

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 20, 1981

The regular meeting of the Business and Industry Committee was called to order by Chairman Hazelbaker at 10 a.m. in room 404 of the Capitol Building on Friday, March 20.

ROLL CALL: All members present with the exception of Senator Dover, excused.

HOUSE BILL NO. 385: Representative Pistoria, District 39. This bill increases the annual report fee for each individual or family unit covered by a health service corporation from 20 cents to 50 cents, subject to a minimum of \$100. The corporation is required to submit contracts and forms to the insurance commissioner for approval at least 30 days prior to use. The commissioner is required to examine each health service corporation at least once every four years. I would like to thank Jay Fabrega for a job well done. The House B & I Committee made changes that are more effective and strengthen the bill.

The bill accomplishes practically everything I asked for, and what the senior citizens have been wanting for some time. The control of the non-profit health insurance corporations such as Blue Shield and Blue Cross, the Blues, as they are called by the State Auditor, Sonny Omholt, who is also the Insurance Commissioner. It is the first time the blues will be controlled by the Insurance Commissioner as the private health insurance corporations are.

I would like to give a few reasons why I introduced this bill. The strong feelings and public demand due to many complaints, which I received from people through letters and telephone calls, who have had to have medical care.

1. The long delays in payment of claims
2. In many cases, the citizens did not receive or were denied the just amount coming to them for their illness.
3. In some cases the amount coming to them was less, and they could not afford to hire an attorney and court costs to defend themselves. Therefore, they accepted the amount of the claim.

I have a couple of letters that I received that I would like you to read, which verifies what I have stated. I understand that Blue Shield and Blue Cross will not oppose this as written up and will adhere to it. The bill makes one change and has two new additions. It also has a statement of intent, which Mr. Fabrega will explain, because it came from his committee.

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PROPONENTS:

JAY FABREGA: This bill was introduced to apply the 3 1/4% policy fee on Blue Cross. Insurance companies do not pay the corporation license tax. It would be difficult to apply the tax because it would appear as profit. The 2 3/4% is in lieu of the corporation tax which is 6 3/4% and has been deleted. The previous reference to payment of a fee of 20 cents has been amended to a fee of 50 cents for each individual or family unit, subject to a minimum of \$100, for each annual report. The amendment as to filing of forms 30 days prior to use, remains as proposed. This is an important feature of the bill. The examination requirement of, at least once in every three years has been changed to at least once every four years, and applies in addition to the present provision that the commissioner may examine at any time he has reason to believe that the organization may be in financial difficulties. The examination being authorized in this bill is for the purpose of determining if the corporation is fulfilling its contractual obligations, prompt settlement of claims, and management and personnel policies to assure efficient and economic administration. We wanted non-profit tax free service in the health area. Presently there are about 150 units insured, including the Delta Dental plan.

In the fiscal note, the examination costs are based on three health service organizations now doing business in the state. \$90,000 examiners costs and \$15,000 actuary costs in 1982 for the fiscal year. There will also be a statement of intent which will provide funding for the insurance department, state auditor's office, for the conduct of the examinations and other duties associated with the regulation of non-profit health service organizations. The changes in present laws are reasonable and beneficial to the proper regulation of these non-profit organizations. There will need to be an amendment by the committee to clear out this act.

JO DRISCOLL: Insurance Commissioners Office. We support this bill. One of the most important features is the examination of the companies. It is preferable to examine all organizations in the state. Another feature is that the forms may not be used until we have seen them and before they start using them. We want to be afforded one full-time employee. We feel it would be less costly to the state of Montana to do all of the duties being proposed by this legislation.

ALLAN CAIN: Blue Shield, MPS. We support HB 385. There are about 500 companies who sell this kind of coverage in Montana. Actually Blue Shield and Blue Cross are locally owned. We operate in an

extremely tough market place. We have suffered severe underwriting losses. We had a loss of 1.7 million here in Montana. In Montana Blue Cross and Blue Shield are competitive. The bulk of the coverage is purchased by companies for their employees. We realize that there should be some additional scrutiny of our operation. We don't object to any form of reasonable regulation. We do support the bill as it now appears before you.

