

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 25, 1977

The meeting was called to order at 10:15 a.m. with all members present Reps. Bradley and Sheldon, who were excused; and Reps. Ellison and Fagg who were absent.

Senate Bill No. 390 was discussed. Mr. Rob Smith represented Sen. Devine. He said the bill came from the Legislative Audit. The Legislative Audit stated that the analysis of this section should be done by the legislature and the agency. It was put in when the Railroad Act was originally enacted.

There were no opponents or questions.

Senate Bill No. 291, 292, 293 and 294 were discussed. Sen. Nelson, sponsor, stated that the bill was drafted upon request of the Association of Insurance. If there is any extra money, it would go back into the general fund. He then introduced Ms. Jo Driscoll.

Ms. Driscoll stated that Senate Bill No. 291 was created because the insurance industry has grown tremendously. Senate Bill No. 292 deals with a consumer oriented measure. Senate Bill No. 293 and 294 deal with the fee schedules stated in present law. She stated problems encountered with schedule of present fees. She submitted a handout on the analysis of proposed Insurance Department fee changes, which may create increased revenue for the fiscal year 1977-1978.

Ms. Driscoll stated that 21 companies have gone belly up and 11 have completely folded. Only 1 instate firm has closed. The amounts are adequate and they would have prevented the closing of our company that went out of business.

Senate Bill No. 289 was discussed. Ms. Jo Isaak represented Sen. Smith. She said the bill was drafted upon request of the State Auditors office. She gave a brief explanation of the bill (testimony attached).

The committee then went into executive session.

Rep. Burnett moved that Senate Bill No. 291, 292, 293, and 294 BE CONCURRED IN. The motion carried unanimously.

Rep. Fabrega moved that Senate Bill No. 289 BE CONCURRED IN. The motion carried unanimously.

Rep. Tropila moved that Senate Bill No. 390 BE CONCURRED IN. The motion carried unanimously.

Chairman Vincent asked the committee to hold Senate Bill No. 107 and 206 until Monday. The committee concurred in his request.

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Rep. Tropila moved that Senate Bill No. 237 BE CONCURRED IN. The motion carried unanimously.

Rep. Kenny moved that Senate Bill No. 280 BE TABLED. The motion carried unanimously.

Rep. Burnett moved to reconsider Senate Bill No. 305. The motion carried with all members voting yes, with the exception of Reps. Tropila and Harper who voted no.

Mr. Phil Strobe stated that there is one consultant in Spokane who can be exempted from the law. It is grossly unfair to think of the proposed amendment (Mr. Clarke's amendment).

Mr. Phil Bird stated that if one is a consultant, there is no way he can receive compensation for 12 months. All the out-of-state firms come in as consultants, they do not qualify under the law. If one is in a commission status, he will not be able to operate under ERISA.

Mr. Pat McKittrick stated that there was a clouding of the issue involved.

Ms. Jo Driscoll said the consultant would be licensed under the consulting law. Only out-of-state individuals can be licensed as an agent or a consultant. It would be up to them which they would do. They could not take both under the present laws. No one can take both, not even in Montana. This bill, if passed, will provide an out-of-state firm to be licensed as an insurance agent.

Mr. Cadigan stated that the money is invested in the State of Montana. The money is invested in areas to create work for the money they are putting into the trust. The money is invested where they can get the best return. All the money goes into one investment fund. The trustees and counselors find the best place where they can get a return.

Mr. Bird stated that the reason for the consulting law is to control many of the bids. The law eliminates this problem.

Mr. Clarke said the thing he is dealing with is insurance licenses. There is much insurance and commission involved in this.

The meeting adjourned at 12:05 p.m.


JOHN C. VINCENT, Chairman