MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

March 19, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on March 19, 1983, at 10:08 a.m., in Room 405, State Capitol.

ROLL CALL: All members of the committee were present.

CONSIDERATION OF HOUSE BILL 358: An act to prohibit discrimination on the basis of sex or marital status in the issuance or operation of insurance policies and retirement plans and providing an effective date.

Representative Jan Brown stated the basis for eliminating discrimination based on sex is in the law. Article 1, section 4, discrimination is eliminated; however, sex discrimination in the insurance industry is common practice.

PROPONENTS TO HOUSE BILL 358: Celinda Lake, Women's Lobbyist Fund, stated she supports this bill. Her written testimony is attached to the minutes. (Exhibit No. 1) She also gave the committee information entitled "An Equal Piece of the Rock for Women?" (Exhibit No. 2)

Vivian Marie stated she supports this bill. Her comments are attached to the minutes. (Exhibit No. 3)

Kathy Karp, Montana League of Women Voters, stated they support this bill.

Nikki LaFromboise, Department of Labor ICCW, stated they support House Bill 358. It will benefit both men and women alike. She feels sex based actuarial tables are discriminatory and unnecessary. Unisex tables have been in effect since 1964. If a unisex table was more in effect a 32-year old women would pay as a 35-year old man. There are enough alternative factors other than sex to base insurance premiums and benefits on. She supports this bill.

Ruth Long, AAUW, stated they support this legislation to eliminate discrimination in insurance. The Fair Insurance Practices Act represents another step toward economic and social justices. She stands behind this bill.

Dee Adams, Montana NOW, stated they support this bill. Her written testimony is attached to the minutes. (Exhibit No. 4)

Julie Fasbender, AUSM, stated they wish to go on record in support of House Bill 358.

David Sexton, MEA, stated they cannot understand why there should be sex discrimination in insurance policies. The MEA was an early supporter of the ERA. He thinks House Bill 358 is an excellent opportunity to show that this legislature is for equal rights with or without ERA.

Joel Hardy stated he wanted to go on record in support of this bill.

Wes Krawczyk, ACLU of Montana, stated they support this bill. They have been active in several law suits relating to discrimination and insurance law. They are concerned that the Legislature take the opportunity to rectify this. The question is not one of actuarial tables it is 1) whether or not the classification on the basis of sex is a good and proper policy and 2) if it is constitutional. Statistics show whites live longer than nonwhites. Religion is another classification. It is our opinion that the present practice is unconstitutional. As a civil rights matter, sex in insurance policies must be eliminated. The only way to end this practice is to uniformly prohibit it as in House Bill 358.

Linda King, Lewis and Clark Democratic Action Club, stated at the last meeting they passed a resolution in support of this bill. She urged passage of this bill.

Karen Zollman, House Aide, read the testimony of Lynn Robson who was unable to attend the meeting. Her testimony is attached to the minutes. (Exhibit No. 5)

Margaret Anne Meehan Bellen stated she has been employed in sales and service for four years. The following are much better underwriting factors: disability, medical history, family history, habits with the use of alcohol and drugs, motor vehicle record, finances and aviation activities. These are much more "weighty" rather than sex. In life insurance there is a direct relationship between the age and the amount of coverage applied for. The ice has already been broken in the terms of unisex rates. Some are still making sex distinctions. For groups of less than nine they are using unisex rates. The administration of using rates of combined tables is not nearly the threat it is made out to be; therefore, unisex rates are now being used. The life and health industry does not operate in a vacuum. They are subject to the making of proper policies in the general interest as any other interest is subject to proper policies in this county. It should not be suggested that actuarial tables are so specified that they are inappropriate. Race and religion are far more "weighty" and they have been outlawed. Insurance benefits are paid not only from premium income but also on the return of investments. Premiums change rapidly and routinely for early renewable term. They are doing this in response to changes in mortality and competition in the marketplace. The same thing will happen when sex is removed from the market system. She urged support of House bill 358.

<u>OPPONENTS TO HOUSE BILL 358:</u> Bill Romine stated this bill will raise the premiums for all parents who have daughters who drive. If in fact girls have fewer accidents, their premiums should be lower. We should not have the young female drivers subsidizing the male drivers.

Rita Theisen, Health Insurance Association of America, stated she opposed this bill. Her written testimony is attached to the minutes. (Exhibit No. 6)

Judy Mintel, State Farm Mutual Insurance Company, Bloomington, IL, stated they oppose this bill. Her written testimony is attached to the minutes. (Exhibit No. 7)

Linda McCluskey stated she was opposed to House Bill 358. Her comments are attached to the minutes. (Exhibit No. 8)

Lester H. Loble, II, American Council of Life Insurance stated they are opposed to this bill. His written testimony is attached to the minutes. (Exhibit No. 9)

Connie Dinger stated she works in the insurance industry. By now you are aware that male drivers pay higher than women their age. Her point is the factors and figures do speak for themselves. There is a difference. She is a sole driver of her car and she does receive a discount. In the future she will be adding her 15-year old daughter and she resents the possibility of subsidizing the higher risk driver as it would be in this bill. She urged the committee to not only deal with discrimination but keep in your mind what is right, just and fair.

Elmer Hausken, MALU, stated he opposed this bill. His written testimony is attached to the minutes. (Exhibit No. 10)

Those who also opposed this bill but were unable to testify are as follows: Glen Drake, his written testimony is attached to the minutes. (Exhibit No. 11)

Kenneth Hassler, MALU, his written testimony is attached to the minutes. (Exhibit No. 12)

Roger McGlenn, Independent Insurance Agents Association of Montana, his written testimony is attached to the minutes. (Exhibit No. 13)

Daniel Case, American Council of Life Insurance, his written testimony is attached to the minutes. (Exhibit No. 14)

Bob James, Pat Melby and Ed Zimmerman.

There were no further proponents nor opponents.

QUESTIONS FROM THE COMMITTEE: Senator Christiaens asked what percentage of the total paid in premium would you attribute directly to sex? Mr. Case stated the difference in premium rates runs 10% or more for a whole life, 20-30% for term life.

Senator Kolstad asked how does the retroactiveness of this apply? Mr. Zimmerman stated this question has arisen before the U.S. Congress. If this bill were passed, lets assume that Miss Theissen and I are the same age and we bought insurance. Prior to the effective date her premium would be lower. Committments would have to be altered unilaterally.

Senator Dover asked wouldn't this be a good bill for insurance agents? Mr. Zimmerman stated possibly so.

Senator Regan asked you made great point of the fact that discrimination is marked by differences and judgments and you classify accordingly. Do you do this for the Indian population? Ms. Theisen stated she is speaking only from the health insurance prospective. The only questions are evidence of prior health history. We do not have a health insurance category that says native american.

Senator Regan asked in your studies have you found there is a difference in the actuarial tables? Mr. Case stated he is not aware of any significant differences.

Senator Regan stated prior to (she couldn't remember the year) it is my understanding that there were significant policies based on race. Was there a prepared category for blacks? Mr. Case stated yes. Senator Regan asked do you still continue that? Mr. Case stated no. Senator Regan asked why do you no longer use race as a criteria? Mr. Case stated there is no need and the laws in the state prohibit because of discrimination.

Senator Fuller asked what effect did it have on premium rates when you no longer used race? Mr. Case stated the effect was minimal. The overall mortality differences are smaller. Senator Fuller asked what was the effect on the insurance rates on the blacks? Mr. Case stated they came down.

Senator Christiaens asked are you fearful of the increase of your daughters? Do you appreciate that the premiums for your son will come down? Mr. Romine stated he recognizes this but why should the girls subsidize the boy drivers?

Senator Regan asked what happened with all these contracts and policies that no longer differentiate between blacks and caucasions? How did that transition take effect? Would you see any problem in this bill if we simply said renewal of or issuance of? Mr. Case stated the state laws that prohibit distinction were not retroactive and maybe policies that continue to carry the premium rate to differentiate their rates are. He stated they would oppose a bill that takes away the right and privilege of using the classifier of sex.

Senator Regan asked didyou register that same complaint when they took away race? Mr. Case stated the question of race they did protest at that time. The state laws that did prohibit the classification was more like 1940-1950. By then there was no need to make that distinction.

Senator Regan stated as women have become more liberated and have come into the marketplace and found jobs with tension and harassment you find less differences, they are subject to heart attacks and ulcers. Ms. Mintel stated they have conducted studies every year. The mortality ratio has hung over 60% for several years. That is what counts for us is the experience it may come down and if and when it does you can count on us to reflect that.

Senator Goodover stated a few years back there was discrimination charged in education then there was a court case with reverse discrimination. Do you have any elaboration regarding reverse discrimination in this matter? Mr. Zimmerman stated there has been one but it is still in court. Ms. Mintel stated there are a couple of cases that have been decided by the Montana Supreme Court they have nothing to do with insurance. The Montana Court has upheld sex classifications.

Senator Christiaens stated from an investigative point of view you use various things such as mileage driven, occupation of the driver and others when you make an application. You are asked what your previous carrier was. In your testimony you mentioned and showed us a chart that Montana falls under 25% MVRs. Do you not agree that you have the opportunity with the investigative process to order that inspection and you have the opportunity to contact the previous carrier? Ms. Mintel stated I am not sure that State Farm discloses the past driving records and whether or not State Farm requests this. I don't believe so.

Senator Christiaens asked could you answer that? Mrs. Seiffert stated under the present privacy standards you need to have permission from the applicant.

Senator Gage stated my understanding of discrimination is where everybody had the same driving record and then an insurance company said I am not turned on by women I am going to rate them higher than men. Mrs. Brown stated the bill really states that it is unlawful to classify by sex and marital status.

Senator Gage stated then you would not object to the fact that women are paying lesser rates? Mrs. Brown stated if it is not based solely on sex.

Senator Gage asked just because you are a women does that include because you are a women you are having higher medical claims? Mrs. Brown stated not solely because I am a women.

Senator Christiaens asked if inspections are not being done why are we addressing it in this bill? Mrs. Seiffert stated it would then be unlawful to use a report without the authorization to the insurer.

Senator Christiaens asked how are they getting the permission? Mrs. Seiffert stated you can give your permission and then it becomes an underwriting discretion.

In closing, Representative Brown stated the issue here is one of sex discrimination and it is a complex area. They did amend it in the House with an effective date of October 1985 to update tables and what has to be done. Social customs have changed and the role of women have changed. As times change and the role of women changes it is time that we look at updating the actuarial tables. She urged favorable consideration of this bill.

The hearing was closed on House Bill 358.

ADJOURN: There being no further business, the meeting was adjourned at 12:00 p.m.

Allen C. Kolstad

ROLL CALL

BUSINESS AND INDUSTRY COMMITTEE

48th LEGISLATIVE SESSION -- 1983 DATE 3-19-83

NAME	PRESENT	ABSENT	EXCUSED
PAUL F. BOYLAN	✓		
B. F. CHRIS CHRISTIAENS	✓		
HAROLD L. DOVER	✓		
DAVID FULLER	✓		
DELWYN GAGE	✓		
PAT M. GOODOVER	✓		
GARY P. LEE, VICE CHAIRMAN	✓		
PAT REGAN	✓		
PAT M. SEVERSON	✓		
ALLEN C. KOLSTAD, CHAIRMAN	✓		

SUBMITTED BY: Celinda Lake, 3/19/83, EXHIBIT NO. 1

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917

FACTSHEET ON HB 358 TO ELIMINATE DISCRIMINATION ON THE BASIS OF SEX AND MARITAL STATUS IN INSURANCE AND PENSION PLANS

1. WHY IS THIS ISSUE IMPORTANT TO WOMEN IN MONTANA?

For women this is a basic issue of paying more for most types of insurance when we make on the average 59 cents for every dollar men make. Also, for women it is the most blatant and pervasive form of sex discrimination still practiced in Montana.

