

MINUTES OF THE MEETING  
LABOR & EMPLOYMENT RELATIONS COMMITTEE  
MONTANA STATE SENATE

March 3, 1981

The meeting of the Labor & Employment Relations Committee was called to order by Chairman Harold Nelson on March 3, 1981, in Room 404 of the State Capitol at 1:00 p.m.

ROLL CALL: All members of the Committee were present.

CONSIDERATION OF HOUSE BILL 283:

Chairman Harold Nelson introduced Mr. Norman Grosfield to the Committee. Mr. Grosfield explained the bill to the Committee in the absence of Representative Jay Fabrega, sponsor of HB 283. This bill is an Act revising the membership and setting forth the powers and duties of the Classification and Rating Committee for Workers' Compensation Insurance.

PROPOSERS OF HOUSE BILL 283:

Mr. Grosfield also represented the Independent Insurance Agents Association of Montana. Mr. Grosfield's printed testimony is attached to the minutes.

Mr. Grosfield told the Committee that Montana is the only state in the United States that allows insurance agents to set their own rates, and the Independent Insurance Agents of Montana have led the fight to lower insurance rates.

Mr. Grosfield further stated that it would provide a lot of local control over the system that sets the advisory rates for the state of Montana.

Mr. Bill Palmer, representing the Division of Workers' Compensation, stated they take a neutral position on the bill, but they see no problem with the bill as it is written.

Mr. Keith Olson of Kalispell, representing the Montana Logging Association, stated they are in support of HB 283.

OPPOSERS OF HOUSE BILL 283:

Mr. Paul Keller, representing the American Insurance Association, stated they are in opposition to HB 283 as it now stands; however, Mr. Keller offered an amendment to HB 283 and this amendment is attached to the minutes.

QUESTIONS ON HOUSE BILL 283:

Senator Mike Anderson asked about the effect of the proposed amendment, in other words, the effect of making the Committee's role advisory rather than mandatory.

Mr. Grosfield stated that with the current law the Committee does set advisory rates. The rates flow freely. He stated that the amendment as proposed by Mr. Keller would change the classification so that the classification would not be mandatory as far as the rates go, and neither the bill nor the amendments will affect these.

He further stated that the insurance agents want to be compatible with the state fund, and the independent insurance agent has only one vote out of five. He told the Committee there was a need for standardized classification of industries and definitions, and there was a need for more control over the setting of rates.

Senator Goodover asked if these amendments were offered in the House earlier. Mr. Keller stated that they were not.

Senator Aklestad asked about the establishing of rates in the bill.

Mr. Grosfield stated that the rates will not be binding on any insurance carrier in the state--the rates will only be advisory.

Senator Keating asked who would print the pamphlets. Mr. Keller stated they would be printed under the same conditions.

Senator Aklestad wondered why the Committee hadn't been very active in the past.

Mr. Grosfield stated that he didn't know why, but under the new index at least they would be required to get together semi-annually.

Senator Ryan questioned whether the Committee would be forced to meet. Mr. Grosfield stated they could be asked to give up their place on the Committee if the Committee members do not meet as required.

Senator Ryan asked who the elected official is who is Insurance Commissioner and who heads the Committee. Mr. Grosfield stated that it is the State Auditor.

Senator Hafferman asked who are the three Committee members. Mr. Grosfield stated that the Committee is comprised of an underwriter from Workers' Compensation, a representative from USF&G and a representative from Employers' Group of Wausau.

Senator Goodover asked if this bill was requested by the Workers' Compensation Division.

Mr. Grosfield stated that some of the independent insurance agents got together and drafted the bill and asked Rep. Fabrega to introduce the bill.

Senator Hafferman asked about the position of organized labor on the bill. Mr. James Murry stated that they took no position on the bill.

Chairman Nelson called the hearing closed on House Bill 283.

CONSIDERATION OF HOUSE BILL 344:

Chairman Nelson introduced Representative Robert Ellerd, sponsor of HB 344, to the Committee. Rep. Ellerd stated that this bill is by request of the Department of Labor & Industry. This bill is an Act to limit the payment of extended unemployment insurance benefits to two weeks for individuals filing from a state in which extended benefits are not in effect.

PROPONENTS OF HOUSE BILL 344:

Mr. Harold Kansier from the Department of Labor, stated that the bill came about as a result of legislation by Congress in 1980.

Mr. Gregg Groepper from the Department of Labor stated that they are in support of HB 344. It would help put Montana's law in conformity with the federal law.

There were no opponents to House Bill 344 present at the hearing.

QUESTIONS ON HOUSE BILL 344:

Senator Aklestad asked about an individual who goes into another state--what has happened in the past?

Mr. Kansier stated that in the past and under present law, an individual for whom the trigger is on in Montana who goes to another state would not get extended benefits.

Senator Goodover asked if the same thing were true of a person coming to Montana from Wyoming.

