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MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 2, 1981

The meeting of the Business and Industry Committee was called to order by Chairman Frank W. Hazelbaker, on February 2, 1981, at 10:00 a.m. in Room 404 of the State Capitol.

ROLL CALL: All members of the committee were present.

Senator Hazelbaker called upon Senator Hafferman, who explained that he was introducing Senate Bill 233 at the request of the Department of Business Regulations. He also stated that this Bill is backed by members of the consumer loan industry. Senate Bill 233 is designed to amend a section of MCA, in regard to receipts given to a consumer loan borrower to allow for the use of mechanical data processing equipment. Following the description of the Bill by Senator Hafferman, Senator Hazelbaker called for Proponents and Opponents. There were none. At this time Senator Hazelbaker called for the question. This Bill was unanimously passed.

Senator Hazelbaker then called upon Senator Ochsner to introduce Senate Bill 242, which Bill would amend a section of MCA to allow state banks to branch if national banks are allowed this privilege.

PROPONENTS:

Pat Underwood, Director of Information and Public Affairs, stated that he was representing the Farm Bureau. He explained that in the past year all of the counties had a resolution on this matter and that this resolution had passed unanimously. According to Mr. Underwood, the Farm Bureau was started as a service to help solve problems for those in agricultural areas. This Bureau operates only on dues paid by the 50 members, these dues being \$35.00 per year per member. He stated that they feel that it makes sense for county members to belong where they can get insurance.

OPPONENTS:

Josephine Driscoll, Chief Deputy and Insurance Commissioner, stated that to the best of her knowledge there isn't a farm bureau, owned or controlled by a non-profit corporation, in the State of Montana. She explained that the only true farm mutuals in the state are the county mutuals, which are community mutuals, and which are owned by members. Mrs. Driscoll does not feel that passage of this Bill would resolve the problem for which it is intended.

Senator Dover asked if you can buy this only if you are a member, and Senator Ochsner replied that the Department has ruled illegal on everything that has been tried here.

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In reply, Mrs. Driscoll commented that insurance must be offered to the public at large; otherwise it is considered as discriminatory.

Senator Lee commented that if the Attorney General's office has ruled against something, he would think that the Farm Bureau should have requested a declaratory judgment.

Mrs. Driscoll explained that you cannot apply rules which are not contained in the Contract. Senator Dover asked if it is possible to put in the Contract the comment that you cannot renew unless you remain a member of the Bureau, and Mrs. Driscoll said that that is now allowed where the Law is written; they consider this to be discriminatory.

Mr. Underwood explained that this particular coverage is in another insurance company in Montana which sells to everybody - it came to this state to sell to all 50 insurance members.

At this time, Senator Hazelbaker asked Greg Petesch, the Staff Attorney for this Committee, to research the Wyoming law in this regard.

Senator Goodover questioned that if the company did come in, and, under this Law, offer to sell you insurance, if you became a member, are you stating that this cannot be done? At this point Senator Boylan commented that he is wondering who is helping who. He stated that the way this is written, the State has to be careful about using the state law to keep a tight little union; in effect this is helping the organization to keep it tight. He feels that you can't keep your insurance unless you join the union - insurance is a thing in itself.

Senator Hazelbaker explained that in regard to State Farm having a membership fee, this is only when you take out the premium - it is only collected the first time.

Mr. Underwood emphasized that it is the membership asking for insurance - not the insurance companies.

There was then some discussion between Senator Regan and Mr. Underwood in regard to a fraternal organization as compared to an organization such as State Farm, offering insurance.

Senator Hazelbaker then referred the question to the staff attorney, and asked him to check the Wyoming Law. Senator Ochsner commented that they have all that in the Legislative Council, this material was given to them when they drafted the Bill.

Senator Hazelbaker then explained the drafting of a bill to allow rural electric and telephone cooperatives to establish in their By Laws an amount of compensation to be paid to directors while engaged in official business of the cooperatives.

Riley Childers, Assistant Vice President for Rural Electric, stated that when members attend other meetings and compensate them, they are violating the existing Law. He further explained that we can make this workable; the expenditure has to be approved by the Board.

Senator Regan commented that she does not see why we should do this, and Mr. Childers replied that it would have to be approved by the membership; the By-Laws would have to be approved by the members.

In reply to Senator Kolstad's comment that if you have a couple of Board members who have served on the Board for many years, they might want one last hurrah in Mexico City, Senator Blaylock said that there is really no way that the State Legislature can protect against this. He cited the Montana High School Association, which collects dues from the entire State of Montana, and which held a meeting in Hawaii; he does not feel that this is right.

