

# Bill as Introduced

SB 292 - AS INTRODUCED

2014 SESSION

14-2793  
01/03

SENATE BILL        **292**

AN ACT            relative to insurance company regulation.

SPONSORS:        Sen. Hosmer, Dist 7; Sen. Boutin, Dist 16

COMMITTEE:      Commerce

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ANALYSIS

This bill clarifies investment limitations for a domestic insurance company who wants to become a limited partner in a limited partnership.

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Explanation:      Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears [~~in brackets and struck through.~~]  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Fourteen*

AN ACT                   relative to insurance company regulation.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1           1 Insurance; Investments; Limited Partnerships. Amend RSA 402:28, I(d)(2) and (3) to read as  
2 follows:

3                   (2) A company shall not invest [~~more than 5 percent of its capital and surplus~~] in any  
4 one such partnership ***more than the percentage limitation for any one business entity set***  
5 ***forth in RSA 402:29-d.***

6                   (3) The aggregate carrying value of all investments in limited partnerships ***and***  
7 ***other equity interests*** shall not exceed [~~5 percent of the company's admitted assets~~] ***the***  
8 ***percentage limitations set forth in RSA 402:29-d.***

9           2 Repeal. RSA 402:82, II-VI, relative to certain requirements regarding claims forms and  
10 applications, are repealed.

11           3 Effective Date. This act shall take effect upon its passage.

SB 292 - FINAL VERSION

30Apr2014... 1490h

2014 SESSION

14-2793

01/03

SENATE BILL        **292**

AN ACT            relative to signatures required for applications for certain insurance.

SPONSORS:        Sen. Hosmer, Dist 7; Sen. Boutin, Dist 16

COMMITTEE:       Commerce

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AMENDED ANALYSIS

This bill clarifies the signatures required for applications for certain insurance.

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Explanation:       Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Fourteen*

AN ACT relative to signatures required for applications for certain insurance.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1       1 Insurance Companies and Agents; Claims Forms and Applications. Amend the introductory  
2 paragraph of RSA 402:82, II to read as follows:

3       II. No insurance company or producer shall accept an application for workers'  
4 compensation[~~property or casualty insurance,~~] or life, accident and health insurance unless the  
5 application includes:

6       2 Effective Date. This act shall take effect upon its passage.

# Committee Minutes

**SENATE CALENDAR NOTICE  
COMMERCE**

Senator Andy Sanborn Chairman  
 Senator Jeb Bradley V Chairman  
 Senator Sam Cataldo  
 Senator Andrew Hosmer  
 Senator David Pierce

For Use by Senate Clerk's Office ONLY	
<input type="checkbox"/>	Bill Status
<input type="checkbox"/>	Docket
<input type="checkbox"/>	Calendar
Proof: <input type="checkbox"/>	Calendar <input type="checkbox"/> Bill Status

**Date: January 16, 2014**

**HEARINGS**

**Thursday**

**1/23/2014**

**COMMERCE**

**LOB 101**

**1:00 PM**

(Name of Committee)

(Place)

(Time)

**EXECUTIVE SESSION MAY FOLLOW**

1:00 PM	SB215-FN	authorizing benefit corporations.
1:20 PM	SB292	relative to insurance company regulation.
1:40 PM	SB351	repealing the requirement for notice of non-compete and non-piracy agreements prior to the start of employment.
2:00 PM	SB237	relative to local land use board hearing notice to condominium owners.
2:30 PM	SB207-FN	relative to paycheck equity.

