

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 W. Hazelbaker on February 6, 1981, at 10:00 a.m. in Room 404 of the Montana State Capitol.

All Committee members were present.

Chairman Hazelbaker introduced Senator Dover of Lewistown, who introduced Senate Bill 301, which would allow a public utility to immediately file and charge a schedule of rates that would cover known and measurable changes in an item or items of cost and expense. This would be done in a proceeding before the Public Service Commission to increase utility rates. The Public Service Commission would then make its rate order and order credits or rebates if necessary. Senator Dover stated that Senate Bill 301 is defined to clarify and direct the Public Service Commission to implement what they now have the power to do as described in the Bill. Senator Dover stated that the Amendment would be given by Mr. Jim Hughes of Mountain Bell, and he urged that the Committee give this Bill a "Do Pass".

AMENDMENT: Given by Mr. Jim Hughes of Mountain Bell: Amend Senate Bill 301, as introduced as follows: (1) in the title, page 1, line 5, by inserting following the word "A" and before the word "RATE" the word "GENERAL"; and (2) in Section 1, page 2, line 8, following the word "a" and before the word "proceeding" the word "general". Mr. Hughes also presented the Committee members with a Handout (Please see attached).

Mr. Hughes explained that this is only for the type for which a full-rate order is applied. On the time delay, Mr. Hughes said that we can discuss what we feel is fair and reasonable for the rate of return. These have to be demonstrated as known and reasonable items, the most common of which is known as services. They need \$4,000,000 in revenue, one-half of which is needed for taxes. If they get this, they will not be going over what the Law allows. They are just adjusting their rates in accord with what is considered fair and reasonable. In the last 10 years inflation has been running rampant over all rates, and it has risen 21%. If the rate increase is granted, it would only add one-half of the inflationary rate. This utility is concerned that if they cannot get the necessary rate increase, they will not be able to acquire the necessary technology. The cost to the customer is short-term. The long-term gain is not what it should be unless the business is strong enough to sustain it. This includes all the protection and concerns which were raised earlier. The customer is protected here.

PROPONENTS:

Mark Clark, representing the Montana Power Company, stated that the Montana Power Company feels that the Bill, as written, does not apply to municipalities; it should be amended to state this (page

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2, lines 13 and 14). This raises the rate increase to the rate of return found appropriate by the commission. This Bill is designed to encourage or mandate that the Public Service Commission act quickly. This Bill is to move up the date on which rates are granted, and to put into effect and ward off the problems of attrition and inflation, as well as to relieve the financial burden of large increases on consumers. If the utilities do not have the money to put in the necessary changes when they are needed, then, when the consumers demand them they will not have the money to put these changes into effect.

Concerns:

1. Rate increases be granted on a temporary basis.
2. They thereby increase the need, subject to refund, for a rate which is high enough to discourage any abuse by the utilities.

Mr. Hughes said that he understands that these changes are to be amended into the Bill; they are in favor of this; they want prompt rate relief.

Gene Phillips, representing Pacific Power and Light Company, stated that they concur with Mr. Clark's comments. They are not guaranteed profit; they simply want to come closer to determining the year of the rate of return which the Commission has deemed proper. Their expenses have increased 51% over the test period. They put into effect rates which were two full years behind the dates on which these charges were approved. If they should overstate what the known expenses are, the Bill would require them to rebate this amount, plus interest, back to the customer.

Dennis Lopach, who spoke on behalf of the Butte Water Company and the Montana Water Company, stated that the increase sought was denied twice with a great lapse of time between the time it was requested and the time that it was granted. He urged that the Committee vote "Do Pass".

John Alke, from the Montana Dakota Utilities, said that he concurs with the above-named proponents. He feels that the current Law should be changed; the natural gas prices are now regulated by the Federal Government which is rapidly escalating these costs. He said that Montana Dakota Utilities' tracking has come up short. The increases in regulatory lag substantially delay putting the tracking methods into effect. The first tracking procedure, which was ordered in December, was one month late. The second tracking procedure, the hearing of which was held in July, had rates go into effect in December. The third tracking procedure, the increase to go into effect in December of 1980, has not yet gone into effect. The current Law does not work. He urged that the Committee vote "Do Pass".

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OPPONENTS:

Mike Males, representing the Environmental Information Center, stated that they do not support letting a regulated monopoly increase its rates by stating that this is a "cost item". This Bill allows an immediate raise. The effect of this Bill would be to make rebates a way of life in Montana. Utilities borrowing money can result in higher cost. Customers also need the money, but this Bill would take it from them. Specific cost items should be included immediately in the rates. There is a shock of sudden increases when a new plan comes in; these costs should not be left completely open. This Bill is too broad - he urged "Do Not Pass".

AMENDMENT: Page 2, line 2. He suggested between the "and rate" the word "prevailing" and strike the 10%.

Gordon Bollinger, Chairman of the Public Service Commission, spoke against the Bill. (See Handout). He stated that the Commission does not have the capacity of good rate-making until they have a computer capacity, plus auditors. to get the job done. There are two sides to this thing; the Public Service Commission is an extension of this body (the Legislature). They try to get fair and equitable rates. If they don't, the utilities have recourse which they use. The utilities get a lot when they decide where and when they want a rate increase. They can take the Public Service Commission to Court, which they do. He explained that the Public Service Commission is as fair as it can be; it is their desire to keep the utilities in business, and they want them to make a fair wage.

Tom Schneider, of the Public Service Commission, said that on virtually every item which had been raised in this Hearing, that there is another side. He explained that temporary rate increases have been granted when the Canadians increase their border prices; at this time the increase goes into effect immediately. He said that a temporary rate increase has been budgeted by the Montana Consumer Council. The Council gives the jurisdiction over temporary rate relief. The temporary rules were designed by the Consumer Council Committee, who try to operate within a rational system of rules. Present rate relief over single item policies is prompt. The Courts are going with the Public Service Commission. In regard to cost tracking, that procedure was developed and proposed by the users themselves. They are not acting in a punitive fashion; in fact, they are often classified as puppets of the utilities.

Howard Ellis, the new Commissioner of the Public Service Commission, said that these statutes protect other parties. They get what they have coming, maybe not as quickly as they wish, but the procedure allows them to get immediate relief, if necessary. He explained that this discussion refers to the 3,000 utilities regulated by the Public Service Commission.

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Ed Sheehy then spoke, explaining that he is a retired Federal employee, representing retired Federal employees. He said that he has had telephone calls from all over the state asking him to state opposition to this Bill from interested persons who are concerned about the rebate.

Jim Paine, the Consumer Counsel for the State of Montana referred to Senate Bill 147 as being comparable to Senate Bill 301. He said that the interest rate attributable to the rebate is a common concern; he feels that this is a forced contribution from the rate-payers to the utility and the rate of interest is 10%. He advised that this is a temptation for utilities to file this type of thing more frequently because it will cost them less than borrowing the money from conventional financing. Referring to general filing, he said that you have to have an investment by the utility companies in the rate base, which includes the revenues and the expenses. He noted that when expenses change, revenues and rates also change. If there are a number of cases wherein these occur, rebates will become an administrative nightmare. The temptation to file for an increase - instant rate-making, to determine what rebates are going to whom - will be a real problem. He said that Montana Dakota Utilities is going to get all of the money in their cost tracking deferred cost accounting when they consider what they were paying for gas, and what they are now paying for it.

Phyllis Bach, representing Montana Power of the People, stated that they oppose this Bill and concur with the Public Service Commission.

Jim Jensen, employed by the Low Income Senior Citizens Association, said that they oppose this Bill for every reason that has been mentioned plus the tax burden in general, which would be a concern to the population. In his opinion the people most likely to be hurt the worse are those people on the low-income scale.

Senator Dover asked Mr. Paine if these people who are evidently getting their money back, and not charging an increase - how long does this take, and Mr. Paine replied that every six months the utilities are to come in to raise the charge in cost tracking which is increasing on a monthly basis. Mr. Paine explained that the two delays in gas cost drilling cases were because they were concerned with protection, which they cannot show. He said that he did not know how long a time elapsed between the time that they filed for an increase and the time that they got it. Senator Dover then asked him if the people who desire this and who have to wait until you verify everything, could have to wait as long as a year, and Mr. Paine replied that they are not restricted to come in every six months; in fact, they made the six month time periods. Senator Dover then asked, if there is a sizable increase and they do prove that they were indeed right, if they have a whole's increase to catch up, what type of an increase do you let them have, and what period of time is this spread over? Mr. Paine replied that the Public Service Commission rules on the allowance of the interest rates; there is a statutory mechanism to allow rate increases if they are proven to the Public Service Commission.

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Mr. Schneider commented that the decision-making process must be completed in a nine-month period; this is decreed by Law. If temporary rate relief is not granted, they will have absorbed an increase for nine months; the rate increase is based on the evidence of each case, and we do not make this retroactive. We are supposed to do our best to match revenues and expenses, based upon the available data, with no attempt to go back and balance what has happened.

Senator Lee asked Mike Malles if he thought that consumers should be more regulated, or utilities should be less regulated. He explained that they are decreasing the costs to the consumers by increasing the cost of the rate increase. He stated that we have a problem with the lag; they have to wait for them for another general hearing with you; I feel that we are promoting a self-destructing mechanism which is compounding the problem. You should be able to operate this with a number of small increases from time to time, rather than a sudden large increase; I feel that you should have a regularly-guaranteed raise.