An example of the economic burden and the discriminatory nature of insurance is -- "Imagine that you're a women with a twin brother....same age, same genes, same neighborhood, same occupation, same insurance coverage. Yet for medical insurance (age 25-6 YOU pay $6,662 more. For disability coverage (age 25-55) YOU pay $4,854 more. For a 20-year-payment life/pension policy, YOU pay $5,856 more. The total penalty for being a women is $17,372." This example is far from being the most extreme and represents policies which are written in Montana. (NOW Legal Defense and Education Fund.)

2. SEX-BASED INSURANCE RATES AND BENEFITS ARE ILLEGAL IN MONTANA

Grouping risk is the essence of insurance and that is not the issue with HB 358. What is at issue is what groups we are going to consider acceptable and legal. There are actuarial differences in mortality and morbidity between races and religious groups which are as great or greater for some age groups than the actuarial differences between men and women and yet it is illegal and socially unacceptable to base insurance on race or religion. Race and religion have been ruled suspect and invidious classifications because they are "immutable characteristics determined solely by accident of birth". In the courts sex has been ruled to be the same kind of suspect classification. (Frontiere v Richardson)

In every other area -- employment, housing, education, voting, government benefits, credit, government regulation, public accomodation, etc.-- we recognize that it is illegitimate to classify people by sex.

If the Equal Rights Amendment had passed, it would have been illegal to use sex-based tables for insurance. In Montana we have particularly strong language under the Individual Dignity section of our constitution which states that no person shall be denied the equal protection of the laws. Under our state constitution no corporation, firm, or person can discriminate against another individual on the basis of sex. Sex-based tables are illegal in Montana right now based on our state Constitution.

There is also starting to be a large collection of court cases ruling that sex discrimination in insurance is illegal. In Los Angeles v Manhart (a case involving a pension plan), the Supreme Court ruled that "... the parties accepted as unquestionably true: Women, as a class, do live longer than men... (however) even a true generalization about the class is insufficient reason for (treating differently) an individual to whom the generalization does not apply...because there is no assurance that any individual woman (or man)...will actually fit the generalization...Many women do not live as long as the average man and many men outlive the average woman." Three district court cases have come to the same conclusion including Norris v State of Arizona which involves an annuity based pension plan and which was decided in the 9th Circuit Court that covers Montana. The case is before the Supreme Court now and the Reagan administration as said that sex-based pension plans are illegal.

There have been state court cases ruling that health, disability, and auto insurance rates based on sex were illegal. In Pennsylvania a case was decided several weeks ago based on their state ERA that sex-based auto insurance was illegal, and there is currently a class-action suit in Nebraska against sex-based insurance plans. The legal process, however, is a very expensive, time consuming, and idiosyncratic way to change the laws. That is why we are proposing HB 358.

3) THE AVERAGE WOMAN FALLACY

Grouping by sex is an administratively easy method of categorizing risk, but much more accurate categories for insurance purposes would include physical condition, family health, leisure time, exercise habits, occupation, personality characteristics, life style, smoking, drinking, driving record, etc. TIAA-CREF, an annuity plan changing to gender neutral tables found that such tables were "actuarily sound". State Mutual Life Assurance Co. in an exhibit for Congressional hearings on this topic found that the difference in life expectancy tables for smokers and nonsmokers for most age groups was greater than the difference by sex. Many companies are already using some of these factors to classify risk, which should ease the adjustment if sex-based tables were no longer allowed. In fact "until the 1950's sex rating was generally not used by the insurance industry" (Congression Record March 25, 1980) which counters the argument that sex-based tables are valid because they have been used for 100's of years.

Furthermore gender is fast losing whatever limited validity it had as a base for categorizing risk because of changing lifestyles. For example 86% of women do not outlive their male couterparts, and women are therefore being penalized in many forms of insurance for the 14% who do. (US Senate Committee on Commerce, Science, and Transportation report Nov. 30, 1982, Fair Insurance Practices Act.) The California Deparment of employment has shown that sex has almost nothing to do with the duration of disability or the average days lost due to a disability and in fact age and income are far better predictors of time lost than gender. The results are similar for other areas of insurance. In any year 90% of both men and women under 29 will not have any car accidents. A report put out by the New Jersey Insurance Commission and the New Jersey Sex Discrimination Commission concluded, "Sex in contrast to industry claims has very little explanatory power and does not create homogeneous groups. Sex is not an accurate predictor of accident risk. Sex is able to explain less than 5% of the total variation in risk and yet is responsible for rate differentials of many times greater magnitude. This results in large overcharge to many of the state's drivers...It can be concluded that the use of sex as a factor violates the principle of actuarial fairness and should not be used. Gender based grouping does not reflect essential differences and results in large subsidies..."

There are also tremendous inconsistencies in the use of actuarial tables. For death benefit insurance plans male life expectancy tables are set back a fixed number of years to calculate female rates while for annuity plans female tables are actually calculated. F auto insurance the breaks that women get for most policies end at age 25 or 29, while their driving records "appear" to involve fewer accidents throughout their lives.

THE BOTTOM LINE IS THAT INSURANCE RATES SHOULD BE BASED ON RISK, BUT CATEGORIZING RISK BY SEX IS DISCRIMINATORY AND INACCURATE.

4) WILL THE CHANGE RAISE THE COST OF INSURANCE?

Cost should not override the considerations of equality. Furthermore the US Senate Committee on Commerce, Science, and Transportation's report on the "Fair Insurance Practices Act"(Nov. 30, 1982) states "the industry cost data... substantially overstates the likely cost of providing equal benefits." In the case currently before the Supreme Court a brief of eight individual actuaries filed as amici curiae states:" We recognize, of course, that affirmance (of other court decisions which ruled illegal sex-based rates and benefits) would require changes in the operation of certain plans. We do not believe, however, that prohibition of the use of sex-distinct bases for calculating annuity benefits would materially affect the pricing of annuities or disrupt the insurance industry...In the past, the insurance industry has demonstrated its flexibility and adaptability as approache to risk classification have changed. There is reason to expect that it will continue to do so."

The total cost of insurance ought to remain the same because the total losses would remain the same. Ending sex-based rating would simply redistribute those costs. Presently, there are inequities in both men and women's rates, adjustment should balance these. It would be very short-sighted for the industry to "adjust" rates by increasing them across the board. The competitive market place would insure that companies would start identifying other risk categories to lower rates and obtain more of the market. When Michigan went to uni-sex auto insurance, some companies raised their rates for women, some lowered them for men, and some split the difference, for example.

It is argued that unless sex-based tables are used for insurance, cost will go up because good risks will subsidize poor risks. To the extent that any grouping is less than perfect (and sex is certainly far from perfect, as well as a discriminatory way to categorize people) the better risks will always subsidize the poorer risks. Not allowin sex-based tables actually may force the industry to rate people on more accurate categor and help rates.

5. WHAT ARE OTHER STATES AND MONTANA DOING NOW?

Other states have moved to prohibit sex discrimination in insurance. Banning discrimination in auto insurance are Massachusetts, Michigan, Pennsylvania, Illinois, New York, Hawaii, North Carolina. Banning discrimination in issuing and renewing insurance based on sex are Arkansas, California, Florida, Illinois, Kentucky, Maryland, Missouri, New Hampshire, New Jersey, Pennsylvania, and Utah. Other states considering legislation similar to HB 358 are Massachusetts, West Virginia, Connecticut, North Caroline, Texas, Oregon, California, and New Jersey.

Montana now has sex-neutral insurance for MPEA employees in the state.

6. IS THIS AN ANTI-WOMAN OR ANTI-CONSUMER BILL?

Similar legislation to HB 358 has been introduced in the US. Congress. At both the national level and in Montana not a single women's group nor a single consumer's group has come out against this type of legislation. In fact ending sex-based insurance plans and pensions is on the national agenda of every major women's group in this country.

In Montana the groups that support this type of legislation include:

League of Women Voters
American Association of Univerisity Women
Montana Association of Senior Citizens
Low Income Senior Citizen Association
National Organization of Women
Montana Education Association
Butte Junior League
Montana Federation of Teachers
Business and Professional Women
Helena Women's Political Caucus
Local Chapters of Montana Democratic Women's Clubs
Associated Students of the University of Montana and the Four Colleges
ACLU

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
[illegible]

An Equal "Piece of the Rock" for Women?

WOMEN'S LOBBYIST FUND FACT SHEET ON INSURANCE - HB 358

Women and men are discriminated against in rates and benefits from insurance and pension plans in Montana because such plans are based on gender. HB 358 would make it illegal to discriminate in the issuance of and rates and benefits for insurance and pension coverage.

Insurance: by Patrick and Twiss Butler

One Product — Two Prices — Annual Premiums

EACH PRODUCT HAS TWO PRICES— FEMALE AND MALE. FOUR EXAMPLES TO COVER A LIFETIME.	Age	Female	Male	Female -Male		Total Difference
AUTOMOBILE INSURANCE	17	$320	$550	-$230	For 8 years	
Liability and Physical Damage, rating factors from Insurance Services Office, *Personal Auto Manual*, 1980. Primary classifications. Youthful Operator, Good Student; Unmarried; Owner or Principal Operator; Drive to Work; or Business Use. $200 base price assumed. Driver marries at age 25.	18	300	510	- 210	Ages 17-25	
	19	280	480	- 200		
	20	260	460	- 200		
	21-24	250	450	- 200		
	25	250	250	0		-$1,840
MEDICAL INSURANCE						
Hospital-Surgical Policy, State Farm Mutual (Form 97032),* Plan 2: $100 daily room and board; $2,000 Surgical. Includes pregnancy complications. Excludes pregnancy, childbirth.	25	$289	$187	$102	For 40 years	
	40	546	284	262	Ages 25-64	
	50	573	386	187		
	64	599	561	38		$6,842
DISABILITY INSURANCE						
Disability Income Policy, Allstate Life (Form HU304),* Class 2, $700/month base benefit. Excludes pregnancy, childbirth, miscarriage, abortion. Includes complications and nonelective caesarean section.	25	$182	$128	$ 54	For 40 years	
	35	307	149	158	Ages 25-64	
	45	370	197	173		
	55	410	305	105		$4,854
LIFE INSURANCE AND PENSION						
Minnesota Mutual. Retirement income at 65 Policy (R165) ** Life Insurance before age 65: $100,000 Monthly pension starting at age 65: 1,000 Pay premiums0 20 years. Dividends est by company deducted	25	$4,471	$4,124	$347	For 20 years	
	45	3,473	3,179	294	Ages 35-54	
	54	2,401	2,185	216		$6,856

For these 4 products the total price for females exceeds that for males by **$15,732**

* *1981 Time Saver for Health Insurance*, National underwriter Publication

** *1977 Minnesota Mutual Life Rate Book*

Kathy A. van Hook, President — Sib Clack, Vice President — Connie Flaherty Erickson, Treasurer — Celinda C. Lake, Lobbyist — Stacy A. Flaherty, Lobbyist

Sex discrimination ruled

WASHINGTON (AP) — The Reagan Administration told the Supreme Court on Tuesday that most pension plans illegally discriminate against women by paying them lower benefits than men because they live longer.