RAY FISCHER: Blue Cross, Great Falls. We support the bill. We operate in the market place, of hospitals and physicians.

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR REGAN asked Representative Fabrega to explain the 5 million in the fiscal note in more detail, which he did. He also explained that the dollar values do not have anything to do with the fifty cents.

With no further discussion the hearing closed on House Bill No. 385.

HOUSE BILL NO. 425: Representative Meyer, District 42. This is a simple little bill. It would allow a municipality to grant a non-exclusive franchise without submitting the application for the nonexclusive franchise to the electors of the municipality. This would be to gas companies. What this will do is allow the city to grant the franchises.

PERRY WEIDLER: Montana-Dakota Utilities Company. At the present time companies delivering natural gas to the many communities of Montana must petition the City Council or governing body to hold an election in order to be granted a franchise. These elections are time consuming, do have expenses connected with them and create very little voter interest. This bill amends section 7-5-4321 which sets forth the granting of franchise election requirements. It would allow the city council or governing body to grant a non-exclusive franchise without submitting the petition to the electors. In the 1979 franchise election in Billings, a city of approximately 65,000 population only 318 bothered to vote. 1979 franchise election in Glasgow, population 4700, only 128 voted. In 1980 franchise election in Sidney, population 4500, only 82 voted.

What is a franchise, briefly, it does the following:

1. Grants to a company a non-exclusive right to use the streets and alleys for purpose of constructing and operating facilities necessary in a utility operation for a stated period of time.

2. States that the utility system shall be efficient.
3. Provides that the city shall not be liable for any litigation which might arise as a result of utility facilities being located in the streets and alleys.
4. A franchise granted to a company is not exclusive. Even though a franchise has been granted for 20 years it is possible for the city to grant another franchise for the same service during the same period.

Presented copies of the section of law pertaining to franchises. Exhibit A.

We concur in the bill. When our franchise runs out we have to have an election. In one case of an election, in Chester, the franchise was turned down. We think it would be better if we could go to the local governing body. There were some problems in the House but it now applies only to gas utilities and it is not exclusive.

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR LEE: I am kind of curious what happened in Chester.

SENATOR KOLSTAD: We had some environmentalists with a vendetta against Montana Power and they circulated petitions. It was a really ridiculous thing. Finally, they were convinced that they didn't want to freeze to death so they quit.

REPRESENTATIVE MEYER: I close on the bill.

With no further discussion, the hearing closed on House Bill No. 425.

HOUSE BILL NO. 578: Representative Vincent, District 78. The bill requires the governor to designate an agency to administer a small business licensing coordination center. The center is intended to streamline and minimize the governmental and business costs and procedures of necessary licensing and inspection. The governor is empowered to change license renewal periods or expiration dates to implement recommended improvements. Federal and local governments are encouraged to make license and permit information available through the center. All but 14 businesses in Montana are small businesses so this applies to almost every business. This is the Montana Small Business licensing Coordination Act. The licensing in this state is a real hassel that chews up valuable time and profits.

The idea is not mine. It comes from the National Association of Independent Business. Oregon has had it for four years. It accomplishes what we want to accomplish.

REPRESENTATIVE KITSELMAN: I support the bill. I want to read you a list of the possible licensing requirements you might have to have for a convenience grocery and self-service gas station.

1. A petroleum license from the Weights and Measures Division.
2. A special fuel dealers license (along with a minimum \$1000 bond) from the motor fuel division if diesel is sold.
3. A license from the Miscellaneous Tax Division to sell cigarettes.
4. A drug license from the Board of Pharmacy to sell aspirin.
5. A beer distributors license from the Liquor Division.
6. A license from the Department of Livestock to sell eggs.
7. A license from the Department of Business Regulation to sell milk.
8. A license from the Department of Health to sell hot sandwiches or pizza.
9. A retail store license.

The owner of this store must also enroll in the state workers compensation, unemployment compensation and income tax withholding programs. The retail store license would be repealed if HB 188 should pass. This bill, HB 578, would identify the licenses needed and have only one stop. It would save both time and money for the person involved in a small business.