Mr. Schneider replied that if they are granted it now we will not have the interest factor; he said that they do their best to replace the mechanism of competition, but they do not have a mechanism for improving the availability of cost control. He explained that if you create an economic mechanism, such as the Bill contemplated here, you eliminate any mechanism for cost control. He said that they do have three rate relief mechanisms in effect now. Senator Lee commented that it seemed to him that none of these mechanisms are now working. He further commented that in regard to Mr. Schneider's interpretation of the Public Service Commission, he wondered if he agreed with Jim Paine in their role of setting the competitive rates of the utilities, to which Mr. Schneider said that they have to establish rates which are enough to give an opportunity for a fair rate increase. Senator Lee then commented that, in his opinion, if the Committee passed this legislation, the utilities will continually work this method, and they will not come in for a full-blown hearing. He asked Mr. Schneider if this is correct. Mr. Schneider replied that he thinks that they will come in for those, and he thinks that this provides an opportunity for this to become a limited approach. This is a mechanism to generate complaints from the customers.

Senator Dover asked Mr. Schneider if he would feel happier if this was changed to the Amendments, and Mr. Schneider replied that if the Bill were to pass they would support the Amendments to change the interest rate. He said that a consumer cannot borrow at prime.

Mr. Alke said that the rate application that was made in March of 1980, with the decision on it made in December, was to go into effect in February, and that the costs will be eventually collected. He advised that the increase is large because of the delay in implementing the tracking procedures, and he said that the utility would like to avoid this charge.

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Senator Hazelbaker said to Mr. Schneider that both Senate Bills 147 and 301 apply to regulatory lag. He asked if it is correct that they have a mechanism to take care of this, and Mr. Schneider replied that the temporary rate relief mechanism is one (for example, the Canadian gas). The deferred gas cost accounting treatment is another. This refers to the filing itself.

Mr. Hughes said to Mr. Clark that in regard to the possibility that you would have an Amendment for the Committee, it is his understanding that we are talking about putting rates into effect sooner than we do now. He said that he would object to a hearing on all issues, and he stated that they just want them to act faster. He said that he could develop the amendments.

Senator Blaylock asked Mr. Schneider if they were getting these out in nine months, and Mr. Schneider replied that they are often within a few days of nine months.

Senator Blaylock then asked, if, in response to your comment that should Canadian gas go up, there is a direct increase, would there then be a direct increase to the Montana Dakota Utilities, and Mr. Schneider replied that there would be.

Senator Blaylock asked about the \$4,000,000 increase in labor cost, and Mr. Schneider advised that if you look at labor and productivity, they have the philosophy that changing would put a utility in jeopardy.

Senator Blaylock asked Mr. Schneider to please explain the discrepancy between what they earn and what they are allowed, and Mr. Schneider explained that you have to look at the credit worthiness of the utility, and whether or not they are in financial despair. He said that our utilities are rated very high, and we are trying to handle the inflated economy in a balanced way.

Then Senator Blaylock asked Mr. Hughes that if this is allowed, is there very little restraint on labor, and Mr. Hughes replied that this Bill would say that you have to go for a full rate review. This refers to wages alone; labor is a big item; wages are the most significant. You can only pay these wages when you still charge a higher price. If wages are the only thing that is considered, they will be taken out within the full rate review. Temporary rates are only granted when we are on the brink of financial disaster.

Senator Blaylock then stated that Mr. Hughes, you are saying that there is no reason for the argument - if the Bill passes, it would lessen the pressure on you, and help you to be more cost-efficient.

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Senator Regan asked the members of the Public Service Commission, in terms of nine months, how many states have a period of time of less than nine months, and what is the time frame, and Mr. Schneider replied that he did not know. The lowest he has seen is seven months. Usually it is seven to 10 months.

Senator Regan then stated that she is a bit troubled by "known and measurable charge on an item of cost or expense". She asked if there is danger that this language narrows the scope of the rate review? Mr. Bollinger replied that it allows the expenses, but it does not consider the rate of productivity; we cannot match them; we have to have a match. It has to be in some period. This is why we take a test year which can be just as close to when the utility files their case as they can make it. This depends on if their bookkeeping is up to date.

Senator Regan asked if, in granting rate increases do they ever build in any kind of a percentage catch up for a lag year, and are they restricted by Law from doing so, and Mr. Bollinger replied that they can take a nine-month period beyond the test year in regard to revenue or expenses. He said that they do not build in any guaranteed inflation rates; they expect management to look for that. He said that he does not know if utilities are efficient; he said that utilities are working on this.

Senator Hazelbaker said, to clarify the issue - what do you do about the significant things, and Senator Dover asked if they would be opposed to changing this rate of interest as it was suggested by amendment.

Mr. Hughes replied no; this is such a huge problem to the utilities that they would have to pay the customers. He said that this is a problem which denies that the wages which are known and measurable and can be seen, are refundable to the other end. He explained that this provides protection for the little man that will not be used for company investment.

Senator Kolstad commented that the Committee has had very good testimony on both sides; some of the opposition has indicated that the power of the Public Service Commission would be increased and the power of the utilities would be increased.

In closing the discussion on Senate Bill 301, Senator Hazelbaker commented that this had been a thorough hearing!

Senator Hazelbaker then interpreted the next matter of business, Senate Bill 239, which he introduced, by saying that this Bill deals with premium finance company. He said that insurance agents often have a sizable insurance premium where it might mean several thousand

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dollars. He said that companies outside of Montana will finance the premium in regular payments, and charge an interest rate. He further stated that the insurance agent receives the premium on the policy, and if the customer gets behind on his payments and receives a delinquent notice, and the premium has to be paid, there is an adjustment in the end. According to Senator Hazelbaker, this is often used, and the idea is to allow a finance company in Montana to go into the same business and therefore keep the insurance money in Montana.

#### PROPOSERS:

Ray Conger, an insurance agent and a minority stockholder, stated that he wanted to move the finance company to Montana, but there is nothing in the Law to provide for this. He said that insurance is not a product and therefore is not eligible for the Retail Installment Contract act. The Insurance Department of Montana helped him to find an Act out of the state of Kansas. He said that Montana is unique in not having an Act like this. Our contention as insurance agents is that this should be regulated by the Insurance Department, and he urges "Do Pass".

Mr. Harrison who appeared on behalf of IFG Leasing, said that this is nothing more than a financing tool to put more competition to collect for insurance premiums by making payments on an accrual basis.

Bill Anderson, Vice President and General Counsel of IFG Leasing, who has headquarters in Great Falls and an office in Billings, stated that he has 175 employees in the State of Montana; they purchased IFG Leasing, and they hope to write this in Montana. He said that the Insurance Division felt that without this Bill, it could not be reviewed in the state. He said that the Department of Business Regulations was against this, because they want to be regulated. If they can write insurance premium financing in Montana, they would like to do this, and they would like to keep their business in the State of Montana, which also brings money into the state.

Lou Conyard, General Manager of Premium Finance Division of IFG, who has an office in Spokane, said that they operate in six states and they also have a Finance Act. He explained that he started this business 12 years ago, and they have an office in Denver which services Colorado, Wyoming, Nevada and Utah. He advised that in this area Montana is the only state which is not involved, and he said that this provides cash flow to the agent. It also helps serve and protect the consumer as an insured. They have grown rapidly, and would like to come into Montana; he explained that there are out-of-state companies which do payment-financing in Montana.



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Rodger McGlenn (see handout), stated that they feel that the consumers can best be served by having this service in the State of Montana.

Josephine Driscoll of the Montana Department of Insurance concurred in what has just been said. She stated that this has not formerly been permitted by the insurance laws, and that if we are going to regulate this Bill, we should have the assurance of everyone as to the recent rate change, as we do not want this to violate the usury rights in this state.

OPPONENTS:

None.

Mr. Harrison then commented that in order to establish the interest rate, this being a specific rate as established in this Bill, it would take precedence over any other usury charge which is going to be lifted anyway from the Law. Senator Hazelbaker asked what the interest rate is, and was told that it varies from 18% to 25%, but in the states where it is 25%, they are not using the maximum. This is based on the competition. Senator Hazelbaker then commented that competition might bring this down.

Senator Hazelbaker thanked all the Proponents of Senate Bill 239.

Senator Towe introduced Senate Bill 295, the basis of which is that all motor vehicles purchased by the State of Montana should be American-made. He said that he feels that we should give credit to our own people, and that our state should set a precedent with state vehicles, which would encourage more people to buy American-made automobiles. He suggested the following changes and amendments: After the word "manufactured" on line 11, add "by a U. S. manufacturer". On line 5, in the title, add the same words, and this would then mean that the vehicle must have been manufactured by a U. S. manufacturer and assembled in the United States. Senator Towe then said that in regard to the State of Montana, they already have this provision. He complimented Luther Glenn of the Purchasing Department of the State of Montana for following this provision, and Mr. Glenn replied that the Law would make this stand up, but the problem is that no American manufacturer assembles, in this country, a compact pick-up. He said that many of the purchases of motor vehicles in this country are compact pick-ups, and for that reason the Committee may want to consider an amendment which would add "The Department of Administration may authorize a waiver of this requirement any time it appears that the mechanical demands of the state would not be adequately met by a motor vehicle manufactured by a U. S. manufacturer and assembled in the U. S.". Mr. Glenn concluded by saying that there are now 11 states incorporating this legislation, and four states are now submitting this proposition to their state legislatures as recommended by the state purchasing department.

