

MINUTES OF THE SENATE
RULES COMMITTEE
March 13, 1981

The Senate Rules Committee met Friday, March 13, 1981 in Room 831 of the State Capitol. Senator Stan Stephens, Chairman, called the meeting to order at 2:35 p.m.

ROLL CALL

All members were present.

ACTION TAKEN ON H.B. 546

"TO REVISE THE MOTOR VEHICLE MANDATORY LIABILITY PROTECTION LAW BY REQUIRING CERTIFICATION OF POSSESSION OF INSURANCE".

H.B. 546 was sent to Rules by President Turnage for a ruling on whether the material in this bill is the same as a similar bill (S.B. 351) killed in the Senate earlier in this session of the legislature. Representative Pistoria introduced the bill. He testified that his bill is basically the same as three other bills introduced in the House, and the House State Administration Committee decided his bill was the one they wanted to send to the Senate without having to amend it.

Senator Kolstad stated that motorcycles have never been in the statutes before and he would like to see them amended out of the bill. He explained that farmers and ranchers use them in their business and he feels they should exempt motorcycles.

Senator Turnage stated he had no quarrel with the bill, but he feels the penalties are too stiff for a misdemeanor. He asked if perhaps insurance companies were behind this legislation.

Chairman Stephens reminded the committee that we are only here for a ruling on whether H.B. 546 should be allowed in the Senate. The consensus was that if the motorcycles were amended out, then, yes it would comply.

Senator Turnage suggested that the bill be amended in this Committee before we make a ruling.

Senator Turnage moved to strike section 2 in its entirety. Further, amend section 3, page 4, lines 10 and 11 following misdemeanor by adding punishable by a fine of \$250.00. And, amend the Title to strike "BY REMOVING THE EXEMPT STATUS OF MOTORCYCLES;" and, so amended be concurred in, and referred to the appropriate committee. Motion carried.

Meeting adjourned at 3:00 p.m.


Stan Stephens, Chairman

ROLL CALL

RULES

COMMITTEE

H.B. 546

47th LEGISLATIVE SESSION - - 1981

Date 3-13-81

NAME	PRESENT	ABSENT	EXCUSED
Stan Stephens, Chairman	✓		
Frank Hazelbaker, V. Chrm.	✓		
Jean Turnage	✓		
Allen Kolstad	✓		
Ed Smith	✓		
Jack Galt	✓		
Chet Blaylock	✓		
Bill Norman	✓		
Carol Graham	✓		
Paul Boylan	✓		

Each day attach to minutes.

STANDING COMMITTEE REPORT

March 14, 1931

MR. PRESIDENT

We, your committee on SENATE RULES

having had under consideration HOUSE BILL Bill No. 546

Respectfully report as follows: That HOUSE BILL Bill No. 546
be amended as follows:

1. Title, lines 8 and 9.

Following: "CARRIER;"

Strike: "BY REMOVING THE EXEMPT STATUS OF MOTORCYCLES;"

2. Title, line 10.

Following: "61-6-302"

Strike: "THROUGH"

Insert: "AND"

3. Page 2, line 25 through page 3, line 24.

Strike: Section 2 in its entirety.

4. Page 4, line 11.

Following: "PENISHABLE"

Strike: "AS PROVIDED IN 46-18-212"

Insert: "by a fine not to exceed \$250"

And, as so amended,

~~DO PASS~~

BE CONCURRED IN

OK



BILLS AFFECTING INSURANCE LAWS THAT MAY BE INTRODUCED IN THE UP-COMING 1981 LEGISLATURE

1. Compulsory Auto Insurance Law "Corrections"

COMMENTS: The 1979 Legislature passed a much-amended compulsory auto insurance law.

CHANGES NEEDED:

- A. Eliminate the necessity of person to supply evidence of insurance when applying for auto license plates - and instead require person, when applying for auto plates, to sign a statement certifying that he has the required insurance in effect and verifying he will keep such insurance in effect; and that he will surrender the plates if he allows the insurance to lapse.
- B. The law should cause the auto owner to acknowledge that he understands and agrees to be automatically guilty of a misdemeanor if he knowingly drives an auto that does not have current insurance applying to that auto as required by law.
- C. The fine for being guilty of this misdemeanor should be raised to an amount high enough to prove effective - say \$500.
- D. Require insurance companies to supply the insureds the "Evidence of Insurance" card that should then be required to be carried in the auto. Failure to have such evidence of insurance in each car with active plates could be handled in a similar manner to enforcing a driver to carry a driver's license.
- E. Fund the Highway Patrol adequately to carry out the duty of securing the plates on autos on which the insurance has lapsed.
- F. Clarify the law to require the Highway Patrol, City Police or other enforcement personnel - all who may be charged with traffic law enforcement - to issue the appropriate citations for lapsed insurance or missing insurance evidence whenever such becomes known to law officers.