MR. VINCENT: What we want to do is streamline the licensing for businesses in this state. We want a one-stop business licensing center. There would be a master license and it would be coordinated through one individual and from that point on go to only one person. It will also serve as a model because this licensing is a problem that is magnified at the local level.

There is one substantial amendment that gives too much authority to the Governor. Look at the top of page 2, exclusions. We don't need some of these things. They are taken care of through other departments. There is an appropriation called for on page 5. Also, on page 5, we put in an implementation schedule of what we want to accomplish. We do want to provide some flexibility.

GARY BUCHANAN: Acting Director, Business Regulation and Department of Commerce. This bill consolidates business related activity at the state level. We have been working with them from the beginning

and I feel it is compatible with the new department. We can support it and implement it. We have some amendments that we think are desirable.

BOB WOOD: Department of Business Regulation. He passed out copies of the proposed amendments and went through them and explained them. In the part on permits and exclusions, he commented that these changes will give them the information that is needed to implement the bill.

We didn't want the facilitator to make decisions that should be made by the department. We have asked that section 5 and 6 be deleted entirely. It was felt that the Governor should not be involved in the day to day rulemaking of the agency. The final amendment which is the last section in the implementation section, we felt that November was unrealistic.

DAVE GOSS: Billings Chamber of Commerce. We get involved with this almost daily. There is no one agency that we can give them to get a license. A local government licensing procedure can work. In Billings today, they can fill out one form and send it into the state. We support this bill. Because here in Billings we have been able to do it on the local level.

GARY LANGLEY: Department of Business Regulation. We have about 5,000 members in Montana and after doing a survey we are in complete support.

JANELLE FALLON: Chamber of Commerce. This bill avoids the number of permits and we feel that it will be extremely helpful. The renewal times are a big problem. It is just one more thing to handle. We appreciate the attempt to take care of that in this bill.

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR GOODOVER: Is there no impact.

MR. WOOD: We feel the budget is sufficient.

SENATOR BLAYLOCK: Will there be just one check-off, and when the fellow comes in for a permit will one sum cover everything.

MR. VINCENT: Some of the details will have to be worked out but we will try to facilitate it through one office.

SENATOR LEE: Will this take the two years to implement.

MR. VINCENT: Yes, probably, it will be here in 1983. This will take time. The governor's office didn't seem to be the appropriate place. We still have to work out some details.

SENATOR BOYLAN: The only problem I have is the implementation of the license. If you screw up in one area you could lose your whole business.

REPRESENTATIVE VINCENT: The important thing to remember is that given the best of circumstances we are just not going to get that done. I think we can work out all of these problems.

MR. KITSELMAN: Each department will still have the statutory authority. That is why we will have a check-off point.

SENATOR GOODOVER: It appears that House Bill 188 which is the business license tax might have a major impact. There are so many unknown impact bills that might get through, that we must consider.

With no further discussion the hearing closed on House Bill No. 578.

HOUSE BILL NO. 692: Because Representative O'Connell could not be present, the bill was presented by Representative Manning, District 35. This bill allows brewers and wholesalers to give retailers advertising matter and novelties of a value not exceeding \$25 per brand of beer supplied per year. There is a change on page 2, line 6, the amount of novelties values that the beer distributors can get. He mentioned some of the novelties that would be involved, such as bottle openers, can openers, and trays, or ashtrays, clocks, or things used for display use on the interior of the place of business.

BOB DURKEE: Montana Tavern Association. What we are trying to do, is to legalize something that has been going on. Inflation has hit here as well as everywhere else. The other restrictive parts are still there. They would accede to the state law in the event the federal is stricter. I hope the committee will concur in the bill.

ROGER TIPPY: Beer Distributors. We support the bill as introduced. The only problem I have with the bill is the amendment which changes the wholesaler and brand. We would prefer \$50 per wholesaler. The present amount was enacted 30 years ago. We also would prefer to see it go back to wholesaler rather than per brand because of the vagueness of determining what is a brand. He gave examples of brands to illustrate his point, such as Coors, Lucky, etc.

