

Page 3
Senate Industry, Business and Labor Committee
Bill/Resolution Number SB 2150
Hearing Date January 22, 2001.

April 03/01 Tape 1-A-46.3 to 47.9

Committee reconvened. All members present.

Rep. Jim Kasper, District 46. Amendments require two things: 1) Disclosure of the commission to be paid on viatical settlements, and 2) brokers must disclose all offers received from the viatical settlement companies. It is just additional protection for the consumer, so the broker doesn't take the one that pays the most commission and throws the others away.

Senator Klein: The broker must divulge to whom?

Rep Kasper: The client.

Senator Tollefson: Motion to concur with House amendments. **Senator Espegard**: Second.

Roll call vote: 7 yes; 0 no. Motion carried. Floor assignment: **Senator Klein**.

FISCAL NOTE
 Requested by Legislative Council
 12/26/2000

Bill/Resolution No.: SB 2150

Amendment to:

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.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 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.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 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.*

No financial impact on agency appropriation is anticipated.

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:	12/28/2000

Date: 1/23/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2150

Senate Senate Industry, Business and Labor Committee

- Subcommittee on _____
or
 Conference Committee

Withdrawn

Legislative Council Amendment Number _____

Action Taken Adopt amend w. the change take 1st amend
Motion Made By proposed strike out everything and insert "or" p. 428
rest stamps Seconded By Tollefson
Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espegard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 1/24/01
Roll Call Vote #: 1

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2150

Senate Senate Industry, Business and Labor Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken To accept amendment

Motion Made By S. Espgaard Seconded By S. Klein

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espgaard	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment _____

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

Date: 1/24/01
 Roll Call Vote #: 2

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2150

Senate Senate Industry, Business and Labor Committee

Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DPA

Motion Made By S. Espeland Seconded By S. Tollefson

Senators	Yes	No	Senators	Yes	No
Senator Mutch - Chairman	✓		Senator Every	✓	
Senator Klein - Vice Chairman	✓		Senator Mathern	✓	
Senator Espeland	✓				
Senator Krebsbach	✓				
Senator Tollefson	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment S. Klein

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

REPORT OF STANDING COMMITTEE

SB 2150: Industry, Business and Labor Committee (Sen. Mutch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2150 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "and" with "to amend and reenact subdivision a of subsection 16 of section 10-04-02 of the North Dakota Century Code, relating to viatical settlement contracts;"

Page 1, after line 4, insert:

"SECTION 1. AMENDMENT. Subdivision a of subsection 16 of section 10-04-02 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

- a. The assignment, transfer, sale, devise, or bequest of a death benefit, life insurance policy, or certificate of insurance by the viator to the viatical settlement provider pursuant to ~~chapter 26.1-33.4~~ 26.1-33.2;"

Page 1, underscore lines 7 through 24

Page 2, underscore lines 1 through 29

Page 3, underscore lines 1 through 31

Page 4, underscore lines 1 through 30

Page 5, underscore lines 1 through 31

Page 6, underscore lines 1 through 29

Page 7, underscore lines 1 through 31

Page 8, underscore lines 1 through 29

Page 9, underscore lines 1 through 22

Page 9, line 23, underscore "1. Each", replace "licensee" with "viatical settlement provider", and underscore "shall file with the commissioner on or before March first of each year"

Page 9, underscore lines 24 through 31

Page 10, underscore lines 1 through 11

Page 10, line 12, underscore "viatical settlement broker, insurance company, insurance producer," and remove the third "insurance"

Page 10, line 13, remove "broker," and underscore "information bureau, rating agency, or company, or any other person with"

Page 10, underscore lines 14 through 31

Page 11, underscore lines 1 through 6

Page 11, line 7, underscore "2. a. Names and individual identification data for all viators are" and remove "not subject to"

Page 11, line 8, remove "section 44-04-18 and are private and" and underscore "confidential information and may not be"

Page 11, underscore lines 9 through 28

Page 11, line 29, underscore "e. The viator has the right to rescind a viatical settlement contract", after "contract" insert "within thirty days from the date of the contract or fifteen calendar days after receipt of the viatical settlement proceeds by the viator, whichever is earlier,", and underscore "as provided in"

Page 11, underscore lines 30 and 31

Page 12, underscore lines 1 through 31

Page 13, underscore lines 1 through 30

Page 14, underscore lines 1 through 31

Page 15, underscore lines 1 through 3

Page 15, line 4, underscore "proceeds", after "proceeds" insert ", and any premiums, loans, and loan interest that have been paid by the viatical settlement provider", and underscore the period

Page 15, underscore lines 5 through 31

Page 16, underscore lines 1 through 5

Page 16, after line 5, insert:

"7. Every viatical settlement licensee shall establish and at all times maintain a system of control over the content, form, and method of dissemination of all advertisements of its contracts, products, and services. All advertisements are the responsibility of the viatical settlement licensee, as well as the individual who created or presented the advertisement. Advertisements must be truthful and not misleading in fact or by implication."

Page 16, underscore lines 6 through 9

Page 16, line 10, underscore "1. The policy was issued upon the", replace "owner's" with "viator's", and underscore "exercise of conversion rights arising out of"

Page 16, line 11, underscore "a group", after "group" insert "or individual", underscore "policy", and replace the semicolon with ", if the total of the time covered under the conversion policy plus the time covered under the prior policy is at least twenty-four months. The time covered under a group policy must be calculated without regard to any change in insurance carriers, if the coverage has been continuous and under the same group sponsorship."

Page 16, line 13, underscore "26 U.S.C. 501(c)(3)" and replace the semicolon with an underscored period

Page 16, underscore line 14