Solicitor General Rex Lee told the court in a brief that Title VII of the 1964 Civil Rights Act prohibits the almost universal practice of basing different monthly pension benefits on actuarial tables showing the different life expentancies of men and women as groups.

The Justice Department's comments came in a case involving pension plans used by 3,400 colleges for some 850,000 employees, but the issues raised could affect millions of American workers and billions of dollars in pensions.

Lee noted that in 1978 the Supreme Court ruled against a retirement plan that required women to make larger contributions than similarly situated men.

"Whether a woman contributes a greater amount of her compensation than a man for an equal benefit or contributes an equal amount for a lesser benfit, the use of sex-based actuarial tables in calculating periodic benefits results in the same discrimination," Lee said.

Pension plan operators have argued that the life expectancy tables produce a fair system because men as a group get paid the same benefits as women as a group. This is because in the United States women tend to live longer than men and thus, although their monthly benefit is smaller, their total benefit is about the same when viewed on a group basis.

The American Academy of Actuaries says that the life expectancy of women born in 1981 is 78.3 years, while men born in the same year are expected to live an average 70.7 years.

But Lee said, "Title VII protects individuals, not groups; it is not satisfied simply by showing that the challenged policy is fair to the group as a whole."

The Reagan administratin has used the same interpretation of Title VII in opposing racial hiring quotas in race discrimination cases, opting instead for remedies for individual victims.

The Justice Department's brief was filed in a case brought by Diana Spirt, a tenured professor at Long Island University in New York. She challenged her retirement plan because it pays women monthly benefits that are 11.3 percent less than those provided to men with equal service and equal contributions to the plan.

Long Island University's plan is managed by the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. The association was organized in 1918 to pay retirement benefits to teachers and its companion fund was established in 1952 to permit investmbnt of contributions in .

By 1977, more than 85 percent of all private four-year colleges and universities and more than 40 percent oall such public institutions used plans managed by the association and the fund. Since then even more schools have signed u.

DISCRIMINATORY INSURANCE PRACTICES COVER ALL AREAS OF INSURANCE

I. LIFE INSURANCE

Availability

- Women have limited access to many life insurance options. When these options are offered, the premium rates are unjustifiably higher for women than for men.
- Under some life insurance policies, a married woman can purchase coverage only up to the amount of coverage held by her husband.

Premium Rates

- Insurance companies use male-life expectancy tables to calculate women's premium rates for life insurance, giving females a three-year setback. (ex. A 46-year-old woman would pay the same premium rates as a 43-year-old man.) However, current mortality tables show that the life expectancy of a women is 6-9 years greater than that of a man. And, women are penalized the full 6-9 year difference in pension plans. Thus, female longevity is only partially recognized when premium rates for women are set in life insurance, Even where women would benefit from a sex-based rating structure, their advantage is curbed by insurance laws and practices.

- Men must pay higher premiums for the same amount of death benefit life insurance, or get lesser amounts of insurance coverage for the same premium, than do women. (Ironically, since most men designate women as their beneficiaries, the impact of such smaller amounts of insurance falls on women.)
- For the same amount of whole life coverage and retirement monthly cash value policies women are charged more for the same monthly coverage.

II. AUTO INSURANCE

Premium Rates

- Young men pay higher premiums for auto insurance than do young women. A wry note:
- Insurance leaders often try to persuade women that they get a good deal in insurance bacause they pay less for auto insurance from age 17 to 25. But if lower female rates from age 17 to 25 are "fair", why stop there? Statistics show that women, life-long have 30% fewer accidents than men. But as of age 25, they pay the same as men!
- Massachusetts, Michigan, and Pennsylvania, among other states, have banned sex discrimination in auto insurance.

III. HEALTH INSURANCE

Availability

- Health insurance of private insurance companies often excludes pregnancy and its related complications from coverage. They claim that pregnancy is a voluntary condition. Yet, other voluntary sex-linked disabilities, for example, those due to vasectomies, prostatectomies, or treatment for venereal disease, are generally covered for men.
- Health insurance policies rarely cover prenatal, postpartum care, family planning, and gynecological disorders and related services.
- Waiting periods for women are usually much longer than they are for men and benefit periods shorter.

Premium Rates

- When maternity benefits are provided, they are substantially lower than cost.
- Female policy holders pay considerably more for health insurance than male policyholders.
- Even without maternity coverage, an Iowa study showed that women pay as much as 50% more than men for identical policies in health insurance.

IV. DISABILITY INSURANCE

Availability

- Disability income insurance is generally not available to women whose jobs are performed at home, while such insurance is available to men with identical job and risk factors.

Premium Rates

- Premium rates in disability insurance are often much higher for women than for men carrying identical or better coverage. Case studies have shown that:

- Ten out of 13 insurance companies surveyed in Pennsylvania charged higher premium rates for women than for men carrying identical or better disability coverage.
- Women are charged rates 150% higher than men in the same job classification in New York for disability insurance.
- A rate differential of 45-115% exists between the sexes in Colorado.

Terms and Condition of Benefits

- Generally, disability insurance policies provide:
  - longer waiting periods for women in number of days an insured must be disabled before benefits are payable.
  - shorter basic periods -- maximum time for which an insured is deemed completely unable to work -- usually 5 years for men, 2 years for women.
  - shorter benefit periods -- maximum time for which the insured is paid benefits -- for women.
- Disability insurance is not available to part-time employees, causing a greater hardship for women who make up 70% of this category.
- Disability income insurance is often excluded for periods of disability resulting from medical or surgical treatment of sex-linked disorders.

V. RETIREMENT AND PENSION BENEFITS

Premium Rates

- Women receive lower monthly retirement benefits than men who have paid identical premiums.
- Premium rates and benefits are computed on the basis of age and sex. The greater longevity of women as a class compared with that of men as a class is cited as the unique reason for giving women lower monthly retirement benefits than men who have paid identical premiums. The U.S. Supreme Court in its 1978 Manhart decision prohibited such disparate treatment between men and women in employer-operated pension plans. Yet, private companies continue to follow such discriminatory practices.

(Sources for the above insurance information are fact sheets on insurance put out by WEAL and NOW.)

SUBMITTED BY: Vivian Marie, 3/19/83, EXHIBIT NO. 3
(This sheet to be used by those **testifying** on a bill.)

NAME: Vivian Marie DATE: 3-19-83

ADDRESS: 624 S. California #203 Helena

PHONE: 442-9830 (work) 449-7693 (home)

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ✓ AMEND? ______ OPPOSE? ______

COMMENT: As an attorney, I believe sex-based rates are unconstitutional. As a citizen I want MT to do what is right. As a female consumer of insurance, I support dropping sex as a basis for insurance rates because that is most fair - even if my rates rise.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

SUBMITTED BY: De Adams, 3/19/83, EXHIBIT NO. 4.

NATIONAL ORGANIZATION FOR WOMEN

MONTANA CHAPTER

Mr. Chair, Committee Members:
My name is Dee Adams. I am the MT Coordinator of the National Organization for Women. Today, I am representing the women and men of MT NOW in support of HB358, prohibiting the use of gender to determine insurance rates. The Insurance Industry freely admits to its sex discrimination, asserting that they are able to do this "fairly", and "even to the advantage" of women! They assert that sex discrimination is, in fact, justified. It is pointless to decide what might and might not justify sex discrimination. This basic tenet does not depend on blind faith; every special law, regulation, or arrangement that treats women and men discriminately, though purportedly intended to give women some advantage or protection, has worked to the economic disadvantage of women.....and in the long run, everyone.

Sex-segregated pricing of insurance is a major factor in the impoverishment of women, especially older women who comprise the majority of those living below the poverty level. Because of the sex-discriminatory policies of the insurance industry, insurance is less available to women. The point is: Government...local, federal, and state---winds up paying the bill. If the insurance industry is required to end its sex discrimination, the resulting lower number of impoverished women will remove a major burden to the taxpayers of our state.

Insurance lobbyists will tell you that any change will mean higher prices for the consumer, and that there are real differences in risk between men and women. They do not mention the real differences of risk between ethnic groups, races, and some religious groups, because they would not get away with it. They do not mention that sex-based consumer prices mean higher citizen taxes.

What is happening is that one group (the insurance industry) is discriminating against another (women), in the interest of making more money (profit for the companies). We do not argue with their need for profit. What we do argue with is that their profit is resulting in the further impoverishment of women. There is no "fair" discrimination. Sex discrimination, like racial discrimination, can, by its nature, never be fair. NOW is seriously concerned about this issue, as are other groups and individuals across the state and nation. We urge you to put away any idea of trying to do further studies in an attempt to discriminate "fairly"....it can't be done. We urge to to bring into law HB 358 and to end discrimination in the insurance industry.

SUBMITTED BY: Karen Zollman, 3/19/83, EXHIBIT NO. 5

618 South 8th AVenue
Bozeman, Montana 59715
March 18, 1983

Representative Jan Brown
Capitol Station
Helena, Montana 59620

Please submit to: Senate Business and Industry Committee
Senator Paul Boylan
Senator Kolstad, Chair
Senator Lee
Senator Dover
Senator Gage
Senator Goodover
Senator Severson

RE: HB 358

I emphatically ask you to support HB 358.

More than ever women are assuming roles as heads of households. Over 30% of this nation's children are dependant on these women. As main-wage earners their average salary is approximately $10,000 a year. Many part-time jobs dominantly held by women do not offer "fringe benefits." As caretakers for so many children and as low wage earners women must have equity in insurance protection. Disability insurance, retirement payouts and health insurance plans based on sex-based tables are discriminating against the very segment of our society who most desperately needs that protection. When that protection does not exist public assistance programs bear the burden.

It is curious to me that the insurance industry is so adamant and vigorous in their opposition. According to a federal study the isurance industries opposition figures are hightly inflated. I wonder if gender discrimination is somewhat profitable.

Studies show great differences in health and longevity of various ethnic groups and religious groups. If the insurance industry finds no actuarial difference in these cases then the gender an individual is born with should make no actuarial difference in risk classification either.

Cordially,

Lynn Robson

Lynn Robson

SUBMITTED BY: Rita Theisen, 3/19/83, EXHIBIT NO. 6

LEGISLATIVE NEWS

NATIONAL ASSOCIATION OF INSURANCE WOMEN (INTERNATIONAL)

January 1983

NAIW LEGISLTAIVE POSITION STATEMENT

RE: Federal legislative initiatives designed to eliminate sex as a rating criteria in determining risk classifications for insurance rating purposes.

HR 100 (Dingle)

The NAIW Executive Board, at it's January Board Meeting, approved the following:

NAIW, as an association, will take a stand in opposition to Federal legislative initiatives, such as HR 100 (Dingle), which eliminate sex as a rating criteria in determining risk classifications for insurance rating purposes.