They continue to pump out different labels for different things. We think the bill would be much cleaner and neater with an amendment. We do support the bill and ask that you consider the possibility of an amendment.

NO OPPONENTS:

QUESTIONS FROM THE COMMITTEE:

SENATOR REGAN: What are the federal regulations, and I also want to know what is meant by brewer or wholesaler.

MR. TIPPY: He explained the federal law was enacted during and following prohibition and was a holdover from that time. He explained the meaning of brewer and wholesaler. We want it to say wholesaler rather than brand.

SENATOR BLAYLOCK: What if we just throw this out. Why should the state tell a bar-owner what kind of novelties he can use.

MR. TIPPY: Before prohibition there were places known as tight houses. This is still the practice in England. When prohibition was repealed the government felt that these types of inducements should be prohibited. He elaborated further.

MR. BLAYLOCK: We don't tell grocery stores there are only certain types of inducements they can use.

MR. TIPPY: Mentioned several types of abuses, and there was general conversation at which time Senator Goodover commented that there are inducements in grocery stores.

SENATOR GOODOVER: What is the position of you and Representative O'Connell on the amendment, he asked of Mr. Manning. Can you resolve this or is it a point of controversy.

MR. MANNING: Talked about the increased cost of the novelties used by the bar-owners. So many of the things that are given away are given by the big brewers. We felt that \$50 per calendar year did not take care of anything. We would object to an amendment.

SENATOR LEE asked Mr. Durkee, can you go wide-open.

MR. DURKEE: If you would repeal this law we would come under the federal one. We just need to define what is meant by a brand. He pointed out the description in paragraph 3.

MR. MANNING: I was aware there was an amendment presented. The sponsor asked that we not accept the amendment. I would hope that you could concur with the bill the way it is.

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Then followed discussion about the \$50 limit and the bar-owners right to be able to pick and choose.

The hearing closed on House Bill No. 692.

HOUSE JOINT RESOLUTION NO. 29: Representative Thoft, District 92. This bill asks for an interim committee study of the feasibility of requiring the Board of Investments to invest a portion of state funds in the economic development of Montana. We hope that this bill will help to keep money in the state. This study might prove that they were not violating the prudent manual.

JOHN CADBY: Montana Bankers Association. The investments have grown to 800 million dollars, most of which goes out of the state. We have tried to force the Board of Investments to invest in Montana, but the bulk still goes out of state. By investing public funds within the state the yield would be better. Since we have created the Board of Investments we have never had a study to see if the multiplier effect would help Montana, to see what would be the multiplier effect on in-state versus out-of-state. We would then have something to work with for next session.

NO OTHER PROPONENTS:

OPPONENTS:

ROD YOUNG: Board of Investments. We are not really here to oppose, but we have three studies that have been done. The most recent one was one that was done last June on investment capital. It was prepared for the Governor's Office of Commerce. In the last session there was a study authorized to be done by the Coal Tax Oversight Committee. He went on to talk about the capital mobilization and the Montana Coal Tax Trust Fund. He said copies of the various studies would be available for the committee if they wanted to use the information.

QUESTIONS FROM THE COMMITTEE:

SENATOR BOYLAN: Asked Mr. Cadby if he had seen these studies.

MR. CADBY: No, I haven't and I don't know if they address the impact on an in-state economy - the aggregate yield of that versus out-of-state.

SENATOR BLAYLOCK: It just seems to me that the moment you abandon the Prudent Rule you are going to be open to politics. You are taking away from the people of Montana the gains that we have. If we are going to abandon the Prudent Manner Investment Rule then we are getting into trouble.

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SENATOR BOYLAN: Maybe this study would show us if we should or should not do that. I think that a lot of capital is going out of the State of Montana.

MR. YOUNG: We try to buy in Montana. We actually buy 9 out of 10 mortgages offered to us. However, small business is not best served in Montana. We would have some recommendations to help start small businesses. It is the small emerging business that has a gap, because of the risk for banks.

REPRESENTATIVE THOFT: The very fact that there is a question needs to be resolved. I would hope that you would give your approval for this study. I have no argument with the Board of Investments but I think we need this money in Montana.

