

January 29, 1977
11:00 a.m.

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

The meeting of the Business and Industry Committee was called to order by Chairman Frank Hazelbaker on the above date in Room 404 of the State Capitol Building at 11:00 a.m.

ROLL CALL: All members were present.

SENATE BILL 190. "An Act To Include Local Government General Obligation Revenue Bonds As Security For Deposits Of Public Funds."

Senator Turnage, Chief Sponsor of SB 190 stated he would offer an amendment to the bill primarily because some of the language of the bill refers to House Bill 122 which has not been adopted and perhaps may not be adopted for two years. This bill will allow Montana banks to pledge certain bonds.

The amendment is as follows:

1. Amend page 2, section 1, line 9.
Following: "(5)"
Strike: "general obligation"
2. Amend page 2, section 1, line 10.
Following: "state,"
Strike: "as provided in section 47A-9-511(3)"
Insert: "when backed by the full faith and credit of such subdivision"

Senator Goodover made a motion that the amendment be moved. All were in favor.

Senator Turnage then introduced Mr. Donald Dooley, Department of Community Affairs. He gave a general explanation of the bill.

Senator Regan asked if these bonds would be considered in the same category as direct obligation of the United States. Senator Turnage stated they would.

Senator Lowe made a motion that the bill, As Amended, Do Pass. Senator Goodover seconded the motion. All were in favor.

SENATE BILL 196. "An Act To Amend Section 40-3809, R.C.M. 1947, To Provide For An 8% A Year Rate Of Interest On Advances Made On Life Insurance Policies Issued After June 30, 1977."

Senator Terry Murphy, Chief Sponsor of Senate Bill 196, stated the bill does exactly what it says. It allows the rate of interest charged on loans against your own life insurance policy to go from 6% to 8% on policies issued after the effective date which he thinks will be July 1st.

Phil Strobe appeared for the insurance industry. The history of the section that they are proposing to amend is that it was adopted in 1959. Prior to 1959 there were no statutes similar to the statute before you. But in 1959 when the insurance code was recodified one of the provisions of the law was this. He stated Montana is one of 16 jurisdictions out of 51 jurisdictions where they do not have 8% authority. Montana is now surrounded by 8% states.

Senator Regan stated that in Business Week, August 1976, it states that there are 12 states that are most advantageous to buy life insurance because they still have the 6% rate and Montana is one of them. She stated it is true that there has been some movement to go to 8% but they have not always been successful. New York has gone from 5% to 6% and Georgia has declared a moratorium.

Senator Regan stated that when you borrow from your policy, you are in fact borrowing your own money.

After some further discussion, Chairman Hazelbaker stated that this bill would be discussed in Executive Session later. Hearing was closed on SB 196.

SENATE BILL 218. "An Act To Amend Section 40-3343, R.C.M. 1947, To Establish A Fee For Examination Of Insurance Consultants."

Senator Lowe stated what they are doing is recognizing the fact that there are insurance consultants, as such, not agents, not people selling insurance, but consultants who consult with you on insurance programs of some kind or another. He thinks what has happened is that this has been a rather small item to date. He stated that to take the examination and become such a consultant there would be a nominal fee of \$50.00. There would be four exams per year.

Roger Tippy stated there would be an amendment to the bill as follows:

Amend page 1, section 1, line 22.

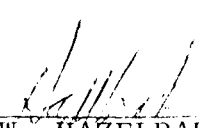
Following:\$50."

Insert: The Commissioner shall deposit all fees collected
in the general fund."

Senator Regan made a motion that they move the amendment. Senator
Goodover seconded. All were in favor.

Senator Regan moved that the bill, As Amended, Do Pass. Senator
Peterson seconded. All were in favor.

ADJOURN: There being no further business, Chairman Hazelbaker
adjourned the meeting at 11:50 a.m.


FRANK W. HAZELBAKER, Chairman

STANDING COMMITTEE REPORT

January 29

1977

MR. President

We, your committee on **Business and Industry**

having had under consideration **SENATE** Bill No. **100**

Respectfully report as follows: That **SENATE** Bill No. **100**,
introduced bill be amended as follows:

1. Amend page 2, section 1, line 9.

Following: "(5)"

Strike: "general obligation"

2. Amend page 2, section 1, line 10.

Following: "state,"

Strike: "as provided in section 47A-9-511(3)"

Insert: "when backed by the full faith and credit of such subdivision"

THE AS SO AMENDED, DO PASS

DO PASS

STANDING COMMITTEE REPORT

January 29

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MR. President

We, your committee on Business and Industry

having had under consideration SENATE

Bill No. 918

Respectfully report as follows: That SENATE

Bill No. 918

introduced bill, be amended as follows:

1. Amend page 1, section 1, line 22.

Following: "\$50."

Insert: "The Commissioner shall deposit all fees collected in the general fund."

AND AS SO AMENDED, DO PASS

DO PASS