PROPOSERS:

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Don Judge of the AFL-CIO, stated that he supports Senate Bill 295. He suggested that the Bill be passed with amendments.

Jerry Driscoll of the Laborers Union of Billings, also urged "Do Pass".

Russell Rigg, Administrator of the Highway Equipment Division, stated that the Montana Department of Highways also supports the Bill as amended.

Senator Lee asked if, in the case of a financial corporation coming in and setting up an assembly plant in this country, or in this state, if the AFL-CIO sets up the workers, what is the deal, and Senator Towe replied that he feels that we should say that this is limited to cars manufactured by a United States Manufacturer and assembled in this country.

At this time Senator Hazelbaker stated that no action would be taken on any of these Senate Bills at this time. He said that it was possible that he would call a special meeting after adjournment today.

There being no further business, Senator Hazelbaker adjourned the meeting.

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FRANK W. HAZELBAKER, Chairman

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ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date Feb 1981

| 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.

ADDRESS: 40 E. BRIDGWAY BUTTE, MT

• REPRESENTING WHOM? MONTANA POWER CO.

APPEARING ON WHICH PROPOSAL: SR 301

DO YOU: SUPPORT? 1 AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: EO SHEEHY DATE: 2-6-81

ADDRESS: 1731 5<sup>th</sup> AVE HERONA MONT

PHONE: 443-5782

REPRESENTING WHOM? RETIRED FEDERAL EMPLOYEES

APPEARING ON WHICH PROPOSAL: SB 301

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE? ☒

COMMENTS: MY MEMBERSHIP MADE UP OF  
2000 MEMBERS IN MONTANA HAS INSTRUCTED  
ME TO OPPOSE THIS BILL

NAME: Phyllis A. Bock DATE: 2/6/81

ADDRESS: Helena

PHONE: 442-9830

REPRESENTING WHOM? Montana's Power to the People (MPP)

APPEARING ON WHICH PROPOSAL: SB 301

DO YOU: SUPPORT? ☐ AMEND? ☐ OPPOSE? ☒

COMMENTS: MPP is a low income consumer group from Great Falls that opposes SB 301, because they oppose rate increases generally, but would prefer that the P.S.C. in a general rate case be allowed to consider the "whole picture", rather than just one aspect of a rate case - "Known and measureable changes." We support the position of the Public Service Commission and the Consumer Council.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: JAMES HUGHES DATE: 2-6-81

ADDRESS: 2020 WINNE HELENA

PHONE: 442-8039

REPRESENTING WHOM? MOUNTAIN BELL

APPEARING ON WHICH PROPOSAL: 58 301

DO YOU:    SUPPORT?    ☒                      AMEND?                      OPPOSE?

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY



NAME: MIKE MALES DATE: 6 FEB 1980

ADDRESS: 613 S. REDNEY, HELONA

PHONE: 443-2520

REPRESENTING WHOM? ENVIRONMENTAL INFO CNTR

APPEARING ON WHICH PROPOSAL: SB 301

DO YOU: SUPPORT?        AMEND? X OPPOSE? X

COMMENTS:       

WED

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

GEORGE T. BENNETT

2/6/81

406 FULLER AVE.

442 - 3690

MOUNTAIN STATES TEL & TEL

SB 301

## SUPPORT?

X

AMEND?

OPPOSE?

COMMENTS :

NAME: John Alke

DATE: 2/6

ADDRESS: 0 406 Fuller

PHONE: 442 - 3690

REPRESENTING WHOM? ms DU

APPEARING ON WHICH PROPOSAL: SB 301

DO YOU: SUPPORT?

AMEND?

OPPOSE?

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

2/6/51

1227 11<sup>th</sup> Ave, Helena, Mt.

449 - 3018

Montana Public Service Commission

SB 301

X

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: WILLIAM J. BROWN DATE: 2-1-67

ADDRESS: 1001 D.E.L.

PHONE: 733-6644

REPRESENTING WHOM? Pacific Power & Light

APPEARING ON WHICH PROPOSAL: 25-01

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: H. E. Bollinger

DATE: 7/6/81

ADDRESS: 5705 Bathurst

PHONE: 442-2847

REPRESENTING WHOM? P. S. C.

APPEARING ON WHICH PROPOSAL: SB 301

DO YOU: SUPPORT?

AMEND? X

OPPOSE? X

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY



NAME: Luther Glenn DATE: 2-06-81

ADDRESS: Helena

PHONE: 449-2575

REPRESENTING WHOM? Dept of Admin.

APPEARING ON WHICH PROPOSAL: SIR 295

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: Don Judge DATE: 2/6/81

ADDRESS: P.O. Box 1176 Helena

PHONE: 442-1708

REPRESENTING WHOM? MT STATE AFL-CIO

APPEARING ON WHICH PROPOSAL: SB 295

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: Prepared comments left with Committee

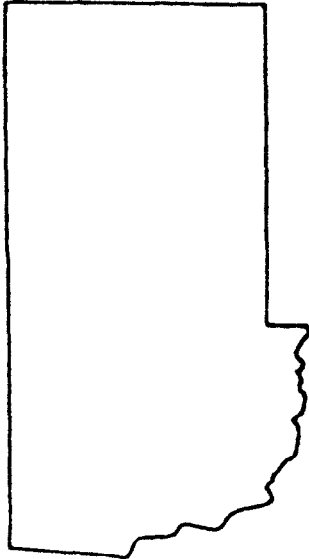
Secretary

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

# BEER SHIPMENTS TO MONTANA WHOLESALERS

PREPARED from MONTHLY  
BREWERY and WHOLESALER REPORTS to the  
DEPARTMENT OF REVENUE

COMPILED by  
THE MONTANA BEER WHOLESALERS'  
ASSOCIATION, P. O. Box 124  
Helena, Montana 59601



JUNE 1980

|                      | Bottles |       |      | Cans |       |       | Barrels |      |
|----------------------|---------|-------|------|------|-------|-------|---------|------|
|                      | 24/12   | 12/32 | 35/7 | 36/7 | 24/12 | 12/12 | 24/16   | 24/8 |
| Anheuser-Busch, Inc. |         |       |      |      |       |       |         |      |
| St. Louis, Missouri  |         |       |      |      |       |       |         |      |
| Billings             | 6034    | 168   |      | 132  | 2646  | 980   | 154     | 48/8 |
| Bozeman              | 2051    |       |      |      | 4410  | 1568  |         |      |
| Miles City           | 7378    | 126   |      |      | 7546  | 2352  | 77      |      |
| Missoula             |         |       |      |      | 5096  |       |         |      |
| Glasgow              | 4354    | 42    |      |      | 5880  | 2744  | 308     |      |
| Great Falls          | 2877    | 42    | 56   |      | 4900  | 6468  |         |      |
| Shelby               | 889     | 42    |      |      | 2842  | 784   | 154     |      |
| Havre                | 2051    | 42    |      |      | 1960  | 1176  |         |      |
| Total                | 25634   | 462   | 56   | 132  | 35280 | 16072 | 693     | 50   |
| June 1979            | 21686   | 462   | 336  | 132  | 55470 | 17640 | 616     |      |
| Fairfield, Cali.     |         |       |      |      |       |       |         |      |
| Butte                | 2499    | 70    | 140  | 28   | 5684  | 1568  | 154     |      |
| Dillon               | 1498    |       |      |      | 5890  | 784   |         |      |
| Kalispell            | 5628    | 42    |      |      | 11270 | 4704  | 770     |      |
| Missoula             | 7217    | 336   | 112  | 108  | 12936 | 9800  | 1540    |      |
| Helena               | 2604    | 42    |      | 54   | 5586  | 196   | 77      |      |
| Total                | 19446   | 490   | 252  | 190  | 41366 | 17052 | 2541    |      |
| June 1979            | 25487   | 420   | 447  | 74   | 40964 | 19992 | 2387    | 700  |