With no further discussion the hearing closed on House Joint Resolution No. 29.

EXECUTIVE SESSION: 11:30 a.m.

There was general discussion about the makeup of a committee to be appointed to do a study of the investments as asked for in the House Joint Resolution No. 29.

CHAIRMAN HAZELBAKER commented that because the bills were related House Bills 376, 377, 378 and 380 would be discussed at the same time, but they would take 376 first and Greg would explain each one.

GREG PETESCH: Staff Attorney. He explained and expanded on the definition of a security, and explained risk capital and explained that the bill would clarify variable policies,

SENATOR REGAN: Would you have to have a brokers license to sell.

MR. PETESCH: No, and he went on to explain that the definition of risk capital grew out of a California court case.

ACTION ON HOUSE BILL NO. 376:

SENATOR GOODOVER moved be concurred in. The motion carried with the vote unanimous. Senator Smith will carry since he is a sponsor.

HOUSE BILL NO. 377:

MR. PETESCH explained that the bill conforms to the Uniform Securities Act. It would allow ten business days for the review of an application.

SENATOR REGAN: Would the kinds of questions the Commissioner could ask be on some kind of a form.

SENATOR LEE commented that this concerned him also. He gave examples

of kinds of abuses that could come about. Then followed general discussion about what kinds of information might be required. A lot of concern was expressed about this.

MR. PETESCH explained that this would be for registering of securities for offering. You could not require information from a purchaser. He went on to clarify other items.

ACTION ON HOUSE BILL NO. 377:

SENATOR BLAYLOCK moved that the bill be concurred in. The motion carried with the vote unanimous. Senator Smith will carry because he is a sponsor.

HOUSE BILL NO. 378:

MR. PETESCH explained that the bill clarifies fraudulent securities and gives a definition.

SENATOR BLAYLOCK moved that the bill be concurred in. The motion carried with the vote unanimous. Senator Smith will carry because he is a sponsor.

HOUSE BILL NO. 380:

SENATOR KOLSTAD moved be concurred in. The motion carried with the vote unanimous. Senator Smith will carry because he is a sponsor.

HOUSE BILL NO. 448:

This bill deals with various changes in the regulation of domestic life insurance companies.

SENATOR REGAN moved be not concurred in. Discussion followed about the problems with the bill. Senator Regan said she felt what was being done was eroding the margin of safety of the money of the policy holders. On page 19 there are a number of things that an insurance company may not invest in. I am concerned about page 19, the mining investments. It seems to me it allows them to do it.

There was general discussion about the pros and cons of the bill.

SENATOR REGAN commented that they do not allow good-will. She went through the bill and pointed out her concerns.

SENATOR LEE: I move to amend section 1, page 5, line 12, to strike section 1, 2, and 4 through 12 in their entirety.

SENATOR REGAN said she would like to have Greg do some research to be sure this was what they wanted to do.

Then followed lengthy discussion about the flaws in the bill.

The motion to amend carried by a vote of 6 to 1 with Senator Regan voting NO.

SENATOR GOODOVER offered a substitute motion to pass consideration until Greg had had time to do the research and bring it before the committee. Motion carried with the vote unanimous.

ACTION ON HOUSE BILL NO. 425:

SENATOR REGAN moved be concurred in. The motion carried with the vote unanimous. Senator Kolstad will carry.

HOUSE BILL NO. 578:

SENATOR BLAYLOCK moved the proposed amendments. The motion carried with the vote unanimous.

SENATOR BLAYLOCK moved as amended be concurred in. There was lengthy discussion about the funding, does it have to be in a separate bill. Greg will check on this.

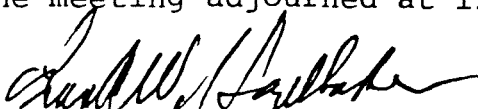
SENATOR HAZELBAKER suggested they pass consideration on this bill for this day and Senator Blaylock withdrew his motion.

HOUSE BILL NO. 385:

SENATOR BLAYLOCK moved the proposed amendments. The motion carried with the vote unanimous.