This type of legislation is not in the best interests of the public. It will have a dramatic additional cost impact on women, men, business and government. NAIW feels it is our responsiblity, as a concerned group of professional insurance women, to get involved and actively work towards the defeat of this type of legislative initiative. The supporters of this type of measure have indicated a willingness to accept the economic consequences out of a sense of "fairness" to women, even though the evidence is abundantly clear that women will, in fact, have to pay more, not less, for insurance, particularly for the coverages they purchase as individuals.

What is not so clear is whether the cost implications of this type of proposal, i.e. HR 100, are generally known and whether there is indeed a widespread willingness or even ability to pay the higher prices associated with the proposal. Perhaps even more importantly, no one has yet addressed where the additional billions of dollars will come from to pay the increase in pension benefits mandated in this type of proposal.

Independent analysis by the American Academy of Actuaries, which neither supports nor opposed this type of initiative, indicates that women may be disadvantaged by its effects. Here's what the Academy's analyis shows:

* An increase of $700 million annually in auto insurance premiums for women;

* An increase of $360 million annually in life insurance premiums for women;

* An increase in health insurance premiums such that medical expense insurance for women would increase $1.6 million annually and disability insurance for men would increase $94 million annually.

Further, the Academy study estimated that the administrative costs of implementing such legislation would add $1.3 billion to the overall cost of insurance for everyone. These costs result from the alteration of existing contracts, development of new policies and products, and the determination of new rate tables.

This type of legislative initiative would require that insurers ignore the very real and statistically significant differences in claim and benefit costs between men and women when determining the premium to be charges. This means that:

* Although women have a longer life expectancy than men, women would have to pay the same rate as men for life insurance, and,

* although female drivers have a much lower auto accident frequency than young male drivers and young males cost over 50% more to insure than young female drivers, the young females would be forced to pay the same rate for auto insurance as young males.

Beyond this type of initiative's inequities, it will add a tremendous burden to the nation's public and private retirement systems. In the State of New York alone, the Superintendent of Insurance has estimated the eventual total cost of unisex pensions to the New York public retirement systems at approximately $1.9 to $2.1 billion. Many private businesses are struggling to remain financially solvent and too many have already become bankrupt. Therefore, it would only seem prudent to give very careful consideration and a great deal of additional study to the potentially devastating increase in unfunded pension liabilities which will result from this type of initiative.

In summary, legislation of this type, including HR 100, will have profound economic consequences for men and women, employers and taxpayers. As members of NAIW, we can make a difference by getting involved, writing letters, telephoning and visiting our representatives when the time is right.

You will be kept informed of all activity of legislative initiatives introduced in this area and HR 100's status. You will be asked by NAIW to get involved in the grass roots effort aimed at defeating this type of initiative.

--Jo Conway Roberts, CPIW
National Legislative Chairman

All questions and requests for information should be sent to the National Legislative Chairman, Jo Conway Roberts, CPIW, 1942 Maybelle Drive, Pleasant Hill, CA 94523.

Resolution of the Executive Committee
of the National Association of Insurance Commissioners

February 17, 1983

WHEREAS, the National Association of Insurance Commissioners ("NAIC") is a voluntary, unincorporated association whose membership consists of the chief insurance regulators of the fifty states, the District of Columbia and four United States territories; and

WHEREAS, the NAIC Executive Committee is comprised of the present NAIC officers, the most immediate past President and the respective officers of the four NAIC geographical zones and is empowered under the NAIC Constitution to manage the affairs of the NAIC and to communicate with federal organizations in order to promote understanding of state insurance regulation; and

WHEREAS, the House Committee on Energy and Commerce is currently considering H.R. 100, the "Nondiscrimination in Insurance Act" (the "Act"); and

WHEREAS, the insurance commissioners of the several states are responsible for the financial stability and solvency of insurance companies domiciled in their state; and

WHEREAS, the immediate impact of H.R. 100 on insurance contracts would be to mandate increased pension and annuity benefits and thereby create unfunded liabilities; and

WHEREAS, this Act's determination of what constitutes legitimate insurance rating practices at the state level fails to recognize the necessary element of causality utilized by state regulators in reviewing rating practices and is inconsistent with the spirit if not the letter of the McCarran-Ferguson Act, which empowers the individual states to regulate the business of insurance,

NOW THEREFORE BE IT RESOLVED, that the National Association of Insurance Commissioners urges the House Subcommittee on Commerce, Transportation and Tourism not to report this bill in its present form to the House Energy and Commerce Committee, and

BE IT FURTHER RESOLVED, that the Committee conduct further studies to determine the bill's impact on the financial stability of the insurance industry and on the state regulation of insurance, and

BE IT FURTHER RESOLVED, that a copy of this Resolution be sent to all members of said Committee.

RESOLUTION NO. 2

WHEREAS, the Fair Insurance Practices Act (S.2204) which would prohibit the use of gender as a rating and an underwriting criteria for all lines of insurance has been proposed in Congress; and

WHEREAS, S.2204 was reported from the Commerce Committee of the United States Senate on October 1, 1982; and

WHEREAS, standards for rating and underwriting insurance are presently regulated by the states as prescribed by Congressional policy in the McCarran-Ferguson Act; and

WHEREAS, numerous state legislatures and regulators have under review gender-based insurance rating as those laws and regulations apply to the citizens of the respective states; and

WHEREAS, the National Association of Insurance Commissioners has been studying this issue for some time and has adopted resolutions supporting gender-based insurance rating as being actuarially sound and in the best interests of consumers with respect to life and health insurance and pensions; and

WHEREAS, testimony by various academic and other groups indicates that enactment of S.2204 would increase pension costs by several billion dollars annually for business and for state and local governments, and would inequitably increase the costs of insurance coverage; and

WHEREAS, several state and federal courts, including a case currently pending before the United States Supreme Court, are considering the propriety of gender-based benefits provided under employer benefit plans;

NOW, THEREFORE, BE IT RESOLVED that the Conference of Insurance Legislators in annual meeting this 14th day of November, 1982, in New York, New York, opposes any Congressional action which would preempt, limit or otherwise remove from the discretion of the several states the use of gender-based classification as underwriting or rating criteria as such action would be inconsistent with Congressional policy embodied in the McCarran-Ferguson Act.

STATEMENT OF STATE FARM MUTUAL

AUTOMOBILE INSURANCE COMPANY

IN OPPOSITION TO MONTANA HOUSE BILL NO. 358

State Farm represents 144,865 Montana auto insurance policyholders. State Farm opposes House Bill No. 358. The bill will result in unjustified rate increases for a number of insureds and it will reduce the amount of competition in the auto insurance market in Montana. The adverse effects of the bill are not offset by any corresponding benefit. The proposal will not increase fairness and equity in insurance rating. In fact, fairness and equity will be reduced. Certainly the proposed bill will not be of financial benefit to women. In fact, many women will be required to pay more.

The major argument of the proponents of this bill is that the use of sex and marital status are "socially unacceptable" as rating criteria. There is no question that we do have a responsibility to consider the civil rights implications of the use of sex and marital status in rating decisions. There has recently been a healthy and positive move in this country to discourage discrimination based on these classifications when there are other bases for distinguishing between individuals within the class. For example, we should not refuse a woman's application to do construction work if she can demonstrate that she has adequate physical ability to do the work. But doesn't insurance rating present a different problem? It is an inherent characteristic of insurance that we have to look at large groups of exposures in order to get close to accurate pricing for individual insureds. The less refined the groups or classes are, the less accurate is the pricing.

Pricing insurance is a difficult task. Unlike any other economic enterprise, insurance companies must establish a price for their product in advance of any absolute knowledge of the cost of delivering it to the public. The pricing system is based on the proposition that each policyholder should pay a premium proportionate to the risk of loss that he or she presents.

It is ironic that the proposals to eliminate sex and marital status in automobile rating inure most to the benefit of young, single males. If you ask a member of the public whether sex and marital status should be used as insurance rating criteria, the answer to that question would probably be "no". But what if you asked the same members of the public whether older drivers, married drivers, female drivers and the elderly should help pay the costs of accidents caused by young, single male drivers? I think that most people would answer "no" to this question also.

There is no doubt that young, unmarried men are much more accident prone than any other group. The effects of sex and marital status show up clearly in insurance company claim figures. For example, State Farm received 112 property damage claims per 1,000 insured vehicles driven principally by unmarried young males; 89 claims per 1,000 vehicles driven by unmarried females; 63 claims from young married men and 44 claims from adults. Young single drivers also tend to have more expensive accidents. The average property damage claim for cars driven by young single males was 27% more costly to State Farm than the average adult claim. The fact that young men are more accident prone than any other group is also confirmed by statistics collected outside the insurance industry. For example, studies by the California Department of Motor Vehicles show a significantly greater accident involvement by young, unmarried men.

If the marital status of the driver is eliminated as a rating factor, there will be a change in rates estimated as follows: The liability rates for young, married males would increase by $60.00, the liability rates for young, single males would decrease by $28.00. For the same bodily injury and property damage liability coverages, the effects of eliminating the sex of the driver as a rate classification would cause the rates for young females to increase by $39.00 and the rates for young males to decrease by $33.00. The effects on rates for other coverages are summarized in the attachments to this statement.

These rate changes represent only the short term effects. Other effects include implementation costs and marketplace effects. The impact of House Bill No. 358 is difficult to predict and impossible to quantify precisely. Some of the more important possible effects are as follows:

1. An increase in the average price of insurance in general;
2. Companies will emphasize selling insurance to drivers, such persons as married females, to maximize profits. They will avoid selling to young, single males. If a company will not sell a person insurance, he or she can obtain it through an assigned risk plan. Insurance under this plan is expensive. Montana now has an assigned risk involving only .12% of the drivers. This is the ninth lowest in the nation. The assigned risk market can be expected to increase dramatically if House Bill No. 358 passes;
3. The number of uninsured drivers will increase. As the premiums for certain people increase, many of them will simply not purchase it;
4. The number of underinsured drivers will increase. An underinsured driver is one who does not have enough insurance to cover the injured person's damages. Montana requires drivers to buy at least $25,000.00 of liability insurance. Many people buy more insurance coverage. As premiums increase for certain persons, many will simply buy less insurance;
5. Increased regulatory efforts and costs to assure equal availability of insurance. In states that have

already prohibited sex and marital status as rating criteria, governments have been forced to attempt to restrict insurers' ability to underwrite. Michigan, Massachusetts, North Carolina and Hawaii all have some form of a "take-all-comers" law. These laws force insurance companies to sell to everyone who comes through the door. Once that happens, some insurance carriers may attempt to avoid selling insurance through marketing techniques in order to achieve economic goals. We have seen signs of this already in the four states prohibiting sex and marital status as rating criteria, and regulators have responded by attempting to control marketing techniques. The lesson in this logic is that once the government heads down this particular road there is no end to the process if it is to carry out its mandate for social rather than economic pricing;

6. Money will be spent to implement unisex rating rather than to develop or investigate other new pricing techniques.

Proponents of the bill argue that other classifications can be successfully substituted for sex. The commonly suggested alternatives are driving record and miles driven. These alternative rate classifications have been thoroughly analyzed and will not work. Mileage is not an effective substitute for sex since females have a demonstrably lower accident rate than males within each category of miles driven. Driving record is not a sufficient substitute for either sex or marital status, even though more income is generated through accident and violation surcharges from young males than any other group, because the amount of accident surcharge would have to be unreasonably large to generate the same amount of premium. Many authorities believe that exclusive reliance on driving record as an auto insurance rate classification could work only if a time span of 10 to 20 years is used and inexperienced drivers are classified toward the top of the rating scale. Use of driving record is also dependent on law enforcement practices and record keeping within the jurisdiction.