2. Workers Compensation Law Changes.

A. Expand the Classification and Rating (C&R) Committee.

COMMENT: Need to expand to seven members to include membership from Workers Comprehensive Division, Insurance Companies, and Agents.

B. Spread premium tax over all Workers Compensation premiums (both private company and State Fund premiums)

COMMENT: Cut in half the tax (2.75%) on private company premiums and put an equal (1.375%) premium tax on the State Fund policy premiums. This would help correct an inequity between the two plans without reducing the tax income to the State.

C. Remove dollar amounts from Workers Compensation law that pertain to payroll limitations for figuring premiums for corporate officers and sole proprietors. Let the C&R Committee adjust these payroll amounts.

COMMENT: This is a housekeeping matter to make the law more realistic as dollar values change in our economy.

3. Bill to prohibit "stacking" of Uninsured Motorist benefits.

COMMENT: -Uninsured Motorist benefits are actually excess (higher limits) medical payments that are paid to an injured party when his person or car is struck by an auto that is un-insured and its driver is adjudged the party in the wrong in the collision.
 -The Uninsured Motorist benefits were legislated in Montana to impliment higher limits of medical expense coverage when persons are struck by uninsured motorists. Stacking of the benefits was not figured in the premium computations nor was stacking intended.
 -If stacking is allowed, then the premiums to the consumer will increase.

4. Bill to put a statute of limitations (time limit) on Products Liability.

COMMENT: -We feel this is necessary to put a "reasonable" time factor in this area.
 -We also feel the bill should address the product modification side of the issue.
 -With a reasonable time limit and product modification limitation, the availability of market and lower premiums will be assured to our Montana insurance consumers.

5. Bill to prohibit the courts from awarding Punitive Damages in most cases.

COMMENT: -This is not an insurance item for it is not an insurable risk.
 -It is actually an imposing of a financial penalty - probably assessed against persons or companies who are deemed "more able to pay". Hardly a case of "equality under the law".

6. Bills to assure the Montana insurance consumers have the broadest and most open insurance contracts available to them.

COMMENT: Repeal the Policy Countersignature law and substitute more workable regulations on policies written by out-of-state firms on risks in Montana.

- (a) require premium tax to be paid on all such business.
 - (b) require state income tax to be paid on all income derived on all such business.
 - (c) institute large fines and expulsion from the State on all firms who violate the tax requirements.
- Allow a more liberal licensing of out-of-state insurance agencies for writing insurance business in the State.
- (a) Non-resident licensing laws have been efforts to restrict the out-of-state agents from writing insurance on risks in our state. It is hard to enforce, provincial in nature, protectionism in action, and unrealistic. Qualified Montana insurance agents can compete with any out-of-state firms and do not seek such protectionist legislation.

12/80

-Change laws concerning consulting and brokering services to allow the writing of insurance contracts for clients for which such risk management services are also performed.

- (a) Risk Management/Loss Prevention services are becoming increasingly important in today's world of insurance.
- (b) We feel our Montana laws unrealistically prohibit the contracting by professional insurance agencies with the clients the delivering of risk management/loss control services.
- (c) Written contracts, spelling out the services and charges for such, can be required so the insured knows the full costs and services to expect, in addition to knowing that the agent may also be getting a commission on insurance contracts he may also write for the insured.

COMMENT: -We feel the Montana insurance consumer can best benefit from an open insurance market - not a market closed in by false, provincial legislation designed to "protect" the agents of the state.

-Proper safeguards and requirements can be written into the laws to prevent abuses by out-of-state agents, collect the taxes rightfully due on all such insurance, strengthen the enforcement muscle of the Commissioner's office on this business and yet allow an honest, open and competitive insurance market to exist for our Montana consumers.

-Appropriate financial safeguards can be instituted to require adequate deposits and other indemnity to be controlled by the State so that our consumers will be assured financial solvency of the insurance companies protecting all Montana property and casualty risks. Such safeguards can also address the Guarantee Fund situation to assure equitable payment into the Fund by all companies writing business in Montana, including "so called" Surplus Lines companies.

NOTE: Cover other possible bills the legislators may want to discuss.