SENATOR BLAYLOCK moved as amended be concurred in. The motion carried with the vote unanimous. Senator Goodover will carry.

The meeting adjourned at 12:10.



Frank W. Hazelbaker, Chairman

Mary Ellen Connelly, Secretary

ROLL CALL

BUSINESS and INDUSTRY

COMMITTEE

47th LEGISLATIVE SESSION -- 1981

Date

3/20/81

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

NAME: IAN F. CAIN DATE: 3/20/81

ADDRESS: Helena

PHONE: 442-5450

REPRESENTING WHOM? MPS / BLUE SHIELD

APPEARING ON WHICH PROPOSAL: HB 385

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

ADDRESS: Great Falls -

PHONE: 127-0300

REPRESENTING WHOM? *DM (Cross of M)*

APPEARING ON WHICH PROPOSAL: *HB 385*

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

AMENDMENTS TO HB 385

1. Page 5, line 2.

Following: "AND"

Strike: "PERSONAL"

Insert: "personnel"

2. Page 6, lines 2 through 5.

Strike: Section 4 in its entirety

NAME: Perry Weidler DATE: 3/20

ADDRESS: Nelena Mont

PHONE: 442 2365

REPRESENTING WHOM? Mont-Dak Util Co

APPEARING ON WHICH PROPOSAL: HR-425

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: _____

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

- a. Page 1, line 6: The title of the bill is changed to reflect the correct short title of the Securities Act.
- b. Page 3, lines 9 and 10: The proposed amendatory language for the subsection is replaced with new amendments found at line 19 through 21 of this page. The proposed language at line 19 through line 21 is intended to simplify the registration process by deleting automatic effectiveness dates. The proposed language states that the Commissioner must approve a registration of a Securities Salesman, Broker-Dealer or Investment Advisor when the registration requirements are met.
- c. Page 3, line 23 through 25: The change in dates, and the grant of additional power to the commissioner to change the date, are requested to allow the commissioner to conform registration periods to a period which may be established by the North American Securities Administrators Association for uniform registration purposes.
- d. Page 6, lines 15 and 16: The amendment is intended to subject investment advisors to the same standards and scrutiny as broker-dealers or salesmen. The change would allow the commissioner to deny, suspend or revoke a registration of an investment advisor if the applicant or registrant is the subject of an order of another state or the federal securities and exchange commission denying, suspending or revoking specified privileges.
- e. Page 7, line 15: Deletion of the words "subsection 10 of" is intended to make the denial, suspension and revocation powers of the commissioner applicable to conditions imposed by the entire section rather than to just those imposed in the subsection. For example, broker-dealers and investment advisors, under 30-10-201(9), are required to keep accounts and records. Their failure to do so should be grounds for revocation of their registration.
- f. Page 7, line 21 through line 23: The proposed deletion of language in this subsection is intended to resolve conflict between the deleted language and language in the introductory part of this same subsection 10. The commissioner, by reason of the introductory language in subsection 10, already has suspension powers of a summary nature, and restatement of those powers in this sub-part (j) is unnecessary. The deleted language, furthermore, is not part of the Uniform Securities Act from which this section 30-10-201, was adopted. It is, therefore, difficult to ascertain its true intent.