Rating based strictly on accident or violation involvement is not statistically justified. Some proponents argue that premiums should be calculated only on the basis of actual individual experience for traffic violations or accident involvement. But the typical auto, insured for all coverages, will generate an insurance claim of some kind only once every five to seven years. Also, the quality of Department of Motor Vehicle records varies widely from state to state and no state has complete records accessible for the necessary time period. The occurrence of accidents and violations is a useful predictor of the likelihood of future loss. However, the absence of an accident or traffic violation on an insured's record does not fully reflect that the person is a relatively safe driver. Correlation to future loss based on sex, marital status and other factors are much greater and are necessary to achieve accuracy in pricing.

The legislature and the courts and public must at some point decide what are fair practices in the context of insurance rating. There are no objective tests which can differentiate with certainty an individual's insurance risk from that of a group with similar risk characteristics. It is precisely this uncertainty that leads to the need for insurance. If the analysis of group experience to set rates is determined to be "socially unacceptable" then this simply means that the sale of insurance is also socially unacceptable. Therefore, some aspects of fair practices applicable in other contexts may not be appropriate or possible in the insurance context. It is the position of the State Farm Insurance Companies that insured individuals are treated fairly if they are charged prices which reflect the value of the risk they transfer to the insurance pool. We believe that this is true not simply as a matter of theoretical preference, but as an important condition to the sound operation of insurance programs. Determining the value of the risks transferred necessarily involves the use of averages and classification variables, making the use of averages and class groupings essential to the insurance business. Consideration of what is fair or unfair should take place within this conceptual framework.

Effect of Unisex Rating on Auto Insurance Premiums for Women Drivers

MONTANA

HELENA

19 year old occasional operator

	Premium as of 1/1/83	Unisex	Difference
Company A	$ 337	$ 414	+$ 77
Company B	430	530	+$ 100
Company C	543	640	+$ 97

23 year old principal operator

	Premium as of 1/1/83	Unisex	Difference
Company A	$ 389	$ 529	+$ 140
Company B	428	533	+$ 105
Company C	526	754	+$ 228

BILLINGS

19 year old occasional operator

	Premium as of 1/1/83	Unisex	Difference
Company A	$ 376	$ 462	+$ 86
Company B	470	580	+$ 110
Company C	674	796	+$ 122

23 year old prinicpal operator

	Premium as of 1/1/83	Unisex	Difference
Company A	$ 434	$ 591	+$ 157
Company B	460	578	+$ 118
Company C	652	940	+$ 288

Examples:

1. Single Female - 19 years old with no discounts or surcharges

    Car - 1980 Chevy Malibu

    Coverage - Bodily Injury/Property Damage - $50/100/25
    Medical Payments (PIP) - $2000 (Basic)
    Uninsured Motorists - Basic Limit
    Comprehensive - $50 deductible
    Collision - $200 deductible

2. Single Female - 23 years old drives to and from work. All other characteristics the same as Example 1.

MONTANA

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

EXAMPLES OF THE EFFECT OF ELIMINATING
SEX OF DRIVER AS A RATING FACTOR

	Single Female Age 21-24 Pleasure Use			Single Male Age 21-24 Pleasure Use		
	Current Annual Premium	Approximate Annual Change	% Change	Current Annual Premium	Approximate Annual Change	% Change
Billings	$ 571	$ +211	+37%	$1,018	$ -236	-23%
Helena	$ 522	$ +193	+37%	$ 932	$ -217	-23%
Missoula	$ 468	$ +171	+37%	$ 834	$ -195	-23%

* These examples are for a 1982 Ford Escort (IRG-11), owned or principally operated by the described driver and with the following coverages:

25/50/25 BIPD Liability
$5,000 Medical Payments
Full Comprehensive
$100 Deductible Collision
25/50 Uninsured Motor Vehicle

MONTANA

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

EXAMPLES OF THE EFFECT OF ELIMINATING
MARITAL STATUS OF DRIVER AS A RATING FACTOR

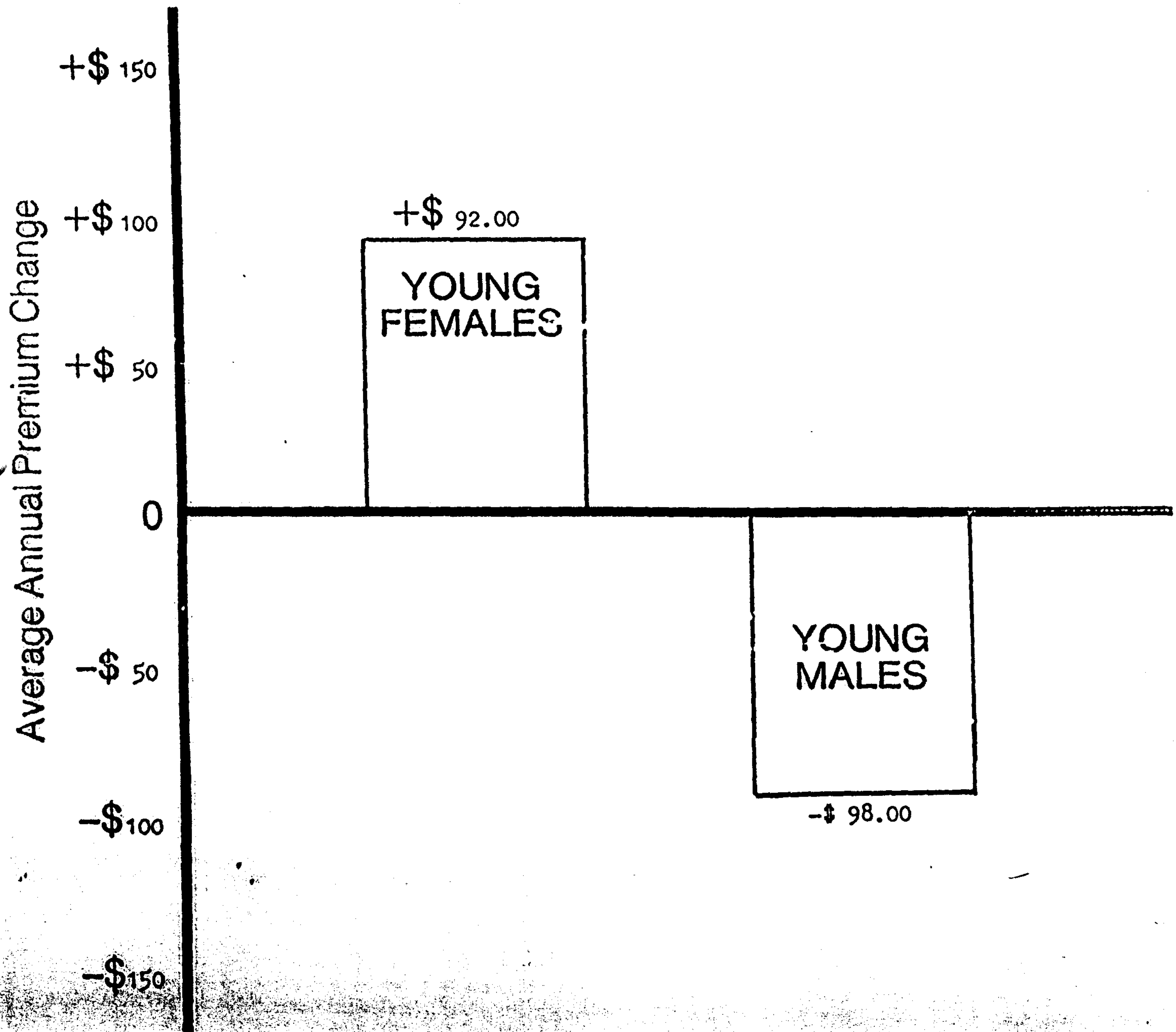
	Married Male Age Under 21 Commuter Use			Single Male Age Under 21 Commuter Use		
	Current Annual Premium	Approximate Annual Change	% Change	Current Annual Premium	Approximate Annual Change	% Change
Billings	$ 746	$ +517	+69%	$1,388	$ -125	- 9%
Helena	$ 683	$ +472	+69%	$1,270	$ -115	- 9%
Missoula	$ 611	$ +422	+69%	$1,137	$ -104	- 9%

* These examples are for a 1982 Ford Escort (IRG-11), owned or principally operated by the described driver and with the following coverages:

25/50/25 BIPD Liability
$5,000 Medical Payments
Full Comprehensive
$100 Deductible Collision
25/50 Uninsured Motor Vehicle