Mr. Kansier stated that under the present law if the trigger is off in other states an individual is entitled to extended benefits; under the bill the individual would not get extended benefits.

Senator Aklestad asked how many people fell into this category last year. Mr. Kansier stated about 500 petitioned for extended benefits, but he didn't know the conditions of the states from which extended benefits were alleged to be allowable.

Mr. Kansier stated that all states will have the two-week provision now.

Senator Ryan wondered why we needed this when the federal law says we have to do it. Mr. Kansier stated that the state must conform to the federal law if the state wants to allow for a tax credit for employers.

Chairman Nelson called the hearing closed on House Bill 344.

CONSIDERATION OF HOUSE BILL 464:

Rep. Ellerd, sponsor of HB 464, explained the bill to the Committee. He stated that this bill is by request of the Department of Labor & Industry and is federally required legislation. This bill is an Act to clarify the law regarding disqualifications for extended unemployment insurance benefits.

Rep. Ellerd asked Mr. Kansier to give the Committee a little more detail on the bill.

PROPOSERS OF HOUSE BILL 464:

Mr. Kansier stated that this bill strengthens requirements for getting extended benefits. The person receiving benefits must have requalifying wages. The present law does not conform in that it requires requalifying wages where the individual is unable and not actively seeking work.

The major points of the bill are: 1) Requirements for benefit eligibility; and 2) Redefinition of suitable work. Mr. Kansier distributed some material concerning "suitable work", and this material is attached to the minutes.

Mr. Gregg Groepper from the Department of Labor & Industry, stated they are in support of HB 464 because it is another bill that would put Montana's law in conformity with federal law.

There were no opponents of HB 464 present at the hearing.

QUESTIONS ON HOUSE BILL 464:

Senator Aklestad asked what would happen if Montana didn't conform to federal regulation.

Mr. Kansier stated that the federal government could deny tax credit for the federal unemployment tax and federal funds could be withheld.

Senator Aklestad asked why this wasn't written into the existing bill.

Mr. Kansier stated that the extended benefit provision is separate from the regular provision.

Senator Aklestad asked how much more stringent the federal law is.



# STANDING COMMITTEE REPORT

March 3, 19 31

MR. PRESIDENT

We, your committee on LABOR & EMPLOYMENT RELATIONS

having had under consideration HOUSE Bill No. 344  
Ellerd (M. Anderson)

Respectfully report as follows: That HOUSE Bill No. 344

BE CONCURRED IN  
DO PASS

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# STANDING COMMITTEE REPORT

March 3, 19 81

MR. PRESIDENT

We, your committee on LABOR & EMPLOYMENT RELATIONS

having had under consideration HOUSE Bill No. 464  
Ellerd (M. Anderson)

Respectfully report as follows: That HOUSE Bill No. 464

BE CONCURRED IN  
~~DOYASS~~

JRF





# Independent Insurance Agents of Montana INCORPORATED



REGARDING HOUSE BILL NO. 283

To: The Senate Labor Committee  
From: Independent Insurance Agents' Association of Montana  
Date: March 3, 1981  
Re: Support for House Bill No. 283

The Independent Insurance Agents' Association of Montana hereby indicates its support for House Bill No. 283. This proposal would revise the membership on the current Classification and Rating Committee that is utilized in Montana for the review of workers' compensation insurance premium rates.

Montana has gone through many changes in recent years in the workers' compensation area. These changes have included updates in benefit levels to injured workers, as well as expanded coverage requirements for employers in the state. As a result of these changes, insurance premium rates have varied considerably in recent years, with substantial fluctuations in such rates.

Insurance premium rates are established based on different classifications of employment. At the present time, there are over 400 different classifications, and each classification has a rate established based on injury experience. Under current law, insurance carriers writing workers' compensation insurance in the state must belong to a rating organization. The only viable rating organization for Montana is the National Council on Compensation Insurance. This rating organization is headquartered in New York City, with field offices throughout the United States.

In recent years, there have been many problems concerning the establishment of premium rates by the National Council. The Independent Insurance Agents' Association has been in continuous contact with the National Council regarding problems with the setting of rates. In instances, apparent mistakes have been made in the establishment of rates for the state, and incorrect data and criteria have been used for such rates. This has resulted in what the Association believes are inflated workers' compensation rates, and such rates increase the cost to do business in the state for Montana employers.

It is the belief of the Independent Insurance Agents' Association that the current Classification and Rating Committee, now utilized in Montana to review certain matters concerning the establishment of rates and setting of rules for workers' compensation underwriting, should be strengthened. Therefore, the Association worked in concert with other interested groups, including insurance companies, to work out a system to strengthen the Committee. This Committee acts as a buffer between the National Council and employers insuring employees with private insurance carriers. The proposed bill would increase the number on the committee from three to five, and would add an independent insurance agent to the committee. We believe that an independent agent is in a good position to be knowledgeable about the day-to-day activities concerning employers in Montana, and will provide needed and valuable input to the rating system in the state.