Los Angeles, Calif. No Shipments  
June 1979 2352

| G. Heileman Brewing Co. | B&C   | Cans  |
|-------------------------|-------|-------|
| St. Paul, Minnesota     | 24/12 | 12/12 |
| No Shipments            |       |       |
| June 1979               | 936   | 2352  |

| Carlting National Brewing Co. | Cans  |
|-------------------------------|-------|
| Tacoma, Washington            | 24/12 |
| No Shipments                  |       |
| June 1979                     | 1788  |

| Adolph Coors     | Bottles | B&C    | Cans  | Barrels |
|------------------|---------|--------|-------|---------|
| Golden, Colorado | 12/32   | 24/12  | 24/16 | 24/8    |
| Billings         | 110     | 20124  | 576   | 168     |
| Bozeman          | 55      | 9480   |       | 168     |
| Butte            | 44      | 8088   | 180   |         |
| Sidney           |         | 7620   | 180   |         |
| Glasgow          | 110     | 7452   | 180   |         |
| Great Falls      | 66      | 16520  | 672   | 336     |
| Havre            | 110     | 13680  | 192   | 336     |
| Kalispell        | 66      | 6912   | 348   |         |
| Miles City       | 66      | 7812   |       | 168     |
| Missoula         | 165     | 14256  | 384   | 168     |
| June 1979        | 792     | 111944 | 2712  | 1848    |
|                  | 979     | 120696 | 3504  | 3360    |

| Rainier Brewing Co.  | Bottles | 24/11 | 12/11 | Cans  | Barrels |
|----------------------|---------|-------|-------|-------|---------|
| Seattle, Washington  | 12/32   | 24/11 | 12/11 | 24/12 | 12/12   |
| Great Falls          |         |       |       | 3024  | 23016   |
| Shelby               | 84      | 1792  |       | 8327  | 2688    |
| Billings (Intermtn)  | 84      | 1288  |       | 14532 | 24691   |
| Helena               | 252     | 1528  |       | 10794 | 10080   |
| Lewistown            |         | 392   |       | 1512  | 5040    |
| Missoula (Zip)       | 84      | 1314  |       | 27237 | 25200   |
| Kalispell            | 294     | 910   | 336   | 9744  | 16632   |
| Glasgow              |         | 336   |       | 1596  | 504     |
| Anaconda             | 210     | 2310  | 1008  | 11643 | 9408    |
| Bozeman              | 84      | 672   | 448   | 3906  | 11592   |
| Conrad               |         | 672   |       | 2268  | 1176    |
| Miles City           |         | 672   |       | 2772  | 2016    |
| Billings (Dunham)    |         |       |       | 952   |         |
| Missoula (Msla Dist) |         |       |       | 252   |         |
| Total                | 1092    | 12166 | 1792  | 98559 | 132043  |
| June 1979            | 714     | 10598 | 112   | 72315 | 98784   |

| Barrels | 1/1 |
|---------|-----|
| 192     |     |
| 384     |     |
| 60      |     |
| 684     |     |
| 36      |     |
| 504     |     |
| 204     |     |
| 432     | 36  |
| 180     |     |
| 120     |     |
| 2796    | 36  |
| 420     | 48  |

| Jos. Seitz Brewing Co. | Bottles |       |      | Cans  |       |       | Barrels |
|------------------------|---------|-------|------|-------|-------|-------|---------|
|                        | 24/12   | 12/32 | 24/7 | 24/12 | 12/12 | 24/16 |         |
| Milwaukee, Wisconsin   | 665     |       | 210  | 6570  | 1760  |       | 25 28   |
| Bainville              | 147     | 252   |      | 3600  | 800   | 126   | 100     |
| Billings               | 392     |       | 140  | 720   | 1280  |       |         |
| Miles City             | 973     |       |      | 450   | 160   |       |         |
| Missoula               | 2177    | 252   | 350  | 11340 | 4000  | 126   | 25 128  |
| Total                  | 609     | 251   | 420  | 17280 | 5760  | 126   | 492     |
| June 1979              |         |       |      |       |       |       |         |

|                           |      |     |  |      |     |    |     |
|---------------------------|------|-----|--|------|-----|----|-----|
| <u>Los Angeles, Cali.</u> |      |     |  |      |     |    |     |
| Bozeman                   | 448  |     |  | 1260 |     |    | 48  |
| Great Falls               | 154  |     |  | 1530 | 360 |    | 164 |
| Total                     | 602  |     |  | 2790 | 360 |    | 212 |
| June 1979                 | 1022 | 294 |  | 7020 | 720 | 63 | 140 |

|                           |        |       |      |       |       |  |  |
|---------------------------|--------|-------|------|-------|-------|--|--|
| <u>Miller Brewing Co.</u> |        |       |      |       |       |  |  |
| Milwaukee, Wisconsin      | 24/12  | 12/32 | 48/7 | 24/12 | 24/16 |  |  |
| Missoula                  | 15316  | 245   | 416  | 13245 | 77    |  |  |
| Miles City                | 16979  | 49    | 1288 | 8624  |       |  |  |
| Helena                    | 5803   |       | 192  | 3684  | 77    |  |  |
| Bozeman                   | 4683   |       | 528  | 5978  |       |  |  |
| Great Falls               | 24537  | 98    | 392  | 6958  |       |  |  |
| Sidney                    | 6545   |       | 336  | 1764  |       |  |  |
| Butte                     | 7994   |       | 1440 | 5096  |       |  |  |
| Glasgow                   | 7560   |       | 144  | 3724  |       |  |  |
| Billings                  | 2779   | 245   | 1232 | 19404 | 308   |  |  |
| Kalispell                 | 11368  |       | 1440 | 8428  | 154   |  |  |
| Total                     | 103564 | 637   | 7408 | 76905 | 616   |  |  |
| June 1979                 | 24150  | 238   | 2720 | 27146 | 231   |  |  |

|                         |       |  |  |  |  |  |  |
|-------------------------|-------|--|--|--|--|--|--|
| <u>Fulton, New York</u> |       |  |  |  |  |  |  |
| No Shipments            | 11844 |  |  |  |  |  |  |
| June 1979               |       |  |  |  |  |  |  |

|                     |       |     |      |       |    |      |  |
|---------------------|-------|-----|------|-------|----|------|--|
| <u>Azusa, Cali.</u> |       |     |      |       |    |      |  |
| No Shipments        |       |     |      |       |    |      |  |
| June 1979           | 14973 | 741 | 1104 | 17836 | 77 | 1980 |  |

|                          |      |  |  |      |  |  |  |
|--------------------------|------|--|--|------|--|--|--|
| <u>Fort Worth, Texas</u> |      |  |  |      |  |  |  |
| No Shipments             | 2943 |  |  |      |  |  |  |
| June 1979                |      |  |  | 4606 |  |  |  |

| Pabst Brewing Co.    | Bottles |       |      | Cans  |       |       | Barrels |      |
|----------------------|---------|-------|------|-------|-------|-------|---------|------|
|                      | 24/12   | 12/32 | 32/7 | 24/12 | 12/12 | 24/16 | 1/4     | 1/2  |
| Milwaukee, Wisconsin | 1561    | 84    | 300  | 10080 | 15624 | 63    | 108     | 765  |
| Billings             | 504     |       |      | 924   | 168   |       | 9       | 60   |
| Glasgow              | 2352    |       | 420  | 7140  | 8232  |       |         | 340  |
| Glendive             |         |       |      | 4368  |       |       |         |      |
| Great Falls          | 112     |       | 120  | 1008  | 1008  |       |         | 40   |
| Miles City           | 168     |       | 30   | 1512  |       |       | 9       | 50   |
| Plentywood           | 4697    | 84    | 870  | 25032 | 25032 | 63    | 126     | 1255 |
| Total                | 1946    | 84    | 600  | 12936 | 10752 |       | 252     | 1025 |
| June 1979            |         |       |      |       |       |       |         |      |

| Portland, Oregon     |      |             |         |
|----------------------|------|-------------|---------|
| Billings             |      |             | 54 270  |
| Butte                |      | 1694 924    | 12      |
| Great Falls          | 196  | 308 154     | 32 24   |
| Helena (Zekes)       | 105  | 847         | 12 48   |
| Helena (Sandy Mac's) |      | 1463 1700   |         |
| Kalispell            | 210  | 1232 616    | 24      |
| Bozeman              | 1057 | 3221 7546   | 288     |
| Missoula (Zip)       | 1185 | 3465 4004   | 320 276 |
| Missoula (Msla Dist) |      | 2310        |         |
| Total                | 2753 | 14540 14944 | 418 942 |
| June 1979            |      |             |         |
| No Shipments         |      |             |         |

| Los Angeles, Cali. |      |                |         |
|--------------------|------|----------------|---------|
| No Shipments       |      |                |         |
| June 1979          | 1568 | 35 18956 10080 | 108 585 |

| Peoria, Illinois | Bottles |       |            | Cans  |       |
|------------------|---------|-------|------------|-------|-------|
|                  | 24/16   | 24/12 | 24/12      | 24/12 | 12/12 |
| No Shipments     |         |       |            |       |       |
| June 1979        | 63      | 315   | 2604 10584 |       |       |

| Falstaff Brewing Corp. |      |       |       |
|------------------------|------|-------|-------|
| Galveston, Texas       |      |       |       |
| Billings               | Cans | 24/12 | 6174  |
| Bozeman                |      |       | 5880  |
| Miles City             |      |       | 6174  |
| Great Falls            |      |       | 6174  |
| Helena                 |      |       | 6174  |
| Missoula               |      |       | 6174  |
| Total                  |      |       | 36750 |
| June 1979              |      |       |       |
| No Shipments           |      |       |       |