**Sponsors:**

**SB215-FN**

Sen. Molly Kelly	Sen. Jeb Bradley	Sen. Andrew Hosmer	Sen. Sylvia Larsen
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**SB292**

Sen. Andrew Hosmer	Sen. David Boutin
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**SB351**

Sen. Peter Brugdon	Sen. Andrew Hosmer	Sen. Jeb Bradley	Rep. David Campbell
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**SB237**

Sen. Martha Fuller Clark	Rep. Robert Elliott	Rep. Dorothea Hooper	Rep. James Belanger
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Rep. Suzanne Vail	Sen. Bette Lasky	Sen. Donna Soucy	Sen. David Watters
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**SB207-FN**

Sen. Sylvia Larsen	Rep. Terie Norelli	Sen. Lou D'Allesandro	Sen. Martha Fuller Clark
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Sen. Peggy Gilmour	Sen. Andrew Hosmer	Sen. Molly Kelly	Sen. Bette Lasky
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Sen. David Pierce	Sen. Donna Soucy	Sen. David Watters	Sen. Jeff Woodburn
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Rep. Shannon Chandley	Rep. Mary Ann Knowles	Rep. Marjorie Porter
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Patrick Murphy 271-8631

Sen. Andy Sanborn

Chairman

# SENATE COMMERCE COMMITTEE

*Patrick Murphy, Legislative Aide*

## **SB 292 relative to insurance company regulation.**

**Hearing Date:** January 23, 2014

**Time Opened:** 2:15 p.m.

**Time Closed:** 2:34 p.m.

**Members of the Committee Present:**

Senator Sanborn, Senator Cataldo, Senator Hosmer, Senator Pierce

**Members of the Committee Absent:** Senator Bradley

**Bill Analysis:** This bill clarifies investment limitations for a domestic insurance company who wants to become a limited partner in a limited partnership.

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**Sponsors:** Sen. Hosmer, Dist 7; Sen. Boutin, Dist 16

**Who supports the bill:** Senator Hosmer, Dist 7; Senator Boutin, Dist 16; Bob Nash, NH Association of Insurance Agents; Mike McLaughlin, PCIAA/ACLI; George Roussos, NH Association of Domestic Insurance Companies; Jim Hatem, State Farm Insurance; Senator Fuller Clark, Dist 21; Don Baldini, Liberty Mutual

**Who opposes the bill:** Barbara Richardson, NH Insurance Department

**Summary of testimony presented in support:**

Senator Hosmer, Dist 7

- This bill allows greater investment flexibility for NH based or domestic insurance companies based on the NAIC model. This also repeals a 2008 law requiring an applicant for insurance to sign a written application before a policy can be finalized.
- Current law caps limited partnership investments in any single partnership at 5% of an insurance company's capital and surplus with an aggregate limit of 5% of a company's admitted assets. Current law also sets a cap of 2% of an insurance company's admitted assets per partnership investment, with an aggregate limit of the greatest of 25% of admitted assets or 100% of surplus.
- This bill amends the specific limitation on investment in a single limited partnership and is expected to result in greater flexibility to invest more in limited partnerships.
- This bill treats limited partnership the same as other equity interests.
- The second part of this bill addresses a law passed in 2008 requiring insurance applications to be signed in order to be effective. There were, and are, many situations where a signature requirement creates inconvenience for NH insurance buyers and insurance companies, with very little benefit.
- The signature requirement came about from a request from insurance fraud prosecutors but problems arose quickly after it was enacted. No other state has a signature requirement.



George Roussos, NH Association of Domestic Insurance Companies

- Will work with the Department and hopes to reach agreement. This is an important bill. No other state has a signature requirement like the one we currently have in statute. Limited Partnerships have out-performed the S&P 500 over the last few years. This allows companies to diversify their portfolios which is simply good business.
- Sometimes the only profit for an insurance company will come from its investments. Department regulation of Insurance Company investments to insure solvency is a good thing that we fully support.

Don Baldini, Liberty Mutual

- This is an important bill for Liberty Mutual. Agreed with the comments made by Senator Hosmer and George Roussos. The other states where Liberty Mutual is domesticated have adopted this language. Will work with the Department.

**Summary of testimony presented in opposition:**

Barbara Richardson, NH Insurance Department

- Opposed for technical reasons. Limited partnerships are very risky. We need an appropriate balance. Willing to work with stakeholders on this.
- We believe section two of the bill will allow electronic and telephonic signing of claim forms and applications.

**Fiscal Note:** None

**Future Action:** Pending

# Speakers

Senate Commerce Committee: Sign-In Sheet

Date January 23, 2014

Time 1:20 p.m.

