Committee Minutes

Date: January 25, 2000
Time: 10:42am
Room: State House, Room 103

The Senate Committee on **Insurance** held a hearing on the following:

SB351 *making certain changes in the laws relative to fraternal benefit societies and health service corporations.*

Members of Committee present:

Senator Wheeler, Chairman
Senator Francoeur, Vice Chairman
Senator Eaton
Senator Fraser
Senator Hollingworth
Sen. J. King
Senator Squires

The Chair, Senator **Katie Wheeler**, opened the hearing.

Senator Katherine W. Wheeler, D. 21:
I will open **SB351**, *"making certain changes in the laws relative to fraternal benefit societies and health service corporations"*, and call on the Prime Sponsor Senator Fraser.

Senator Leo W. Fraser, Jr., D. 4:
Thank you Madame Chairman. For the record I am Senator Leo Fraser and I represent Senate District 4. 351 is a bill I that I've introduced on behalf of the Department of Insurance and if address Fraternal Benefit Societies. We have quite a bit of law on the books having to do with Fraternal Benefit Societies and their capacity to write insurance policies of different kinds on behalf of their members. And for the record, Madame Chairman, with your permission I copied out of the RSA what constitutes a Fraternal Benefit Society for those of us who may not understand.

Senator Katherine W. Wheeler, D. 21:
Thank you.

Senator Leo W. Fraser, Jr., D. 4:
"Any incorporated society, order or supreme lodge without capital stock and carried on sole for the benefit of it's members and their beneficiaries and not for profit. Operating on a lodge system, with ritualistic for of work, having representative form of government and which shall make provision for payment of benefits in accordance with this chapter is here by declared to be a Fraternal Benefits Society."

Now these Societies, when I was back in the 70's I think we probably had ½ dozen of them. According to Steve who's sitting behind me there is only 1 in existence today. My sense is the reason that they're changing the law is maybe to loosen up for other groups to organize for the purpose of writing insurance policies on behalf of their memberships.

What they can write is a death benefit not to exceed $10,000.00, they can write disability income insurance, and they have the capacity providing everything else is equal that they also have the money. They can write individual hospital coverage policies, physician policies, and nursing home coverage.

What this bill does is make some changes, and they really are housekeeping, 418-12 is their investment policy. It eliminates an exception to the law, so far as the Societies doing business in Canada. And that the Canadian laws that they have been subjected. In other words if we have a Society who's also doing business in Canada, the laws up there are very restrictive, they have to comply with the law of the various Provinces, so far as their invest practices.

That whole section in our law, under the terms of this bill, would be eliminated so that there would be more flexibility so far as their investment policies. 418-16 is the second section that we are dealing with in this bill. What this portion does is that if the Society is found to be in compliance with New Hampshire laws. "a license shall be issued until, next June 14th and annually thereafter on the 15th of June such license maybe renewed so long as the Commissioner shall regard the Society as safe, reliable and entitled to confidence".

418-17 has 2 changes; first it makes it gender neutral. Currently in the law it's him or he, that portion of the law that's been changed to "the Commissioner" as refers to the Commissioner rather than he.

(Senator Fraser continues)

And part 2 it changes the date of renewal of licenses in all portions of that bill from what is now April 1st to June 14th to be the expiration date which is consistent with what's being done above in the other part of the bill that we are introducing.

So, I guess you could really say this is a housekeeping bill. Steve might have more information to offer to the Committee. But Fraternal Benefits Society has been around for many, many years. I suspect the reason the Insurance Department has me to introduce this bill, not only to clean it up but maybe make it more attractive for Societies to organize coverage on behalf of their membership. I would be happy to answer any questions.

Senator Katherine W. Wheeler, D. 21:
Any questions for Senator Fraser? See none, thank you, Senator Fraser. Steve Lawers from the Insurance Department.

Steven Lauwers – Assistant Commissioner Insurance Department:
Madame Chairman, Members of the Committee, I will be really brief. I agree with all of the points Senator Fraser made. The reason we introduced this language, or worked on this language this year is because we were working with ACA Insurance. Which is New Hampshire's really significant Fraternal Benefits Society down in Manchester.

And we realized that the law, which was written in the 40's, was so archaic and had been amend I think in the 60's, that we didn't really understand what it meant. The company, I think, had a better handle on what it meant than we did especially on investment laws. And that it was important that, from everybody perspective, that we just clarify it so that there was a mutual understanding.

So we worked with the company, at their request, to try and streamline this provision, make it a little bit more modern. Fraternal Benefits Societies really are becoming a little bit less well known, but they actually were some of the largest, earliest forms of life insurance. And still very large companies, like the Knights of Columbus, is a very large life insurance company that's based in Connecticut. And so it is an important segment of the life insurance market, it had been even more important, and we just thought modernizing the provisions.

Senator Katherine W. Wheeler, D. 21:
Any questions for Mr. Lawers? See none, thank you very much. Dick Bouley representing ACA.

Dick Bouley – ACA:
I'm Dick Bouley representing ACA this morning. The present General is suppose to be here, but basically that I do want to point out to the Committee, I favor the bill. I think it's a simple change but it clarifies the law so Fraternal can follow it. They are very successful, they have a lot of business here in New Hampshire, Maine and Vermont, Louisiana and Quebec. I think we 45,000 members total in the organization.

But I do want to complement the Insurance Department because Commissioner Rogers has been extremely helpful in solving some problems we have. We had a bill last year that clarified some things; this bill here will do the same thing. We've had some other misunderstandings or communication and I can only say that Commissioner Rogers and certainly Steve Lauwers have been very helpful in ironing them out.

And hopefully we are not going to need any more bills. And I urge this Committee to please pass this bill; it's a good bill. I thank you.

Senator Katherine W. Wheeler, D. 21:
Any questions for Mr. Bouley? See none, thank you very much for your testimony. I will close the hearing on **SB351** and accept a motion from Senator Hollingworth to go into Executive Session.

Hearing closed on SB351 at 10:49am.

Respectfully Submitted
Linda Brosseau, Senate Secretary

Committee Report

|SB351 Docket

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Bill Title: making certain changes in the laws relative to fraternal benefit societies and health service corporations.

Date	Body	Description
1/5/2000	**S**	Introduced and Ref. to Insurance; SJ Convening Day, Pg. 9
1/6/2000	**S**	Hearing , Jan. 25 , Room 103 , SH , 10:40 a.m.; SC1, Pg.6
1/31/2000	**S**	Committee Report, Ought to Pass, 2/3/2000 ; SC8, Pg.5
2/3/2000	**S**	Ought to Pass, MA, VV, OT3rdg, MA, VV; SJ 2, Pg.80
2/10/2000	**H**	Introduced and ref to Commerce; HJ18, p479
2/15/2000	**H**	Copy to Chairman on 2/15/2000
3/15/2000	**H**	Hearing Apr 4 10:30 RM302,LOB
4/20/2000	**H**	Subcom Work Session Apr 25 9:30 RM302,LOB (Rep Avery)
4/21/2000	**H**	(Subcom: Reps Avery, Kenney & Russell)
4/27/2000	**H**	Maj Report OTP for May 4 (vote 12-0;CC)
5/4/2000	**H**	Passed; HJ39, p1208 + 1235
5/4/2000	**H**	Enrolled; HJ45, p1363
5/11/2000	**S**	Enrolled Bill; Adopted, SJ 14, Pg.386
5/23/2000	**S**	Signed by the Governor on 5/23/2000 Eff: 7/22/2000 Chap: 0162

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Docket Abbreviations