Senator Regan asked is there is anything in the existing Law which prevents the trustees from going to their membership to obtain compensation to do anything they want to do - is there anything to prevent them from sending a representative or a Board member to any paid meeting?

The Staff Attorney replied that the trustees receive no compensation without approval from the membership; they would receive compensation only upon the approval of the Board of Directors.

Senator Regan stated that she would like to have the Staff Attorney draft a Bill which allowed for reimbursement for some of the things that have been described, provided it is approved by the membership. She commented that they know about the meeting; when it takes place and where it takes place, and they know that they cannot be paid accordingly.

Although Senator Kolstad said that serving on these Boards is not lucrative, Senator Lee said that this is the same thing as with the water districts - these are all co-ops. Senator Regan commented that she can remember this type of thing with the Board of Occupational Licensings - for example, the Board of Realtors, and she was joined by Senator Lee who stated that we are talking about a number of people within the state. He said that he feels that getting a membership opinion is totally ineffective.

It is moved by Senator Blaylock and seconded by Senator Dover that we draft a Committee Bill.

Senate Bill 242 is being held until we get the research on the mutual insurance situation.

In regard to the proposed amendment to Senate Bill 49, the inconsistencies have been cleaned up. They would require that all group insurance policies make this coverage available - it is required under this policy to offer this type of coverage.

4.

It is moved by Senator Lee and seconded by Senator Dover that the amendments pass on Senate Bill 49.

It is moved by Senator Lee and seconded by Senator Dover the the Bill be presented with a "Do Not Pass".

Senator Regan commented that once the amendments have been put in, they are no longer objectionable to the Bureau. She then asked if there are other objections to this Bill. She suggested that the Committee pass the Bill, commenting that she feels that this is a step in the right direction to offer home health care to help keep people out of more expensive coverage.

Senator Lee advised that the only problem he has with this is that when making this mandatory it means all insurance companies must participate; other than that he feels that this is a good Bill.

Senator Kolstad commented that this will still be offered, whether or not this Bill passes.

Senator Lee said that if we do makes these insurance companies provide this service, they must do it at a price which is available to the public.

ROLL CALL VOTE:

For - four
Against - four

The Bill remains in committee.

Senator Hazelbaker then adjourned the meeting.


FRANK W. HAZELBAKER, Chairman

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ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date 2-02-81

| NAME | PRESENT | ABSENT | EXCUSED |
|-------------------------------|---------|--------|---------|
| Goodover, Pat - Vice Chairman | x | | |
| Hazelbaker, Frank - Chairman | x | | |
| Blaylock, Chet | x | | |
| Boylan, Paul | x | | |
| Dover, Harold | x | | |
| Kolstad, Allen | x | | |
| Lee, Gary | x | | |
| Regan, Pat | x | | |
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Each day attach to minutes.

NAME: Pat Underwood DATE: 2 Feb. 81

ADDRESS: P.O. Box 1207 15020 Man, MT 59715

PHONE: 406-587-3153

REPRESENTING WHOM? MONTANA Farm Bureau Federation

APPEARING ON WHICH PROPOSAL: SB 242

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: Farm Bureau requires membership for participation
in all other service programs these include: purchase of
Farm Bureau service co. tires, batteries, hauling time, tillage tools,
freight from other states and a variety of others. Besides insurance
we provide travel and legislative services on national and
international levels. We only operate on what our \$35.00
per year membership dues provide. Some of these proceeds
fund the county Farm Bureau offices, which is also the
insurance c/o. From what we can determine, Mont.
is only state that does not require membership for
insurance. To insure our growth as a viable
agricultural organization support SB 241. Other agricultural
groups have told us they see nothing wrong with
our desire and do not oppose this.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

Proposed Amendments - SB 242

1. Title, line 5.

Following: "INSURER"

Strike: remainder of line 5.

2. Title, line 6.

Following: line 5

Strike: "CORPORATION"

Following: "MAY"

Strike: "CANCEL OR"

3. Page 1, line 22.

Following: line 21

Strike: "owned or controlled by a nonprofit corporation"

Insert: "transacting insurance under this chapter"

Following: "may"

Strike: "cancel or"

4. Page 1, line 24.

Following: "to the"

Strike: "nonprofit corporation"

Insert: "farm mutual insurer"

5. Page 1, line 25.

Following: "condition"

Strike: "to"

Insert: "for"

STANDING COMMITTEE REPORT

February 2 19 21

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE Bill No. 233

Respectfully report as follows: That SENATE Bill No. 233

DO PASS