- g. Page 3, line 23: The change of language proposed in this section is intended to conform the statute to the Uniform Securities Act from which it was adopted. The intent of the section is to make both an offer and a sale of an unregistered security a violation of the Act. As the section presently reads, there is confusion as to whether only an offer is a violation.
- h. Page 12, line 17 through line 19: An amendment is proposed to permit the commissioner to request information regarding an application for registration of securities by notification. There are instances when issuers meeting the bare requirements of disclosure under this section should not be permitted to register their securities offering because there is not sufficient protection afforded investors in the securities. The proposed change allows the commissioner to obtain additional information on an issuer, enabling the commissioner to better judge whether registration should be allowed.
- i. Page 12, line 20 through line 23: The originally proposed amendatory language for the subsection is withdrawn for the reason that it is unnecessary given the proposed amendment on page 13, line 1 extending the commissioner's period for review of the registration application. Should the 10 business day period for review prove inadequate for a particular security, the commissioner still has the ability to prevent the security registration from becoming effective by the issuance of a stop order.
- j. j. Page 14, line 21 through line 23: An amendment is proposed to permit the commissioner to request information regarding an application for registration of securities by coordination. There are instances when issuers meeting the bare requirements of disclosure under this section should not be permitted to register because there is not sufficient protection afforded investors in the securities. The proposed change allows the commissioner to obtain additional information on an issuer, enabling the commissioner to better judge whether registration should be allowed.
- k. Page 14, line 24 through page 15, line 1: The originally proposed amendatory language for this subsection is withdrawn for the reason that it is unnecessary given the proposed amendment on page 15, line 10 extending the commissioner's period for review of the registration application. Should the 10 business day period for review prove inadequate for a particular security, the commissioner still has the ability to prevent the security registration from becoming effective by the issuance of a stop order.
- l. Page 21, line 14 through line 16: An amendment is proposed to permit the commissioner to request information regarding an application for registration of securities by qualification. There are instances when issuers meeting the bare requirements of disclosure under this section should not be permitted to register because there is not sufficient protection afforded investors in the securities. The proposed change allows the commissioner to obtain additional information on an issuer, enabling the commissioner to better judge whether registration should be allowed.
- m. Page 24, line 2 through line 5: The proposed amendment of this subsection sets forth the effective period of a registration of securities. Currently, this section fails to clearly state that a registration of securities is effective one year only, unless it is earlier revoked, terminated, or renewed. The changes are not substantive in nature, but are only intended to clarify the language and intent of the subsection.

- n. Page 25, line 4 through 12: The changes requested for this subsection are primarily for clarification purposes only. The commissioner currently receives financial reports on issuers under all types of securities registrations. It is the intent of the proposed language to conform the law to current practices.

The commissioner also requests replacement of the language requiring filing of statements corresponding to those required under 30-10-203(2) and 30-10-305, with language permitting the commissioner to request any additional information he so desires. There are instances where aspects of a securities offering may change drastically during the period of effectiveness. Financial data, or the information provided in the statements required under 30-10-203(2) or 30-10-305, alone, are not sufficient to provide the commissioner the information needed to judge whether the public offering should continue.

- o. Page 25, line 19 through page 26, line 7: Deletion of the term "investigated" is intended to eliminate confusion that may result from a comparison of that term to the word "examined". The commissioner also proposes elimination of language which presently requires him to establish the reasonable and customary rates to be charged for expenses incurred in the course of performing examinations. Examinations are not performed regularly, and computation of reasonable expenses on a case-by-case basis would more accurately assess the actual costs of a particular examination. This provides a more equitable billing system for the persons examined.

Amendment to HB 448

1. Title, line 5.

Following: line 4

Strike: "ASSET, LIABILITY, RESERVE, INTEREST,"

Following: "DEPOSIT"

Strike: ", AND INVESTMENT"

2. Title, line 7.

Following: line 6

Strike: "SECTIONS 33-2-501, 33-2-502, 33-2-523,"

Insert: "SECTION"

Following: "33-2-531,"

Strike: "33-2-532"

3. Title, lines 8 and 9.

Following: line 7

Strike: all of line 8 through "33-20-206," on line 9

4. Page 5, line 6 through line 1 on page 10.

Strike: sections 1 and 2 in their entirety.

Renumber: subsequent sections

5. Page 11, line 17 through line 20 on page 26.

Strike: sections 4 through 12 in their entirety.

Renumber: subsequent sections

PROPOSED AMENDMENTS TO HOUSE BILL 578

1. Page 2, line 3. After "Title 37," add Title 75.
2. Page 2, line 18. After "including", add gathering of information that facilitates .
3. Page 2, lines 19 and 20. After "certificate", delete ~~to-be-displayed on-the-premises-of-any-Montana-business-whose-annual-state-license-fees have-been-paid~~ .
4. Page 3, line 3. After "provide", delete ~~technical~~ .
5. Page 3, line 25. Delete Section 5 and Section 6 of the Act in their entirety, encompassing Page 3, line 25 through and including Page 5, line 7. Renumber subsequent sections.
6. Page 6, line 4. After "by", delete ~~November~~ and insert March .