Public Hearing on SB 292

SB 292 relative to insurance company regulation.

Name	Representing	Support	Oppose	Speaking?: Yes	No
✓ SENATOR DAVID BOVIND	DISTRICT #16	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
✓ Barbara Richardson	NH Insurance Dept.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
✓ BOB NASH	NH ASSN OF INS AGENTS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
✓ MIKE McLAUGHLIN	PCIAA / ACKI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
✓ George Roussos	NH Association of Domestic Insurance Companies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
✓ Jim Haten	State Farm Ins.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
✓ SU MARY BUCKLE	Disv. 21	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Don Baldini	Liberty Mutual	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If present

# Testimony

Summary of SB 292, relative to insurance company regulation

This bill does two things: 1) it allows NH based (domestic) insurance companies slightly greater flexibility in their investments, consistent with many other states, and; 2) it repeals a law enacted in 2008 requiring an applicant for insurance to sign a written application. *before a policy can be effective*

*Consist  
NAIC  
Model  
LANGUAGE  
I*

**Insurance Investments** are highly regulated by the state. Specifically, RSA 402:28 and 29 of the insurance laws set forth types of investments a domestic insurance company may make, and the amounts of those investments. Currently, section 28 caps limited partnership investments in any single partnership at **5 percent of an insurance company's capital and surplus** with an aggregate limit of **5 percent of a company's admitted assets**, while section 29 sets a cap of **2 percent of an insurance company's admitted assets per partnership investment**, with an aggregate limit of the greater of **25 percent of admitted assets or 100 percent of surplus**. SB 292 amends the specific limitation on investments in a single limited partnership by deleting the limitation in section in favor of the provision of section 29. The result is expected to be flexibility to invest more in limited partnerships. *Conflict between 402:28 (a) and 402:29I*

Limited partnerships have performed well in recent years and are well established and accepted as legal vehicles for private equity, real estate and other investments. It makes sense to treat them equally to other equity interests, as this bill does. *(b)*

This bill may be helpful to all domestic insurers, including those that may consider relocating to our state. It is of particular interest to one company (Liberty Mutual Group), which re-domesticated a number of its insurance companies to New Hampshire in recent years. A number of Liberty Mutual companies are domesticated in other states, including Massachusetts, Indiana, Illinois, and Wisconsin. The investment laws of all but one of those states permit the investments SB 292 would allow.

This change helps maintain our position as a state with reasonable regulation of insurance companies, *+ that allow them to make prudent investments that offer return on investment, and still keeps them in state of liquidity and safety for consumers*  
**Signature requirement** - The second part of this bill addresses a problem created in 2008, when a law was passed requiring insurance applications to be signed in order to be effective. There were, and are, many situations where a signature requirement creates inconvenience for NH insurance buyers and insurance companies, with very little benefit.

The signature requirement came about as a request of insurance fraud prosecutors as a small part of a larger bill dealing with employee misclassification and other insurance fraud provisions which aimed to help prosecutors. Insurance companies and the insurance department supported the bill, but problems arose almost as soon as it was enacted.

Requiring a signature before a policy could be issued, created problems, and the statute was amended twice in the last five years.

We are aware of no other state which has a signature requirement.

Many people like to do business by telephone. They don't have to come in to an agent's office and at the same time they don't like to use the computer. These people under the current law are no longer able to transact the purchase of an insurance policy over the phone. Instead, the company is required to send them an application and the person is required to sign it and send it back before a policy can be issued. That makes little sense.

Also, the provision has created difficulties in compliance, when the insurance department conducts a market conduct examination. If the policy files do not contain signed applications, they are then subjected to fines and penalties. This is burdensome and unnecessary regulation of insurance.

The current law was well intentioned but it created too many bad unintended consequences. The bill may help a prosecutor in a rare case but that benefit is outweighed by the problems the bill has created.

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II  
- NH only state requiring signature  
↳ Fraud Squad of DOI  
Insurance & Automobile  
I

# Committee Report

STATE OF NEW HAMPSHIRE  
SENATE  
REPORT OF THE COMMITTEE

Date: March 6, 2014

THE COMMITTEE ON Commerce

to which was referred Senate Bill 292

AN ACT                    relative to insurance company regulation.