| General Brewing Co.   |     |       |      | Bottles |       |       |  | Cans  |       |       |  | Barrels |      |     |  |
|-----------------------|-----|-------|------|---------|-------|-------|--|-------|-------|-------|--|---------|------|-----|--|
| Vancouver, Washington |     |       |      | 12/32   | 24/11 | 12/11 |  | 24/12 | 12/12 | 24/16 |  | 1/4     | 1/2  | 1/1 |  |
| Billings              |     |       |      |         | 392   |       |  | 840   | 504   | 63    |  | 24      | 60   |     |  |
| Bozeman               |     |       |      |         | 560   |       |  | 1428  | 1680  | 126   |  | 36      | 156  |     |  |
| Butte                 |     |       |      |         | 672   |       |  | 10784 | 2184  | 567   |  | 107     | 784  | 19  |  |
| Great Falls           | 42  | 2241  | 1638 |         |       |       |  | 6086  | 9072  | 378   |  | 156     | 348  |     |  |
| Havre                 |     | 1792  |      |         |       |       |  | 2772  | 2184  |       |  |         | 72   |     |  |
| Helena                |     | 168   |      |         |       |       |  | 420   | 336   |       |  |         |      |     |  |
| Kalispell             |     | 672   | 336  |         |       |       |  | 1092  | 3024  | 63    |  | 12      | 96   |     |  |
| Lewistown             |     | 112   |      |         |       |       |  | 1848  | 336   |       |  |         | 12   |     |  |
| Missoula              |     | 336   | 126  |         |       |       |  | 1512  | 9408  |       |  |         | 24   |     |  |
| Shelby                |     |       |      |         |       |       |  | 2016  |       | 252   |  |         |      |     |  |
| Total                 | 42  | 6945  | 2100 |         |       |       |  | 28728 |       | 1449  |  | 335     | 1552 | 19  |  |
| June 1979             | 864 | 12775 | 5166 |         |       |       |  | 52736 | 30576 | 2646  |  | 396     | 2016 | 24  |  |

| Blitz-Weinhard Brewing Co. |      |      |  | Bottles |       |  |  | Cans  |       |       |  | Barrels |      |     |  |
|----------------------------|------|------|--|---------|-------|--|--|-------|-------|-------|--|---------|------|-----|--|
| Portland, Oregon           |      |      |  | 24/11   | 24/12 |  |  | 24/12 | 12/12 | 24/16 |  | 1/4     | 1/2  | 1/1 |  |
| No Shipments Reported      |      |      |  |         |       |  |  |       |       |       |  |         |      |     |  |
| June 1979                  | 1176 | 9206 |  |         |       |  |  | 28798 | 28728 | 1449  |  | 335     | 1552 | 19  |  |
|                            |      |      |  |         |       |  |  | 52736 | 30576 | 2646  |  | 396     | 2016 | 24  |  |

| Olympia Brewing Co. |       |      |      | Bottles |       |       |       | Cans   |        |       |      | Barrels |      |     |  |
|---------------------|-------|------|------|---------|-------|-------|-------|--------|--------|-------|------|---------|------|-----|--|
| Olympia, Washington |       |      |      | 24/12   | 12/12 | 12/32 | 24/11 | 24/12  | 12/12  | 24/16 | 24/7 | 1/4     | 1/2  | 1/1 |  |
| Miles City          | 2688  |      |      |         |       | 120   |       | 6930   | 9800   | 224   | 480  | 24      | 140  |     |  |
| Shelby              | 798   |      |      |         |       |       |       | 7420   | 3780   | 56    | 120  | 12      | 135  |     |  |
| Butte               | 1120  |      |      |         |       | 120   |       | 11340  | 10080  | 672   | 240  | 12      | 214  |     |  |
| Glasgow             | 1505  |      |      |         |       | 80    |       | 8960   | 2800   | 112   | 120  | 42      | 160  |     |  |
| Great Falls         | 5341  | 1078 |      |         |       | 80    |       | 18480  | 9660   | 1568  |      | 210     | 1710 |     |  |
| Glendive            | 1695  |      |      |         |       | 40    |       | 6720   | 5880   | 56    | 720  | 48      | 210  |     |  |
| Kalispell           | 1729  |      |      |         |       | 200   |       | 12110  | 8960   | 560   | 360  | 60      | 550  |     |  |
| Havre               | 2485  | 882  |      |         |       | 40    | 7392  | 9660   | 8260   | 224   | 120  | 96      | 440  |     |  |
| Missoula            | 2142  | 588  |      |         |       |       | 3441  | 16590  | 6020   | 1344  |      | 120     | 678  |     |  |
| Lewistown           | 1547  |      |      |         |       |       |       | 5880   | 3080   |       | 360  |         | 210  |     |  |
| Bozeman             | 896   |      |      |         |       | 40    | 1120  | 20249  | 4760   | 280   | 360  | 66      | 570  |     |  |
| Billings            | 2548  |      |      |         |       | 160   |       | 10850  | 39620  | 1008  | 720  | 78      | 605  |     |  |
| Dillon              | 42    | 98   |      |         |       |       |       | 3920   | 1120   | 56    | 120  | 6       | 45   |     |  |
| Helena              | 777   | 5096 |      |         |       | 40    |       | 7350   | 4060   | 448   | 240  | 258     | 708  |     |  |
| Plentywood          | 294   |      |      |         |       |       |       | 4060   | 560    |       | 240  | 36      | 105  |     |  |
| Total               | 25607 | 7742 | 920  |         |       |       | 11953 | 150519 | 118440 | 6608  | 4200 | 1068    | 6480 |     |  |
| June 1979           | 20895 | 1274 | 1520 |         |       |       | 1904  | 167370 | 115500 | 6048  | 5040 | 912     | 6345 |     |  |



Summary: Total cases by size, package & container

|      | Bottles |         |        |       |       |       |       |        |       |        | B&C     |        |
|------|---------|---------|--------|-------|-------|-------|-------|--------|-------|--------|---------|--------|
|      | 24/12   | 12/32   | 35/7   | 36/7  | 24/7  | 32/7  | 48/7  | 24/11  | 12/12 | 12/11  | 24/16   | 24/1   |
| 1980 | 184,480 | 4,911   | 308    | 322   | 350   | 870   | 7,408 | 19,279 | 7,742 | 15,845 |         | 111,94 |
| 1979 | 127,438 | 6,575   | 783    | 206   | 420   | 600   | 3,824 | 26,453 | 1,274 | 5,278  | 63      | 121,63 |
|      | Cans    |         |        |       |       |       |       |        |       |        | Barrels |        |
|      | 24/12   | 12/12   | 24/16  | 12/24 | 24/7  | 12/25 | 24/8  | 48/8   |       |        |         |        |
| 1980 | 521,879 | 356,671 | 19,176 |       | 4,200 |       | 1,848 |        |       |        |         | 1/1    |
| 1979 | 508,233 | 312,660 | 17,840 |       | 5,040 |       | 4,060 |        |       |        |         |        |

Summary: By brewer in barrels

|                                | 1980                 | 1979      |
|--------------------------------|----------------------|-----------|
|                                |                      |           |
| Anheuser-Busch Brewing Co.     | 11,462.00            | 13,388.20 |
| Adolph Coors Co.               | 9,143.87             | 10,170.21 |
| G. Heileman Brewing Co.        |                      | 153.29    |
| Rainier Brewing Co.            | 14,776.61            | 11,368.68 |
| Carling National Brewing, Inc. |                      | 129.77    |
| Jos. Schlitz Brewing Co.       |                      | 2,524.27  |
| Miller Brewing Co.             | 1,704.50             | 8,991.83  |
| Pabst Brewing Co.              | 15,313.78            | 4,868.21  |
| Blitz-Weinhard Co.             | 6,174.97             | 818.41    |
| General Brewing Co.            | No Shipment reported | 7,429.58  |
| Olympia Brewing Co.            | 4,687.21             | 22,401.59 |
| Falstaff Brewing Corp.         | 22,206.64            |           |
|                                | 2,667.32             |           |

# Point of View

By Kenneth H. Ashworth

## Gresham's Law in the Marketplace of Ideas: Are Bad Degrees Driving Out the Good?

If regional accrediting bodies and universities don't police the extension operations of out-of-state colleges, state coordinating agencies will have to step into the breach

STATE COORDINATING AGENCIES for higher education are being forced to increase their supervision over the extension operations of out-of-state colleges and universities. It is a duty we take over reluctantly. Coordinating agencies already have responsibility for myriad pressing tasks during this period of reassessment and financial stress in higher education, without assuming an additional burden. Moreover, tighter control over out-of-state schools by state agencies is not the optimal solution.

That solution would be for the parent campuses to do the job adequately, but they have not and very probably will not.

A second solution would be for the regional accrediting associations to assure that quality education is maintained in out-of-state operations, but they have not done so. State agencies are the poor third choice for carrying out the job.

The argument might be made that we should let

the marketplace take care of itself—let the people choose freely. Unfortunately, competition usually eliminates not the low-quality programs but those of better quality. Many students care little about where they get a degree, or what it consists of, as long as it supplies the credentials necessary for a promotion, a new job, or a pay raise. Any degree from an accredited college or an accredited branch is adequate for promotions and salary increases among teachers, in the military, and in some businesses and government agencies. One student remarked, "I'd never heard of the college, and the graduate courses weren't as hard as the undergraduate courses I'd had, but what the hell? It satisfied the boss."

Add to that the fact that the tuition and fees often are paid by the government or the employer, and we find that the consumer is not measuring value received for money out of his own pocket. There is no financial incentive for quality or substance.

We do not get much better control from the employers. One school superintendent, who wanted a program brought to his school district, said, "Our teachers don't meet the state requirements, and I need some quickie courses in here during the spring break to get us up to snuff with the state." Military commanders sometimes are similarly motivated, as are other government employers. Even in business organizations, there are people who react the same way. It seems to be a phenomenon of our society. "Fill in the squares," "Paper over the deficiencies," "Make 'em happy upstairs," are too often the responses. Form replaces substance.