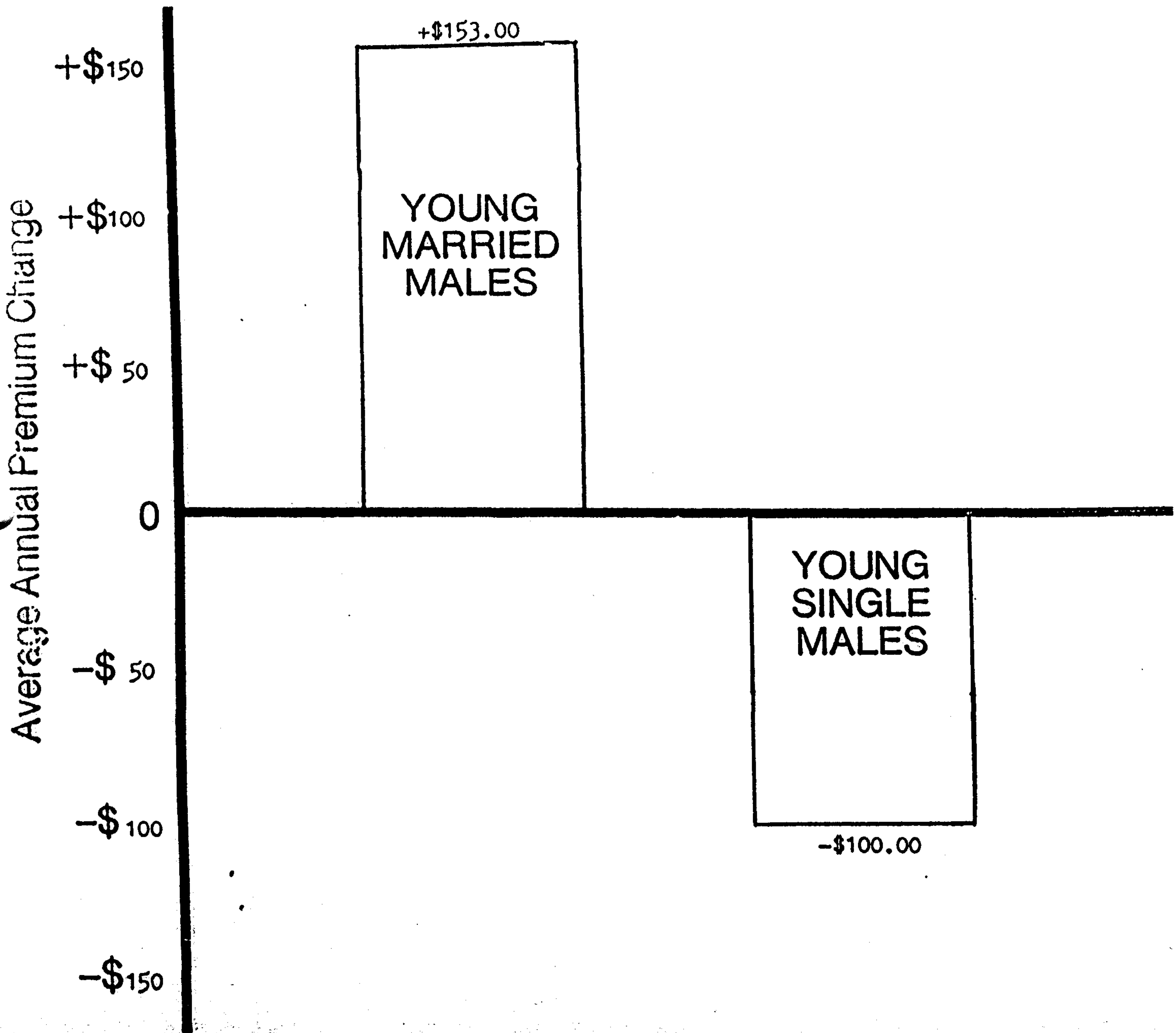
MONTANA

Estimated Average Annual Change in Total Package Policy Premium for State Farm Mutual Policyholders if Sex of Driver is Eliminated as a Rating Factor.



MONTANA

Estimated Average Annual Change in Total Package Policy Premium for State Farm Mutual Policyholders if Marital Status of Driver is Eliminated as a Rating Factor.



MICHIGAN

Rate Comparisons Before and After Elimination of Sex and Marital Status as Rating Variables

These rates reflect premiums applicable before and after the elimination of sex and marital status as rating variables, effective January 1, 1981 for youthful (under 21) principal operators, with no accidents or convictions, for a 1981 Oldsmobile Cutlass Supreme (IRG 11, Age Group 1) with the following coverages:

25/50/25 BIPD
Full PIP
Coverage N
Full Comprehensive
$100 Deductible Broadened Collision

	Married Female			Married Male			Unmarried Female			Unmarried Male		
	Before	After	% Change	Before	After	% Change	Before	After	% Change	Before	After	% Change
orthern ounties	$175.94	$469.04	+166.6%	$342.62	$469.04	+36.9%	$342.62	$469.04	+36.9%	$675.98	$469.04	-30.6%
etroit uburbs	260.11	685.36	+163.5	506.53	685.36	+35.3	506.53	685.36	+35.3	999.37	685.36	-31.4
estern ounties	173.09	457.60	+164.4	337.07	457.60	+35.8	337.07	457.60	+35.8	665.03	457.03	-31.2

Exhibit 1
Sheet 1

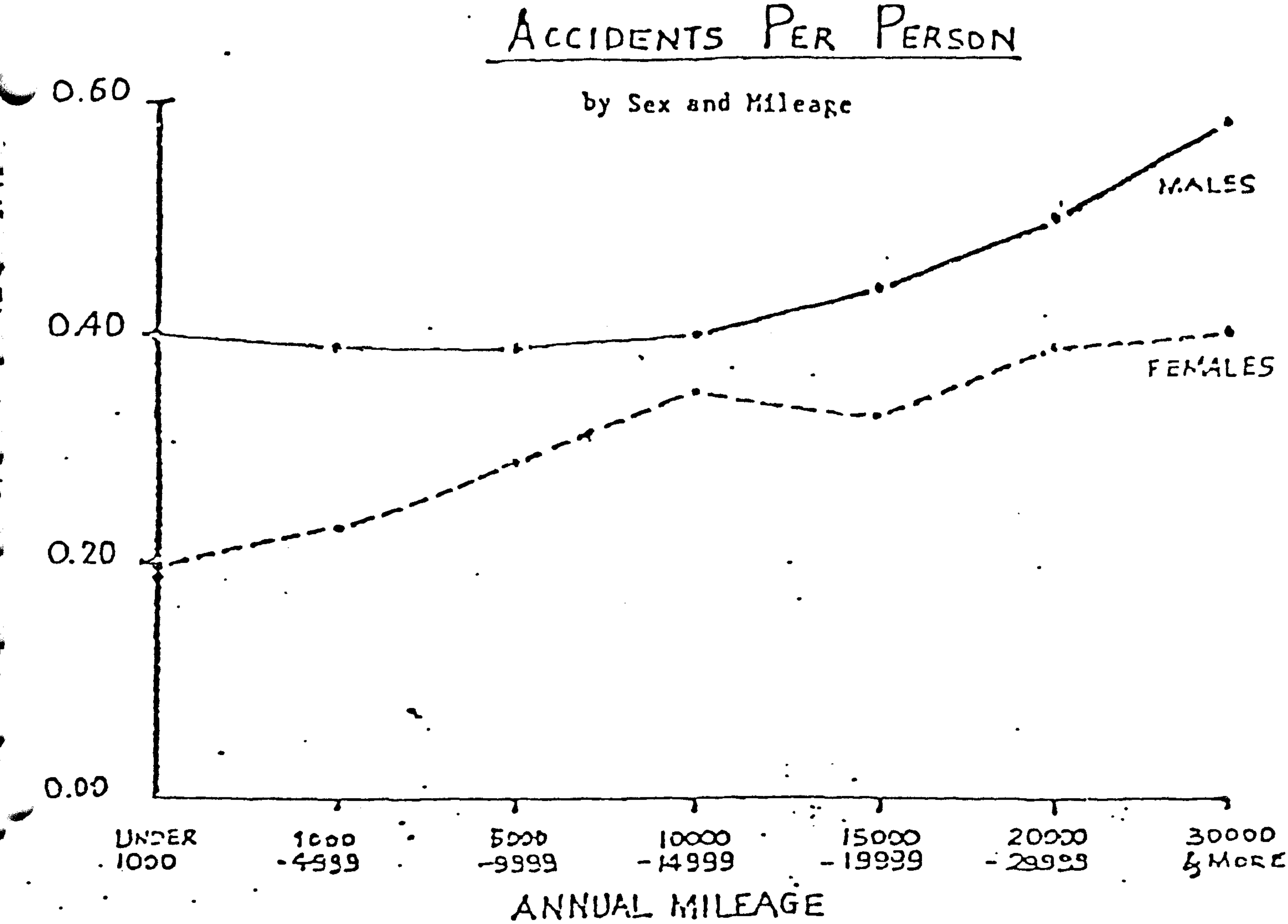
ACCIDENT MEANS BY SEX AND ANNUAL MILEAGE

(Renewal applicants, 6 year record)

1975

	Annual Mileage								
	Under 1,000	1,000-4,999	5,000-9,999	10,000-14,999	15,000-19,999	20,000-29,999	30,000+	Mean Total Accidents	Total Miles
MALE	.40	.39	.39	.40	.44	.52	.58	.43	16,000
FEMALE	.19	.23	.29	.35	.33	.39	.40	.28	8,000

Source: The California Driver Fact Book, Table 15.



Source: California Driver Fact Book
Table 15

Excerpt from: State Motor Vehicle Records
All-Industry Research Advisory Council

CONCLUSIONS

State motor vehicle records are too fragmentary to be the primary or sole means of evaluating driver performance. Of the 5,027 accidents studied, 3,418 (68 percent) eluded the MVR even though almost every one of these serious accidents, by state laws, should have been recorded. Although police were called to the scene 74 percent of the time, 3,904 cases (78 percent) showed no violation on the MVR.

The study suggests weaknesses and geographical inconsistencies not only in the state MVR systems, but also in traffic enforcement itself. These need to be addressed by the interested parties. Privacy issues and gaps in law enforcement impair the MVRs as a data source for use in auto insurance rating. This should be of concern not just to insurers, who must operate within the existing limitations, but also to those regulators who may want MVRs to be given more weight in setting insurance rates. Departments of motor vehicle administration need to evaluate the present MVR files and, perhaps of equal importance, law enforcement agencies should consider the implications for highway safety because MVRs are the basis for driver license review and administration.

STATE VARIATIONS IN ACCIDENT REPORTING

The study showed wide differences among states in the completeness of the MVRs. In Alabama, only 1 percent of the accidents that had occurred a year or more earlier showed up on the MVRs. By contrast, more than 70 percent of the accidents appeared on the MVRs in Wisconsin, North Carolina and South Carolina. Even in these states, however, more than 25 percent of the accidents were not recorded on the MVRs.

Figure 1 shows the percent of the accidents surveyed found on state motor vehicle records one year following the date of the accident. The states have been grouped into four categories, as follows:

Motor Vehicle Accident Records Not Available to Insurers

Massachusetts	Indiana	Washington, D.C.
West Virginia	Minnesota	Alaska
Kentucky	North Dakota	

Less Than 25 Percent of Accidents Recorded on MVRs

Connecticut	Idaho	Mississippi
Delaware	Nevada	Arkansas
Maryland	Utah	Oklahoma
Georgia	Montana	Illinois
Alabama	Wyoming	New Mexico
	Hawaii	Missouri

25 Percent to 50 Percent of Accidents Found on MVRs

Rhode Island	Michigan	Texas
New York	Florida	Colorado
Pennsylvania	Tennessee	Arizona

More Than 50 Percent of Accidents Found on MVRs

Maine	South Carolina	Kansas
New Hampshire	Ohio	Louisiana
Vermont	Wisconsin	California
New Jersey	Iowa	Oregon
Virginia	South Dakota	Washington
North Carolina	Nebraska	

STUDY: MARCH 1981

Residual Market Penetration

Exhibits 16. 17 and 18 rank the states by residual market penetration.
In 1980 there were 22 states under 1 per cent compared with 20 in 1979.
In 1980 there were 38 states under 5 per cent compared with 33 in 1979.

Exhibit 16

State Rank by Residual Market Penetration 1980 — Under 1%

1. Utah	.01	12. Wisconsin	.17
2. Colorado	.05	13. New Mexico	.18
3. Oregon	.06	14. Oklahoma	.18
4. Ohio	.07	15. Wyoming	.22
5. Idaho	.08	16. Nevada	.23
6. Arizona	.10	17. North Dakota	.39
7. Iowa	.11	18. Illinois	.49
8. Nebraska	.11	19. Arkansas	.54
9. Montana	.12	20. Missouri	.71
10. South Dakota	.13	21. Alabama	.72
11. Indiana	.14	22. Washington	.87

Exhibit 17

State Rank by Residual Market Penetration 1980 — Under 5%

23.	West Virginia	1.14	31.	Alaska	2.60
24.	Hawaii	1.27	32.	Tennessee	2.61
25.	Minnesota	1.34	33.	Maine	3.58
26.	Kentucky	1.56	34.	Kansas	4.03
27.	Mississippi	1.87	35.	Maryland	4.07
28.	California	2.00	36.	Vermont	4.22
1981 29.	Michigan	2.03	37.	Texas	4.36
30.	D.C.	2.07	38.	Georgia	4.41

Exhibit 18

State Rank by Residual Market Penetration 1980 — Over 5%

39.	Pennsylvania	5.05	46.	New York	14.00
40.	Florida	7.02	47.	South Carolina	19.97
41.	Virginia	7.07	1977 48.	North Carolina	22.58
42.	Rhode Island	7.99	49.	New Hampshire	23.50
43.	Delaware	9.67	1973 50.	Massachusetts	35.92
44.	Louisiana	10.54	51.	New Jersey	36.03
45.	Connecticut	13.93			

* States banning the use of sex and marital status as auto insurance rate classifications.