In addition, House Bill No. 283 would strengthen the Committee

by requiring it to meet at least semi-annually, granting the committee certain powers concerning the establishment of manual rules and classifications, the establishment of advisory premium rates as provided in the current law, and the publication of information concerning rate-making in the state. In addition, the bill would provide a formal appeal process concerning the review of classification assignment for employers.

The Association urges the Senate Labor Committee to give a do-pass recommendation to House Bill No. 283, and we believe the bill will provide a needed procedure for the review of workers' compensation rates in the state, and proper protection for all employers obtaining workers' compensation insurance in the state.

NAME: Wm. R. Palmer DATE: 3/3/81

ADDRESS: 815 Front St.

PHONE: 449-3182

REPRESENTING WHOM? Division of Workers Comp.

APPEARING ON WHICH PROPOSAL: HB 283

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: The document basically states support  
in general for the bill. However it has  
one problem with the bill which is that  
it is the Workers Compensation system.

NAME: KEITH OLSON DATE: 3 MARCH 81

ADDRESS: Box 1716 KALISPELL 59901

PHONE: 755-3185

REPRESENTING WHOM? MT. Logging Assn.

APPEARING ON WHICH PROPOSAL: HB 283

DO YOU: SUPPORT?  AMEND?  OPPOSE?

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

Montana's insured & citizens need representation on insurance matters which effect our industries and communities!

NAME: Paul Miller DATE: 3/3/1941

ADDRESS: La Grange Power Plk. La Grange

PHONE: 715-2230

REPRESENTING WHOM? Industrial Union of Marine and Shipbuilding Workers

APPEARING ON WHICH PROPOSAL: 46228

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

COMMENTS: \_\_\_\_\_  
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*Distributed to Committee by  
Paul Keller, Attorney, representing  
American Insurance Association*

Members of the Committee:

I would like to offer an amendment to House Bill 283. House Bill 283 in the new Section 2 authorizes this panel to establish all manual rules and classification. They make a final determination which actually sets the rates for insurance carriers. So we should like to amend the new Section 2 in House Bill 283 to read as follows:

NEW SECTION. Section 2. Functions and powers of classification and rating committee. The classification and rating committee shall:

(1) meet not less than semiannually to conduct its business;

(2) advise on matters relating to the development of manual rules, classifications and advisory premium rates;

(3) advise on the publication of such material and pamphlets as it considers appropriate; and

(4) act as a review committee concerning objections filed by employers in relation to classifications assigned to the employer by an insurer. The committee shall establish procedures for hearing such objections.





NAME: Gregg Grappier DATE: 3/3/87

ADDRESS: Rm 412 ESD Building

PHONE: 549-3799

REPRESENTING WHOM? DEPT OF LABOR AND INDUSTRY

APPEARING ON WHICH PROPOSAL: HB 344, HB 464

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: HB-344 Support - put Montana's U.I. law in conformity with Federal law

HB-464 Support - for the same reason as HB-344



*Distributed to Committee by  
Harold Kanier  
from Dept. of Labor*

State law must deny EB to an individual who fails to accept suitable work (as specifically defined in Federal law) or a referral to such work, or who fails to engage in a systematic and sustained search for work and fails to provide tangible evidence to the State agency of such effort.

Suitable work defined as any work to which referred by the State agency, if the work: is within the person's capabilities; pays a gross weekly wage equal to the highest of Federal or State or local minimum wage; pays a gross weekly wage that exceeds the person's average weekly UI weekly benefit amount plus any supplemental unemployment compensation (SUB) payable to the individual; and is consistent with the State definition of "suitable work" with regard to provisions not specifically addressed in this amendment.

**39-51-2304. Disqualification for failure to apply for or to accept suitable work.** (1) Effective April 1, 1977, an individual is disqualified for benefits if he fails without good cause either to apply for available and suitable work when so directed by the employment office or the division or to accept suitable work offered to him which he is physically able and mentally qualified to perform or to return to his customary self-employment, if any, when so directed by the division. Such disqualification continues for the week in which such failure occurs and until the individual has performed services, other than self-employment, for which remuneration is received equal to or in excess of his weekly benefit amount in 6 separate weeks subsequent to the date the act causing the disqualification occurred, with 6 weeks' reduction in benefit duration, as determined by the division, provided he has not left this work under disqualifying circumstances.

(2) In determining whether or not any work is suitable for an individual, the division shall consider the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience and previous earnings, his length of unemployment and prospects for securing local work in his customary occupation, and the distance of the available work from his residence.

(3) Notwithstanding any other provisions of this chapter, no work may be considered suitable and benefits may not be denied under this chapter to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(a) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(b) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(c) if, as a condition of being employed, the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

(4) During the first 13 weeks of unemployment, suitable work is work that meets the criteria in this section and that offers wages equal to the prevailing wage for that area in the individual's customary occupation. After 13 weeks of unemployment, suitable work is work that meets the criteria in this section and that offers 75% of the prevailing wage.

