

Senate Commerce Committee

Angela Leach 271-3077

SB 24, relative to examinations by the insurance commissioner.

Hearing Date: January 17, 2017

Time Opened: 1:15 p.m.

Time Closed: 1:27 p.m.

Members of the Committee Present: Senators Innis, French, Sanborn, Soucy and Lasky

Members of the Committee Absent: None

Bill Analysis: This bill authorizes the insurance commissioner to share examinations with the department of labor.

This bill is a request of the insurance department.

-

Sponsors:

Sen. Daniels

Sen. Soucy

Rep. Seaworth

Rep. White

Who supports the bill: Sponsors, Marty Mobley, Insurance Department; Emily Doherty, Insurance Department, Sally McFadden, Insurance Department

Who opposes the bill: None

Senator Sanborn stated because he owns a business and is a taxpayer he may or may not have a conflict but will be participating in the discussion and vote.

Senator Daniels- An amendment to the insurance department examination laws that will allow them to share exam results with the Department of Labor. Both agencies have a role in the regulation of compensation insurance. Allow them to confidentially share information between the two agencies.

Sally McFadden from the Insurance Department opened it up for questions.

Senator Sanborn-Cautious of sharing personal data between agencies. Is this in reference to insurance examinations in worker compensation claims which should be the only sharing of data?

Sally McFadden- yes, just examinations on workers compensation. Labor handles the claim information already and the Insurance Department handles the policy administration side of the workers compensation and they also examine the workers comp servicing carriers that write residual market or assigned risk business and look to the labor department to help make those selection every three years.

Senator Sanborn- If don't have this statutory authority to do this already why have we been doing it? Examinations and investigations, plan design and management, and labor- pay scales and payouts. Difficult time, how the DOI would do an examination of a product and how that would tie into payroll and disbursement more so than the insurance carriers?

Sally McFadden- two areas that perform exams, financial exam area, solvency, financial record of all carriers, and then a market conduct area things are obeying laws whether they are administering their policy of settling claims properly. They want to share their market conduct exams looked at underwriting guidelines and claims administration and the labor department asked if they could look at a couple of carriers because they were having trouble contacting the carriers to try to solve the problem with some of their workers and the Insurance department has the ability to do that, couldn't share the results with the Labor department because they don't have a law for them to keep them confidential. We couldn't share all the information with them.

Senator Sanborn- They both have the power of audit, why would the Department of Insurance be looking at the Department of Labor information

Sally McFadden- Not the intent to look at the specific claim information that the Department of Labor has, Labor deals with governing the relationship between the injured employee and their insurance company and the Insurance Department deals with the relationship between the insurance company and the lawyer. Labor looks at employer records and claims, Insurance looks at insurance company and how they are administering claims. Different expertise but common interests.

Senator Lasky- This bill just makes it confidential on the labor end.

Sally McFadden- correct, not changing, currently doing. Rules are required to keep confidential. Labor does not have a law so if anything is shared with them doesn't have to be kept confidential.

Senator Innis- Allows the confidential exchange between two departments.

Sally McFadden- Yes.

Future Action: Pending

AJL
Date Hearing Report completed: January 17, 2017