(This sheet to be used by those testifying on a bill.)

SUBMITTED BY: Linda McCluskey, 3/19/83, EXHIBIT NO. 8

NAME: Linda McCluskey DATE: March 19, 1983

ADDRESS: 1500 Virginia Dale, Helena

PHONE: 443-7555

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? XXX

COMMENT: ______

STATEMENT OF LINDA McCLUSKEY ON H.B.358

Mr. Chairman, members of the committee:

My name is Linda McCluskey. I live here in Helena. I am speaking for myself. After moving to Helena several years ago, my partner and I opened a clothing store, "Jeans, Etc." We now have two stores in Helena, and stores in 5 other Montana cities and one in Washinton.

I have always believed in equal rights for women. I have always supported ERA. However, I do not support H.B. 358. I do not believe that it is either right or fair that the Legislature pass a law which will raise life insurance rates and auto insurance rates for women.

Thank you.

SUBMITTED BY: Lester H. Loble, II, 3/19/83, EXHIBIT NO. 9

STATEMENT OF LESTER H. LOBLE, II, ON
BEHALF OF THE AMERICAN COUNCIL OF LIFE INSURANCE

My name is Lester H. Loble, II. I appear here on behalf of the American Council of Life Insurance (ACLI). ACLI is a trade organization whose member companies write 95% of the life insurance in force today and 99% of the insured pension business in the U.S.

We feel that this bill is premature. Presently, there are 4 cases pending before the U.S. Supreme Court on this issue. One, the Norris case, will be heard one week from today--with a decision likely in June.

There are 3 bills pending in Congress directly affecting the issue under consideration. One of the most difficult problems is the possible retroactive effect of HB 358. For example, how will this bill affect the life insurance contracts most of us have in force today? Does this law change the premium rates? Does it change the face value of the contracts?

We feel that the Legislature should take advantage of the information which will be developed in Congress, in the Courts, and here in Montana during the interim under HJR 29.

We believe thoughtful consideration should be given to 2 provisions in the Montana Constitution. Article XIII, Section 1, says:

> "The Legislature shall pass no law retrospective in its operations which imposes on the people a new liablity with respect to transactions or considerations already passed."

How do you "top up" a pension plan, as the proponents say, without creating a new liability for a transaction already passed?

The second provision is Article II, Section 31, which says:

> "No. . . law impairing the obligation of contracts . . . shall be passed by the Legislature."

This bill will impair life insurance contracts by requiring changes in premiums or benefits or both.

I have attached to my remarks a copy of the statement of Barbara J. Lautzenheiser on H.R. 100. Ms. Lautzenheiser is president of the American Academy of Actuaries and senior vice president of Phoenix Mutual Life Insurance Company. Her analysis of the issues presented is excellent. I hope you will have time to read it. I also have with me Ed Zimmerman from the ACLI, who is familiar with the federal court cases and the proposed Congressional enactments. He will be happy to answer questions.

We know of no state that has passed a bill as broad in scope as HB 358. Recently, North Dakota, Maryland and Oregon have all killed unisex bills.

I could not put it better than the editorial in yesterday's Great Falls "Tribune":

> "Hasty action on a bill without a clear idea of its implications would do an injustice to women, men and the cause of anti-discrimination."

Thank you.

GREAT FALLS "TRIBUNE" Friday, March 18, 1983

Insurance, discrimination and time

The Senate Business and Industry Committee is set to discuss a bill Saturday that will have far-reaching implications for Montanans. The bill is intended to prohibit the use of sex or marital status as a basis in determining rates for insurance policies and retirement plans.

The bill is less than a page long, but its brevity does not imply the matter at stake is simple. Indeed, legislators may have trouble with the measure because of its potential complexity, and the abundance of data favoring and opposing the bill.

A number of women's groups have made passage of this bill, which was approved by the House on a 63-35 vote, a priority. Indeed, national women's organizations are working hard to push similar changes through Congress.

The Women's Lobbyist Fund in Montana argues that women and men are discriminated against in rates and benefits from insurance and pension plans because such plans are based on sex classifications and on marital status. For some kinds of insurance women end up paying more simply because they are women; in other instances — car insurance for young adults, for example — men pay more.

Nationwide, pension plans in particular have come under attack because women receive smaller monthly benefits than men who have paid identical premiums. The reason? Women as a group have a longer life expectancy than do men. While women may get a smaller monthly payment, the reasoning goes, their total benefit will be about the same as what men receive because the women will live longer.

Supporters of HB358 insist that grouping people by sex is considered discriminatory in other areas, such as employment. They want that attitude extended to insurance.

Insurance industry representatives have a complicated response to these charges. They will explain to senators that the industry necessarily must make use of averages and class groupings to determine risk. Insurance companies base their profits on an unknown quantity — what will happen in the future. To help predict this, the analysis of group experience has been used over the years to determine insurance rates for individuals.

The industry points out that under such legislation as HB358 many women will be required to pay more. But they have more substantial fears, which include an increase in the average price of insurance in general, and a corresponding increase in the number of people who either are under-insured or not insured at all. The industry will talk about assigned risk plans and "take-all-comers" laws.

At this point, the insurance industry is on the defensive in Montana. Its business is complicated. To understand it requires close attention — something that is difficult to give in the face of cries about discrimination and possible class action suits.

Time will be needed to sort out the problems with insurance classification systems. It may be the kind of time that is not available in the legislative session. If senators find they cannot sort out the matter, and we doubt they will be able to, they ought to call for study — not to duck the issue, but to make sure the problems of insurance discrimination and any accompanying solution are clear.

Hasty action on a bill without a clear idea of its implications would do an injustice to women, men and the anti-discrimination cause.

STATEMENT OF BARBARA J. LAUTZENHEISER

on

H. R. 100 "NONDISCRIMINATION IN INSURANCE ACT"

on behalf of the

PHOENIX MUTUAL LIFE INSURANCE COMPANY

before the

SUBCOMMITTEE ON COMMERCE, TRANSPORTATION & TOURISM

UNITED STATES HOUSE OF REPRESENTATIVES

February 24, 1983

Washington, D.C.

H.R. 100

My name is Barbara J. Lautzenheiser. I am a Fellow of the Society of Actuaries and President of that professional organization, a Member of the American Academy of Actuaries, and Senior Vice President of the Phoenix Mutual Life Insurance Company. I have worked in an actuarial capacity for over 22 years and have been heavily involved in sex discrimination issues in insurance for the last 10 of those years.

I am appearing on behalf of the Phoenix Mutual Life Insurance Company and myself, an informed, concerned woman and appreciate the opportunity to do so.

Sometimes in our zeal for what we deem right we lose sight of the reality resulting from effecting that right. I firmly believe in equality of opportunity. Were it not for that, I wouldn't have the opportunity to be here today. But reality forces me to accept the fact that equality of opportunity does not always lead to equality of result, and many times equality of result is not possible at all. Equal education does not lead to equal intelligence; equal medical treatment does not lead to equal health; and equal rates for men and women does not lead to equal financial security.

It's on these grounds I'm opposed to passage of H.R. 100. Its intent is constructive and laudable, but its effect is destructive and implausible. Its solution is appealingly simple, but appallingly simplistic.

I, too, am concerned about women - both those working inside and outside the home. I'm concerned about their opportunities and their financial security, today and tomorrow. Elderly single women comprise 61% of all individuals 65 and over, and almost 40% of them live near or in poverty[1]. Seventy-two percent of the elderly poor are unmarried women[2]. It's not surprising they are more than a majority. In fact, it's confirmation of their greater longevity. And it's not surprising that they live in poverty. Their pensions and income almost entirely flow from their husbands' pensions, not their own. And, unfortunately, when the pension benefits under their husbands' plans were elected they were elected on their husbands' lives only. So when their husbands died they were left with only their spouses' benefits under Social Security on which to live.

But, that's changing today. Over 50% of all women are employed or currently seeking jobs[3]. And the Labor Department estimates that by 1990, 95% of American women will be in the paid labor market. In all, nearly 2/3's of the women in the labor force in 1978 worked to support themselves and their families, or to supplement low family incomes[4]. Seventeen percent of all American families are single parent families headed by a woman[5], and wholly dependent upon that woman for financial support.

Clearly women need and want financial security. And a major element of that financial security is insurance - the mechanism which provides financial security for unforeseen and unpredictable events in the individual woman's life - the mechanism which provides for the individual's unpredictability by the use of a large number of individuals' predictability - a large number of similar individuals' predictability. To price insurance fairly and equitably, the price is determined by charging the person according to her or his own characteristics - according to her or his own age, health, occupation, avocation - and sex, so that the individual's own expected experience is used for pricing as much as possible in a mechanism that must of necessity put people into groups - must of necessity fairly discriminate to put them into groups.

I find it ironic that a practice established to benefit women, i.e., the practice of having separate prices for women, is now being accused of being a detriment to women. As a former employer of mine once said - "no good deed goes unpunished"!

In the late 1800's women were charged more for their life insurance because maternity deaths were so high - as they still are in many countries with poor sanitation. However, as sanitation improved, so did womens' mortality until no difference in rates were charged. As the greater life expectancy of newborn baby girls grew from 1.2 more years than newborn baby boys, in 1920 to 5.7 more years in 1950, no difference still was provided for in life insurance prices. Women tended to purchase lower amounts of insurance, hence the larger per policy issue costs were deemed to offset the lower mortality costs.

But, in the 50's, recognizing that more women were working and would want to buy more life insurance, and following its long recognized policy of providing the lowest price possible, and even lower prices for any group it can identify as a lower cost group, the Phoenix Mutual Life Insurance Company, (we believe the first company to do so) began selling life insurance at lower rates to women. Similarly, Phoenix Mutual was one of the first two companies to give non-smoker discounts - as early as the mid 60's.

That's how competition in the insurance industry works. Any group which can be identified as having lower costs today which are expected to continue into the future, to a significant enough degree to justify keeping track of it separately, is given a cheaper price. Thus, the insurance consumer and the insurance company have both benefited - the insurance consumer through lower prices, reflecting more and more of her or his own individual characteristics - the insurance company, through more sales because of lower, more competitive, prices. By 1978, the life expectancy of a newborn baby girl had increased to 7.8 more years than the life expectancy of a newborn baby boy - clearly a significant difference. Women are a lower cost group, justifying lower, more competitive prices.