In the marketplace, says Gresham's law of economics, bad money drives out the good. In higher education it appears at times as though the bad degrees drive out the good ones. How can quality education survive when standards are set lower and lower to attract students, many of whom seem to care next to nothing for the quality of the degree, and whose employers do not care, either? The degrees that survive in the open marketplace often have most of the following characteristics in common:

- ▶ No minimum grade-point average is required.
- ▶ The Graduate Record Exam is not required.

▶ Liberal credit is granted for "life experience" and work experience.

▶ No thesis or major papers are required.

▶ Courses are taught in one time block each week, such as Saturday morning.

▶ All courses are offered on a military base or in a public school.

▶ Absences are excused because of work schedules or assignments.

In other words, the educational program must take a back seat to all other commitments that the so-called student may have, yet a degree is expected.

When a state agency gets tough with its own schools, an unfortunate result is the creation of markets for out-of-state institutions: Base commanders and superintendents of schools who can't get state colleges to provide easy programs, and students who can't get what they want, can all turn to out-of-state institutions.

Dozens of colleges are operating programs thousands of miles from their campuses. The fields they pick are the hot market areas. They offer programs in education, business, public administration, and psychology. The health field is big, too, with schools offering Bachelor of Arts—not Bachelor of Science—degrees in nursing or allied health administration.

IT IS NOT BECAUSE of any imperial designs on the part of state coordinating agencies that they are having to move into the field. The parent campuses in many cases simply are not supervising their branches and out-of-state programs. One college recently assured us here in Texas, in all seriousness, that it would visit the branches in Texas twice a year, even if that were more than was necessary.

One school permitted its branch campuses in Texas to offer master's-level work in education for five years after the parent campus had been denied that authority in its home state.

Transcripts of out-of-state schools include items such as these:

▶ Ten hours of credit for a vacation trip to Mexico City.

▶ Credit for summer student teaching in a school district that was closed for the summer.

▶ Graduate credit for six hours of math courses already counted for credit at the undergraduate level. (In one course the student's grade had been a D.)

A spokesman for an out-of-state institution that charged students \$65 per credit-hour acknowledged that it did not employ any full-time faculty members nor own any facilities in Texas.

Recently one branch proposed to award master's degrees to five coaches who had completed a joint project. The degrees qualified them for pay increases. Their final exam, given orally, was administered by another coach. The supervising faculty member was an assistant principal in the school district. The coaches had attended no classes. The fee was \$2,700 each, and had been borrowed under a federally guaranteed loan program. The parent campus and the branch were accredited.

Inquiries about how a Texas branch of a campus in Ohio could offer extension degree programs in another city in Texas yielded assurances that the entire operation was being adequately supervised by an office in San Francisco.

Often the out-of-state institutions are offended when a state coordinating agency questions what they are doing at a branch campus. The agencies are apparently expected to accept at face value the statements from the branches that they are offering high-quality programs.

ALL THAT THE STATE AGENCIES are saying is this: If a state is putting its own house in order, it should have the right to insist that the out-of-state colleges do the same when they are guests in the state.

Another reason the states are becoming more involved in licensing out-of-state institutions is the failure

of many accrediting associations to do their jobs. One of the most frequent defenses used by out-of-state colleges is the fact that they are accredited by their own regional accrediting associations and have been authorized to move into other states with branch operations.

That sort of criticism is very unpopular with the accrediting associations. The executive directors of those associations see their job as a collegial and fraternal one. They do not see themselves as policing the operations of their member institutions. They have beaten their billy clubs into keys to unlock state boundaries to outside institutions in their eager quest for students.

The accrediting associations have played a major role in raising the banner of non-traditional education. Now, as the states, the federal government, and others raise probing questions about declining quality, they find they have been hoist with their own petards.

Some of them simply are not supervising adequately, the funding and rapidly multiplying extension operations of their member institutions. Some have said that as long as an institution is true to its stated objectives it should be eligible for accreditation. That would qualify Fagin's School for Pickpockets for accreditation. (Substantial credit for life experience would be in order, as would flexible scheduling of classes to accommodate those absent while serving jail sentences.)

Supervision of out-of-state branch operations is only one small area of higher education that the state coordinating agencies have to deal with. We would all welcome its being handled effectively by others. It is unrewarding, it takes staff time, and it makes enemies when we've got an adequate supply without an additional unpopular duty. But until the parent campuses do an adequate job, and until the accrediting agencies get back to their traditional task of insuring quality education, the state agencies have no alternative but to stand in the breach.

Kenneth H. Ashworth is commissioner of the Texas College and University System, and author of *American Higher Education in Decline*.

NAME: Ray Conger DATE: 2/6/81

2/6/81

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REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: Senate Bill 239

SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

AMEND? \_\_\_\_\_

OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

SENATE BILL 239

There are a number of reasons why this bill needs to be enacted.

1. The Montana insurance codes are silent on the subject of insurance premium financing. Most states codes do treat this subject.
2. Since the financing of insurance premiums is so intimately connected with insurance contracts; premium financing should be regulated by the insurance department. This act will be chapter 19 of Section 33 of the insurance codes.
3. Premium financing by premium finance companies is now being done in Montana by premium finance companies domiciled in other states; presumably being regulated under the laws of the state of domicile.
4. Montana citizens cannot enter the business of premium finance because of the vacuum in the codes.
  - A. Insurance is not a product eligible for the retail installment sales act.
  - B. Insurance does not fit the consumers small loan act.
5. Enactment will provide opportunity for Montana citizens to compete with out of state companies for this business.
6. This law will bring all premium finance companies under the jurisdiction of the Montana law rather than the present situation.
7. The not to exceed rate of 21% plus \$12.50 per agreement is a reflection of the maximum cost of money today. It is somewhat higher than the present installment sales act and less than the consumer loan act. The rates currently - being charged for out of state premium finance companies exceed the above for some agreements and are less than the rate for larger finance agreements.
8. It is expected that the license fee of \$100.00 will offset the cost to the department for investigation and licensing.

Ray Conger  
February 6, 1981

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: Tom Harrison DATE: 2/6/91

DATE: 2/6/91

ADDRESS: 2225 11<sup>th</sup> Helena

PHONE: 442-6350

REPRESENTING WHOM? FFG leasing

APPEARING ON WHICH PROPOSAL: 5,3239

DO YOU: SUPPORT?

AM END? \_\_\_\_\_

OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

NAME: Lucas A. Cook DATE: 5/1/11

ADDRESS: 5425 North St. St. Louis, Mo.

PHONE: 1-509-326-1234

REPRESENTING WHOM? I E R. Finance Division

APPEARING ON WHICH PROPOSAL: 53 - 239

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

NAME: 101254 DATE: 2/1/71

ADDRESS: P.O. Box 3020 Albany, GA

PHONE: 8761-7510

REPRESENTING WHOM? FD 4-5-6

APPEARING ON WHICH PROPOSAL: 5/17/51

DO YOU: SUPPORT?                      AMEND?                      OPPOSE?                     

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY



Fact Sheet  
Senate Bill #239  
Insurance Premium Finance Company Act

INTRODUCTION

The Premium Finance Act authorizes the creation of Insurance Premium Finance Companies, provides procedures for investigation and licensing of applicants, regulating premium finance transactions and sets interest rates and late charges.

NATURE OF BUSINESS

An Insurance Premium Finance Company (hereinafter "finance company") is a business that finances insurance premiums for a person or business requiring insurance. The finance company pays the insurance premium to the insurance company on behalf of the insured. The insured then repays the premium plus the finance charge in periodic installments to the finance company. This financing arrangement may be used by businesses wishing to acquire insurance as well as consumers.

Many states have acts similar to the present Bill including Minnesota, Washington, Oregon and Oklahoma.

Montana does not have a statute authorizing the financing of premiums and it is presently prohibited by the Commissioner of Insurance. Attorney Generals Anderson and Woodahl respectively ruled that the Retail Installment Sales Act and Consumer Loan Act do not generally regulate the financing of premiums. Notwithstanding this situation, Insurance Premium Financing is being conducted in Montana under the guise that the transactions are being entered into outside the state under the laws of states that do regulate the financing of premiums.

THE ACT

Licensing

Applicants for a Premium Finance License file an application and pay a \$100.00 annual license fee to the Commissioner of Insurance. The Commissioner makes an investigation of each applicant to insure that they are of good character and will comply with the requirements of the Act.

Since some financial institutions are regulated by other state and federal law, savings and loan associations, banks, trust companies, licensed finance companies, credit unions and resident insurance agents are exempted from the Act's provisions. For example, banks and savings and loans often finance insurance premiums when an individual purchases a house; finance companies finance insurance premiums with sales under the Retail Installment Sales Act. Insurance agents would be regulated under Senate Bill 210 which will allow them to charge interest on unpaid receivables after 30 days. The Insurance Premium Finance Act is necessary to allow the financing of insurance premiums in transactions that do not involve a loan, credit sale or an otherwise unregulated lender.

The Commissioner may revoke or suspend a license if after an investigation determines that the license was obtained by fraud, misrepresentation on the application, the licensee is untrustworthy or incompetent or the company has violated any provision of the Act. The records of premium finance companies must be maintained for at least three years and shall be open to examination and investigation by the Commissioner.