Having considered the same, the committee recommends that the Bill:

**OUGHT TO PASS**

BY A VOTE OF:    5-0

Senator Andrew J. Hosmer  
For the Committee

Patrick Murphy 271-8631



## New Hampshire General Court - Bill Status System

**Docket of SB292**

Docket Abbreviations

**Bill Title:** (New Title) relative to signatures required for applications for certain insurance.*Official Docket of SB292:*

<b>Date</b>	<b>Body</b>	<b>Description</b>
12/11/2013	S	<b>Introduced</b> 1/8/2014 and Referred to Commerce
1/16/2014	S	Hearing: 1/23/14, Room 101, LOB, 1:20 p.m.; <b>SC3</b>
3/6/2014	S	Committee Report: Ought to Pass, 3/13/14; <b>SC9</b>
3/13/2014	S	<b>Ought to Pass:</b> MA, VV; OT3rdg; <b>SJ 7</b>
3/20/2014	H	Introduced and Referred to Commerce and Consume Affairs
4/2/2014	H	Public Hearing: 4/8/2014 9:30 AM LOB 302
4/3/2014	H	=TIME CHANGE= Public Hearing: 4/8/2014 2:15 PM LOB 302
4/16/2014	H	Subcommittee Work Session: 4/22/2014 10:30 AM LOB 303
4/16/2014	H	Executive Session: 4/22/2014 1:00 PM LOB 302
4/24/2014	H	Committee Report: Ought to Pass with Amendment <b>#2014-1490h</b> (Vote 16-0; CC); <b>HC 32</b>
4/30/2014	H	Amendment <b>#2014-1490h</b> AA VV
4/30/2014	H	<b>Ought to Pass with Amendment #1490h</b> MA VV
4/30/2014	H	Third Reading MA Div, 184-155
4/30/2014	H	Reconsideration Third Reading (Rep Lambert) MF <b>RC 133-202</b>
5/8/2014	S	Sen. Sanborn Concurs with House Amendment #1490h, MA, VV

NH House

NH Senate

# Other Referrals

# COMMITTEE REPORT FILE INVENTORY

SB 292 ORIGINAL REFERRAL \_\_\_\_\_ RE-REFERRAL

1. THIS INVENTORY IS TO BE SIGNED AND DATED BY THE COMMITTEE AIDE AND PLACED INSIDE THE FOLDER AS THE FIRST ITEM IN THE COMMITTEE FILE.
2. PLACE ALL DOCUMENTS IN THE FOLDER FOLLOWING THE INVENTORY IN THE ORDER LISTED.
3. THE DOCUMENTS WHICH HAVE AN "X" BESIDE THEM ARE CONFIRMED AS BEING IN THE FOLDER.
4. THE COMPLETED FILE IS THEN DELIVERED TO THE CALENDAR CLERK.

- DOCKET (Submit only the latest docket found in Bill Status)
- COMMITTEE REPORT
- CALENDAR NOTICE
- HEARING REPORT
- HANDOUTS FROM THE PUBLIC HEARING
- PREPARED TESTIMONY AND OTHER SUBMISSIONS
- SIGN-UP SHEET(S)

ALL AMENDMENTS (passed or not) CONSIDERED BY COMMITTEE:

\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_ - AMENDMENT # \_\_\_\_\_  
\_\_\_\_ - AMENDMENT # \_\_\_\_\_      \_\_\_\_ - AMENDMENT # \_\_\_\_\_

ALL AVAILABLE VERSIONS OF THE BILL:

AS INTRODUCED      \_\_\_\_ AS AMENDED BY THE HOUSE  
 FINAL VERSION      \_\_\_\_ AS AMENDED BY THE SENATE

- OTHER (Anything else deemed important but not listed above, such as amended fiscal notes): \_\_\_\_\_

DATE DELIVERED TO SENATE CLERK 6-20-14

  
BY COMMITTEE AIDE