STANDING COMMITTEE REPORT

March 21, 19 81

MR. PRESIDENT:

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE Bill No. 574

Kitselman (Senator Hazelbaker)

Respectfully report as follows: That HOUSE Bill No. 574

BE NOT CONCURRED IN

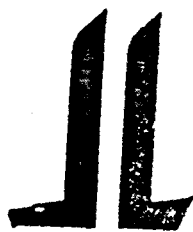
DO PASS

February 20 19 85

HOUSE BILL 385

STATEMENT OF INTENT

A statement of intent is required for House Bill 385 to explain the purpose of the legislature in approving the increase in the fee for filing of annual report by health service corporations, ^{WHICH APPLIES TO NON-PROFIT HEALTH INSURANCE ORGANIZATIONS SUCH AS THE BLUES.} This bill raises the fee for each individual or family unit covered, from 20 cents to 50 cents, to finance the performance audits required on each health service corporation at least once every four years and to carry out other duties imposed on the Insurance Department. The insurance Department estimates it will require one additional FTE plus a necessary appropriation to cover additional related costs such as actuarial fees, travel expenses, office space, benefits and office equipment for the FTE. The intention of the legislature is to collect the increase in the fee only if the additional FTE and appropriation are authorized.



use yr H.B. 385

GREAT AMERICAN INSURANCE COMPANY

①

2-2-81

Dear Paul -

Tried to get in touch with you on Sunday before church but your line was busy. When I tried again after church there was no answer.

I told you I would give you the dope on my Medicare claim that Blue Shield in Helena handled. This involved my nose operation on Dec. 3, 1980.

The Dr. bill was \$195⁰⁰ and they approved \$56.50, which is less than 30%.

The Pathologist bill was \$30.80 and they approved 10.34 which is about 1/3 of bill.

I sent them a review form with a protest letter & probably won't hear from them for weeks. It took more than six weeks to acknowledge the claim. They are "ripping off" people on their doctor bills, especially non-citizens. Give 'em hell.

I might get over to Helena once
more during the session. I am toying
with the idea of going to California
for a month or so once our weather
gets rough. (2)

My regards to Kay.

As ever,
John Kenney

USE FOR H.B. 385

Neihart, Montana
January 31st, 1981

Paul G. Pistoria
State Representative
Capitol Building
Helena, Montana 59601

Dear Paul:

After talking to you in regards to your H.B. 385, Thursday January 29th, 1981, I contacted some people in regards to the hearing Feburary 6th, 1981, at 8.A.M. in the old highway building.

The early morning meeting will probably be hard for most of the senior citizens to attend, as the most of them dont have the money to go to Helena, the day before the meeting and rent a motel room, then with the black ice on the highways in the early morning, they probably would not like to drive, but the word will be spread about the help your bill will be for they.

The Deaconess Hospital and the Great Falls clinic, now have new rules regarding their bills, as follows:-

Deaconess Hospital notation on bottom of their bills.

Insurance has been filed, please complete requests from your insurance company promptly, if insurance payments are not timely, we would expect direct payment from you.

Notation on Great Falls Clinic bills.

The clininc expects regular monthly payments, even though you may have insurance claims pending, please read our credit policy on reverse side of your statement.

I would say that the Blue Shield is direct cause of this rule, as they usually take from 60 days to 6 months to make their share of the payment, if we go ahead and pay these bills, then you have problems getting your money back, as Blue Shield makes the checks out to the Hospital or the clinic never to the patient, neither place wants to give any money back, if there was some way to make the Blue Shield and I suppose Blue Cross has the same policy about paying, pay up within thirty (30) days as required, would be a big help, and keep most of us senior Citizens credit good.

Paul I want to thank you for all your work, and I know you are out a lot in personal expenses, in behalf of us senior citizens, Best Wishes.

Sincerely
Bun Stark
Bun Stark
P.O.Box 64
Neihart, Mont. 59465