#### Regulating the Finance Contract; Charges

Section 7 of the Act establishes requirements for premium finance contracts including the size of the print (8 point) and the disclosure of applicable finance charges. The finance or service charge may not exceed interest at the nominal rate of 21%, plus a set-up charge to a maximum of \$12.50 per premium finance agreement, which need not be refunded upon cancellation or prepayment. If an insured prepays his premium loan prior to the due date the unearned contract charge shall be refunded in accordance with the Rule of 78's. A delinquency charge of \$1.00 to a maximum of 5% of the delinquent installment but not more than \$5.00 may be assessed on any payment that is more than 5 days late. A premium finance agreement may also provide for the payment of attorneys fees and court costs if the agreement is referred to a private law firm for collection.

#### Cancellation

- If a contract contains a clause authorizing cancellation of insurance upon default, the finance company may cancel any insurance contract listed in the agreement by giving 10 days written notice to the insured of the intent to cancel the policy unless the default is cured. The insurance agent or broker is also to be mailed a notice.

The Act also protects other parties interested in seeing that an insurance policy is maintained. The Act recognizes statutory, regulatory and contractual restrictions providing that an insurance contract may not be canceled unless notice is given to a governmental agency, mortgagee or other party. The insurer is to give the prescribed notice to these parties on or before the second business day after the day it receives the notice of cancellation from the finance company and shall determine the effective date of cancellation taking into consideration the number of days of notice required by these parties to complete cancellation.

In the event of cancellation, the unearned premium is returned to the finance company to be applied to the debt of the insured. If a surplus remains the finance company shall refund any surplus larger than \$1.00.

Finally, the Act recognizes the UCC provision stating that no filing of a premium finance Agreement or recording of a premium finance transaction is necessary to perfect a security interest in the agreement.

## Bill Summaries

SB 239 authorizes the creation of insurance premium finance companies. Such companies would have to be licensed by the insurance commissioner. Insurance premiums would be paid by a finance company to the insurer. The insured would make payments to the finance company on the amount advanced to the insurer for premium payments. A service charge not to exceed an annual rate of 21%, plus a charge of \$12.50 per finance agreement could be charged on the amount advanced. Delinquency charges on payments would be allowed. An insurance contract could be canceled for nonpayment. Prepayment would also be allowed.

SB 295 would require the state to purchase only motor vehicles which have been manufactured and assembled in the U.S.

SB 301 would allow a public utility to immediately file and charge a schedule of rates that would cover known and measurable changes in an item or items of cost and expense. This would be done in a proceeding before the public service commission to increase utility rates. The PSC would then make its rate order and order credits or rebates if necessary

Butte Water Co.

|  | <u>Butte</u>  | <u>Anaconda</u> |
|--|---------------|-----------------|
| 1979 deficits  | \$ 148,401.00 | \$ 35,160.00    |
| 3/5/80<br>application  | 1,144,484.00  | 125,874.00      |
| 4/3/80<br>interim request<br>( '79 losses + increased<br>expense levels for<br>theoretical break even) | 400,569.40    | 75,524.40       |
| 7/18/80<br>interim request<br>(MCC conceded levels)  | 532,070.00    | 82,641.00       |
| 9/4/80   |               | hearing         |
| 10/1/80<br>interim rate orders--<br>1st collections in<br>October                                      | 532,070.00    | 82,641.00       |

## HISTORY OF OFFICE OF MONTANA

### STATE INSURANCE COM ISSIONER

The position of State Auditor was created by Article VII, Section 1, of the 1889 Constitution of Montana and was continued by Article VI, Section 1, of the 1972 Constitution of Montana. The position of State Auditor, Ex Officio Commissioner of Insurance, was created by Section 2-15-1903 MCA, effective January 1, 1961. The position of State Auditor, Ex Officio Securities Commissioner, was created by Section 2-15-1901, MCA, effective July 1, 1961. The general fiscal duties of the office are provided by Sections 2-18-401 through 2-18-412, 17-1-121, 17-1,122, 17-4-102 (1), 17-4-103 (1), 17-4-105 (2) and (3), and 17-8-305, MCA.

The Insurance Department is headed by the Chief Deputy Commissioner of Insurance. The Securities Department is headed by the Deputy Securities Commissioner. The Audit Department is headed by the Deputy State Auditor. Some of the departments within the office of the State Auditor may be further broken down into divisions and sub-units.

The State Auditor is elected by the qualified voters of Montana, as provided by law, by statewide general election. The State Auditor holds office for a term of four (4) years, and until a successor is elected and qualified. The State Auditor is responsible for administration of the Office of the State Auditor and its departments, serves as Ex Officio Commissioner of Insurance, Ex Officio Securities Commissioner, and superintends the general fiscal concerns of the state.

There are no boards within or attached to the Office of the State Auditor, and there are no advisory councils advising the Office of the State Auditor. By law, the State Auditor is a member of the State Land Board, the State Hail Board, and the State Canvassing Board. The Insurance Department is responsible for providing protection for Montana consumers of insurance. The Insurance Department authorizes and examines insurers, reviews insurance rates and forms, administers security deposits, and collects and distributes premium taxes. The Insurance Department examines and licenses agents, solicitors, and adjusters. The insurance department answers inquiries, investigates and resolves consumer complaints regarding all aspects of insurance, including those involving agents and/or insurers.

General inquiries regarding the Office of the State Auditor may be addressed to the State Auditor. Specific inquiries regarding the functions of a particular department may be addressed to the chief deputy in charge of that department. Specific inquiries for any specific form should be submitted to the particular department. All requests for hearings, declaratory rulings, and participation in rule making may be addressed to the State Auditor unless the notice in the Montana Administrative Register makes specific provision for submissions.

## THE MONTANA INSURANCE DEPARTMENT

The Montana Insurance Department is charged with the responsibility of the regulation of the insurance industry for the protection of the insurance buying public, as set forth in Title 33, MCA, as follows:

- (1) To provide the insurance buying public with financially solvent companies and to assure them of the solidity of insurers, including examination of the affairs, transactions, accounts, records and assets of each authorized insurer as often as is deemed necessary;
- (2) For the purpose of maintaining fairness in insurance transactions, to examine accounts, records, documents and transactions of agents, managers, etc., pertaining to or affecting insurance affairs or proposed insurance affairs;
- (3) To collect all insurance and license fees as provided for by the insurance laws of this State;
- (4) To require that any insurer transacting business in this State be authorized by a subsisting certificate of authority;
- (5) For the protection of the people of this State, to require that any agent or solicitor must qualify by written examination for license in compliance with the code and be licensed;
- (6) To regulate trade practices in the business of insurance by defining, or providing for determination of, all such practices in this state which constitute unfair methods of competition or unfair or deceptive acts or practices and by prohibiting the trade practices so defined or determined;
- (7) To promote public welfare by regulating insurance rates as provided in the code, to the end that they shall not be excessive, inadequate or unfairly discriminatory, and to authorize the existence and operation of qualified rating organizations and advisory organizations;
- (8) To provide that no basic insurance policy or annuity contract form, or application form where written application is required by law and is to be made a part of the policy or contract, or printed rider or endorsement form or form of renewal certificate shall be delivered, or issued for delivery in this state, unless the form has been filed with and approved by the Insurance Department; and
- (9) To allocate amounts of funds to be distributed, from premium taxes collected, to other sources, as provided by law, to wit; Firemen and police pension funds, etc.
- (10) To investigate all inquiries and complaints made by consumers regarding companies, agents, solicitors or adjusters, and assist policyholders with settlement of claims.

The following names are those of key personnel of the Office of the State Auditor:

Honorable E.V. "Sonny" Omholt, State Auditor, Ex Officio Insurance Commissioner, Ex Officio Securities Commissioner, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.

Josephine M. Driscoll, Chief Deputy Insurance Commissioner, State Insurance Department, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.

James A. Cheetham, Assistant Chief Deputy Insurance Commissioner State Insurance Department, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.

M. Valencia Lane, Chief Legal Counsel, Office of the State Auditor Mitchell Building, Helena, Montana 59620.

Richard Tucker, Deputy Securities Commissioner, State Securities Department, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.

Roy Phelps, Deputy State Auditor, Audit Department, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.

Kathleen Behm, Director, State Central Payroll System, Office of the State Auditor, Mitchell Building, Helena, Montana 59620.





# STATE OF MONTANA

## OFFICE OF E. V. "SONNY" OMHOLT STATE AUDITOR

COMMISSIONER OF INSURANCE  
INVESTMENT COMMISSIONER  
CENTRAL PAYROLL SYSTEM

HELENA, MONTANA 59601

### INSURANCE DEPARTMENT STAFF

#### ADMINISTRATION

|                  |  |
|------------------|--|
| JO DRISCOLL      | CHIEF DEPUTY INSURANCE COMMISSIONER        |
| JIM CHEETHAM     | ASSISTANT CHIEF AND ADMINISTRATIVE OFFICER |
| M. VALENICA LANE | CHIEF LEGAL COUNSEL                        |
| MARSHA EDDEN     | SECRETARY                                  |

#### COMPANY SUPERVISION

|               |                    |
|---------------|--------------------|
| TERRY MEAGHER | CHIEF EXAMINER     |
| RENEE JACQUES | ASSISTANT EXAMINER |

#### AGENT'S SUPERVISION

|                  |                          |
|------------------|--------------------------|
| JOYCE MEAGHER    | CHIEF LICENSING DIVISION |
| DOROTHY McENANEY | LICENSING CLERK          |
| MITZI DEVIVIER   | LICENSING CLERK          |

#### POLICY HOLDERS SERVICE REPORT

|                               |                                  |                              |                                |                                      |
|-------------------------------|----------------------------------|------------------------------|--------------------------------|--------------------------------------|
| April 1979 thru<br>March 1980 | <b>New Files Opened</b><br>2,069 | <b>Files Closed</b><br>2,236 | <b>Valid Complaints</b><br>751 | <b>\$ Recovery</b><br>\$1,138,489.93 |
|-------------------------------|----------------------------------|------------------------------|--------------------------------|--------------------------------------|

#### COMPANIES AUTHORIZED June 30, 1980

|                             | No. of Companies |
|-----------------------------|------------------|
| Life & Disability           | 497              |
| Casualty/Property/Title     | 459              |
| Fraternal                   | 26               |
| Montana Farm Mutuals        | 14               |
| Benevolents                 | 2                |
| Motor Clubs                 | 16               |
| Health Service Organization | 4                |
|                             | <u>1018</u>      |

#### NO. OF RESIDENT & NON-RESIDENT AGENTS LICENSED at June 30, 1980

|                 |       |
|-----------------|-------|
| LIFE ONLY       | 3,142 |
| CASUALTY ONLY   | 1,297 |
| LIFE & CASUALTY | 1,114 |

#### AGENTS EXAMINATIONS for year ending Dec. 31, 1979

|                        |       |
|------------------------|-------|
| Number of Examinations | 1,247 |
| Number Passed          | 855   |
| Number Failed          | 392   |

#### COLLECTION / EXPENSE REPORT FOR FISCAL YEAR ENDING JUNE 30, 1979

|      | TOTAL<br>FEES & TAXES<br>COLLECTED | Number<br>of<br>Companies<br>authorized | Overhead<br>and op-<br>erating<br>expenses | % - Overhead<br>and expenses<br>to<br>Revenue |
|------|------------------------------------|---|--|---|
| 1962 | \$ 2,485,565                       | 563                                     | N/A  | N/A   |
| 1963 | 2,676,971                          | 564                                     | N/A  | N/A   |
| 1964 | 2,854,238                          | 582                                     | \$ 69,168                                  | 2.4%  |
| 1965 | 2,977,239                          | 620                                     | 63,883                                     | 2.2%  |
| 1966 | 3,167,053                          | 648                                     | 75,499                                     | 2.4%  |
| 1967 | 3,415,952                          | 651                                     | 91,338                                     | 2.7%  |
| 1968 | 3,517,507                          | 707                                     | 98,028                                     | 2.8%  |
| 1969 | 3,822,617                          | 756                                     | 93,376                                     | 2.4%  |
| 1970 | 4,931,700                          | 805                                     | 114,101                                    | 2.3%  |
| 1971 | 5,383,425                          | 823                                     | 112,156                                    | 2.1%  |
| 1972 | 6,115,751                          | 842                                     | 137,565                                    | 2.3%  |
| 1973 | 6,812,473                          | 897                                     | 142,711                                    | 2.1%  |
| 1974 | 7,366,923                          | 945                                     | 239,480                                    | 3.3%  |
| 1975 | 8,323,217                          | 955                                     | 366,842                                    | 4.4%  |
| 1976 | 9,483,281                          | 969                                     | 338,409                                    | 3.6%  |
| 1977 | 11,239,651                         | 956                                     | 351,641                                    | 3.1%  |
| 1978 | 12,656,322                         | 984                                     | 400,108                                    | 3.2%  |
| 1979 | 14,367,308                         | 996                                     | 394,904                                    | 2.7%  |
| 1980 | 15,177,933.                        | 1016                                    | 429,232.                                   | 2.8%  |

STATE OF MONTANA  
E. V. "Sonny" Omholt  
State Auditor  
Commissioner of Insurance  
Helena, Montana

INSURANCE DEPARTMENT COLLECTIONS FOR FISCAL YEAR ENDING JUNE 30TH:

| ACT.,<br>ETC.,<br>LIC.<br>FEES | CO.<br>FEES | FIRE<br>MARSHALL<br>TAX | FIRE-<br>MEN'S<br>PENS.<br>TAX | OTHER<br>THAN LIFE<br>PREMIUM<br>TAX | LIFE &<br>DISABILITY<br>PREMIUM<br>TAX | RETAIL-<br>ATION<br>TAX | HEALTH<br>SER. CORP.<br>FEES &<br>TAX | TOTAL        | # OF<br>CO.<br>AUTH.<br>IN MT. | DEPT.<br>OPER-<br>ATING<br>EXP. | % OF<br>OPER-<br>EXP. TO<br>REVENUE |
|--------------------------------|-------------|-------------------------|--------------------------------|--------------------------------------|--|-------------------------|---------------------------------------|--------------|--------------------------------|---------------------------------|-------------------------------------|
| 1962 \$101,165                 | \$ 48,302   | \$ 27,512               | \$                             | \$1,182,296                          | \$1,086,353                            | \$39,937                | \$                                    | \$ 2,485,565 | 563                            | N/A                             | N/A                                 |
| 1963 120,955                   | 43,225      | 27,313                  |                                | 1,290,876                            | 1,154,144                              | 40,458                  |                                       | 2,676,971    | 564                            | N/A                             | N/A                                 |
| 1964 91,153                    | 59,897      | 27,818                  |                                | 1,331,861                            | 1,303,426                              | 40,083                  |                                       | 2,854,238    | 582                            | \$ 69,168                       | 2.4                                 |
| 1965 89,746                    | 47,196      | 28,722                  |                                | 1,377,099                            | 1,388,658                              | 45,818                  |                                       | 2,977,239    | 620                            | 63,883                          | 2.2                                 |
| 1966 90,004                    | 55,246      | 29,881                  |                                | 1,480,737                            | 1,460,357                              | 50,828                  |                                       | 3,167,052    | 640                            | 75,600                          | 2.4                                 |
| 1967 89,444                    | 51,316      | 31,860                  |                                | 1,605,392                            | 1,583,304                              | 54,636                  |                                       | 3,415,952    | 651                            | 91,338                          | 2.7                                 |
| 1968 91,092                    | 56,418      | 29,972                  |                                | 1,643,372                            | 1,643,098                              | 53,555                  |                                       | 3,517,507    | 707                            | 98,028                          | 2.8                                 |
| 1969 91,037                    | 56,537      | 34,902                  |                                | 1,786,786                            | 1,774,334                              | 79,021                  |                                       | 3,822,617    | 756                            | 93,376                          | 2.4                                 |
| 1970 99,760                    | 253,806     | 66,952                  |                                | 2,239,370                            | 2,245,201                              | 26,611                  |                                       | 4,931,700    | 805                            | 104,101                         | 2.3                                 |
| 1971 102,890                   | 261,364     | 72,487                  |                                | 2,483,581                            | 2,445,508                              | 17,595                  |                                       | 5,383,425    | 823                            | 112,156                         | 2.1                                 |
| 1972 106,524                   | 267,131     | 129,231                 |                                | 2,921,201                            | 2,665,545                              | 26,119                  |                                       | 6,115,751    | 842                            | 137,565                         | 2.3                                 |
| 1973 116,202                   | 292,854     | 147,829                 |                                | 3,221,340                            | 3,005,581                              | 28,667                  |                                       | 6,812,473    | 897                            | 142,711                         | 2.1                                 |
| 1974 126,619                   | 301,538     | 158,521                 |                                | 3,519,525                            | 3,222,842                              | 37,878                  |                                       | 7,366,923    | 945                            | 239,480                         | 3.3                                 |
| 1975 279,201                   | 319,064     | 182,858                 |                                | 4,013,822                            | 3,487,943                              | 40,329                  |                                       | 8,323,217    | 955                            | 366,842                         | 4.4                                 |
| 1976 274,750                   | 309,253     | 191,133                 | 381,684                        | 4,591,501                            | 3,690,125                              | 44,835                  |                                       | 9,483,281    | 969                            | 338,409                         | 3.6                                 |
| 1977 268,138                   | 311,295     | 236,459                 | 472,924                        | 5,804,292                            | 4,054,309                              | 67,425                  | 24,809                                | 11,239,651   | 956                            | 351,641                         | 3.1                                 |
| 1978 344,201                   | 324,678     | 274,848                 | 549,670                        | 6,541,861                            | 4,513,215                              | 84,519                  | 23,330                                | 12,656,322   | 985                            | 400,108                         | 3.2                                 |
| 1979 556,908                   | 338,501     | 310,103                 | 619,082                        | 7,380,643                            | 5,059,252                              | 77,113                  | 25,706                                | 14,367,308   | 996                            | 394,904                         | 2.7                                 |
| 1980 417,808                   | 336,024     | 342,138                 | 684,276                        | 8,049,699                            | 5,232,148                              | 88,253                  | 26,686                                | 15,177,033*  | 1018**                         | 429,232                         | 2.8                                 |

\*611% of 1962

\*\*180% of 1962

1018 Actual Companies authorized at 6/30/80 (includes Health Service Corporations, Motor Clubs, Fraternal, Farm Mutuals etc.)