There are those who have said that we can find a substitute for sex in pricing. I can assure you we have not been able to do so. We've known that "sex" has been a "suspect" rating characteristic for 9 years now - my first testimony to a governmental body on this issue was in 1974. Many studies have been done in an attempt to find a substitute. It clearly would have been easier to change to a new classification than to attempt to educate the entire nation on actuarial science, rating classifications and their appropriateness. I'm frequently not even capable of educating some in the industry on these aspects - let alone the nation. But no substitute, in spite of our attempts, has been found in those 9 years.

It may be fashionable to have unisex jeans, but science has not yet found any unisex genes. This genetic difference at birth has a lifetime impact. The genetic difference shows up even before the child is born. There are 150 baby boys conceived for every 100 baby girls. But, a 20-25% higher mortality prior to birth, prior to any socioeconomic impact, produces only 106 baby boys born for every 100 baby girls. Eighty-five percent of all children born with genetic defects are male[6]. Throughout life, females continue to live longer than males, as is the case in all mammals.

These genetic differences also lead to significant differences in why, how, and for how long men and women become disabled and hence lead to different claim costs for health and disability insurance - even excluding maternity disabilities. And similarly, in auto, for young men and women driving the same number of miles, women have fewer accidents and hence lesser costs.

Recognizing these differences in costs in the pricing of products was not to "get even" with some groups, not to unfairly discriminate against some groups, not to disadvantage some groups, but to fairly price insurance according to its costs, hence producing better rates to the consumer both because the rates are closer to the individual's own costs and because the better an insurance company can identify its costs, the smaller the margins it needs to build into its rates. If a cost factor is not, or cannot by federal mandate, be taken into consideration in pricing an insurance product - especially one with a lifetime rate guarantee such as in life and pension insurance - to assure that there are sufficient funds to pay the benefits, the only sound assumption with which to price is that all costs will be the higher costs. The result? Higher costs for all consumers and for some the non-availability of coverage because the price is too high to buy.

Those who argue that although the costs between the sexes are different today, the costs will equalize over time because of socioeconomic changes go against the best actuarial minds in the industry whose responsibility it is to assure that there are sufficient funds to pay benefits over 10, 20, even 100 years into the future. Their best actuarial judgments are that the differences will persist, and my best judgment is that they will widen even further.

Thus, a long term overall impact of this bill would be for all insurance prices to increase to the buying public.

However, insurance prices for many women won't wait that long. They'll increase right away. Health insurance for many women is provided through their or their husband's employer - at the same rate for men and women. Similarly, a large proportion (introduction to this bill says 95% - although I would suspect it's not quite that high) of employees, both in government and in private insurance, are already covered under defined benefit plans which provide equal monthly benefits to both sexes. Life and auto insurance, however, are generally purchased by the individual, i.e., they are not provided, at all in the case of auto, nor for a sufficient amount in the case of life insurance, by the employer. So they are purchased and paid for directly by the women.

Right now, based on sex distinct rates these two types of insurance, auto and life, are less expensive for women - 15-25% less in the case of life insurance and 18-66% less in the case of auto insurance. With a unisex rate, a 23 year old single woman in Hartford could have her yearly auto insurance raised by as much as $600, in Newark, $700 more per year, in Philadelphia, $800 more per year.

It's true these increased auto rates would only apply to single women. But, how many of these single women are there and who are they? According to a Labor Department report done in 1978, 40% of the women in the labor force were single. And 58% of the minority women in the labor force were single. So where does this bill hit the hardest - on the minority woman - on the insurance she must have, auto insurance - on the woman who has to work to support herself and her dependents because there's no one else to do so.

And what about life insurance? A 25 year old non-smoking woman would have to pay $150 more for a one year term, $50,000 policy, than she now would pay. A 35 year old would pay $350 more, a 45 year old $1,750 more and a 55 year old $4,250 more. Women of all ages, single and married would pay more. Again, where does this hit the hardest - on the 17% of American families which are single parent families headed by a woman who needs that life insurance on herself to assure that her children will be taken care of - and on the nearly 2/3's of women in the work force who work to support themselves and their families or to supplement low family income, whose families, if they died without life insurance, could not financially survive. I mentioned earlier that my first testimony on the subject was 9 years ago. As I left the hearing room that day a black woman turned to me and said "Black women were finally able to afford the life insurance they really need, and now they're going to take it away from us".

The difficulty with this legislation is it addresses the "symptoms" instead of the "disease". The "disease" is the one I identified as the intent of this legislation - the financial security for women and the part insurance plays in providing for the uncertain and unforeseen events of that financial security. The "disease" can be seen by synthesizing the testimony of the proponents of this bill.

Availability of coverage is expressed as a "symptom", but it's not even a real "symptom". The insurance industry has repeatedly, both by endorsement of model state regulation and more importantly by actual practice, shown that all forms of insurance are equally available to men and women. No - every company doesn't carry every form of insurance. For example, homemakers' disability insurance is not sold by every insurance company. The market for homemakers' disability insurance is not large enough, i.e., there are not enough buyers for this coverage for every insurance company to carry it. But, those who do carry it, make it equally available to men and women. Not every company even carries disability income insurance in general - to homemakers or any other occupations. But it is offered, in the companies in which it is offered, to men and women equally.

Price is expressed as a concern, as being too high for the coverage which now is more for women than men, but as not being low enough for the coverage that now is less for women than for men. This legislation merely "cuts the baby in half" making future prices lower in some cases, but higher in a larger number of cases.

By far, the majority of the initial testimony on this legislation, as well as the court cases cited, deals with the concern of equal monthly pension benefits, lobbied for (not surprisingly) by the group who doesn't have them, i.e., the 5% of employees under pension plans referred to in the Congressional Record as not already having defined benefit plans and hence not having equal monthly pension benefits.

The President's Commission on Pension Policy reports that only 39% of all women in the work force are covered by pension plans. Thus, a major thrust of the proponents of this legislation would advantage only 5% of 39% or 2% of working women. This legislation would be issuing a "bandaid" for a "diabetic" condition. Although 2% of the women would benefit from higher monthly pension benefits, the other 98% would suffer by increased auto insurance - a necessity for virtually all women, working as well as non working, and increased life insurance - a necessity for those women whose earnings are essential for the family support. And the "diabetic" condition? It's insufficient pensions for all - men and women. And the "bandaid" of this legislation will not only not alleviate the condition, it will aggravate it.

Mandating that pension prices be equal for the sexes will not make pension costs any more equal than would mandating that hot fudge sundaes have the same number of calories as celery, make the calories equal. I made a uni-calorie table once that made them equal. The hot fudge sundaes were great. But look at me now. My body didn't obey my uni-calorie law. And when Mother Nature breaks the law and makes women live longer than men, there is no recourse. The costs will be different regardless of the law and regardless of the prices. And as I have explained before when guarantees are made for life, as they are in life insurance and pensions, and an insurance company's first responsibility is to guarantee that money will be there when it's needed, prices will be increased to make sure this can be guaranteed.

Thus, pension prices for all - men and women - will go up, and hence employers' costs will go up, especially smaller employers' costs. Smaller employers are the employers now generally providing unequal monthly pension benefits because they're the least costly and most predictable pension plans available. Hence, these are the plans whose costs would increase.

Many pension plans would merely change to those which do not provide for lifetime benefits, but instead only provide benefits for a fixed period, thus eliminating a valuable pension right. However, this would allow employers once again to predetermine and control costs, while still providing equal benefits for the sexes.

In today's economy, any increased costs, no matter how minimal, are significant and these increases, coupled with the administrative costs necessary to implement the changes, could cause these smaller employers to reduce or eliminate their plans, as many did when ERISA was enacted. In an environment where Social Security is returning to more of a floor of protection, the need is for more private pensions, not fewer. Private pensions should be buttressed, not burdened.

Even if the higher costs do not affect the benefits of the pension plan, these costs will be built into these employers' products' costs, further adding to inflation and its consequent loss of jobs.

Thus, the impact of legislation, even if restricted to only requiring that future monthly pension benefits be the same regardless of sex, would have negative effects. But, this would be by far the least negative of the many impacts of this bill. Also requiring that monthly benefits be equalized for the sexes in pension benefits already purchased, would have an even more dramatic effect. Again, the impact would be especially severe on smaller employers who thought their costs were controllable and had been funded and who now would have to increase funding to raise monthly pension benefits for women to the mens' level. The result? Blatent pointing out of the fact pension costs are higher for women (remember the bill can change prices but not costs) thus even possibly impacting womens' jobs. Even more smaller pension plans would be terminated.

One of the major employers that would be impacted under this aspect of the legislation are the states and municipalities, many of which do not now provide equal monthly pension benefits. A recent crude estimate is that the State of Connecticut would have to increase taxes by a sufficient amount to provide $10 million more per year to fund equal monthly benefits to current retirees and employees and 90% of these benefits would go to men. Al Lewis, Superintendent of Insurance for the State of New York, estimates that it would take $2 billion in additional taxes to equalize pension benefits back to the date of the Manhart Supreme Court decision, the first such decision on similar pension cases.

Yes, the insurance industry and employers would cope, but the American public, employees, buyers of employers' products, and taxpayers would pay - through reduced pension benefits, elimination of pension benefits, elimination of valuable lifetime pension options, higher costs of goods produced by these employers and higher taxes.

Plans that terminated, as a result of this legislation, would have further negative impact on the Pension Benefit Guaranty Corporation's solvency, as well.

But, the impacts of the bill don't stop there - don't stop with the impact of the major concern of the proponents of the bill, i.e., equal monthly pension benefits. As I noted earlier, the bill requires life insurance and auto insurance to increase for many women, especially for those who need it most, the women who are sole supports of themselves and their dependents - with no offset in decreased costs in their health and pension benefits, the vast majority of which are already provided by employers on a sex neutral basis.

And the bill would apply to current life insurance contracts as well. One interpretation of how the bill would be implemented, if it remains applicable to current contracts, would require that no one's benefits be decreased and no one's premiums be increased, yet future payment of benefits and premiums would have to be equal between the sexes. This interpretation, outlined only recently, is currently being studied by insurance companies. Some companies have completed very rough estimates of these costs. Five such companies' estimate that if this interpretation were followed, the reserve increase would be 33% of net worth in one company's case, 50% of net worth in another company's case and 95% of net worth in another, but would be 30% more than net worth in another's company case and 70% more than net worth in yet another company's case. I appreciate that comments like "it would cause insolvency" are not believed - but in some cases that would be the result. These companies becoming insolvent would enter the state guarantee funds, which spread the insolvency costs to other insurers, further impairing the solvent companies' solvency. Those companies not becoming insolvent which were mutual companies, could make modifications in their dividend scales, but both the funds necessary to bring everyone's benefits to a maximum and to absorb other companies' insolvencies would dramatically increase policyholders' costs, further encouraging policyholders to surrender, again further impairing the companies' insolvency.

Clearly, this is not a viable interpretation. The other interpretation, however, requires the increasing of premiums currently guaranteed in outstanding contracts to produce a "blended" unisex rate. If your premium had been guaranteed and were suddenly increased, what would you do? Well, I'd sue or cancel my policy, depending on how much money I had to fight the court case. How much money do women who already barely make enough to buy peanut butter and blue jeans have to fight a court case? Again, who benefits - not the women who need the insurance coverage. How does this bill help those women? How does this bill cure the "disease"?

The "disease", again, is the need for more pensions for all, and better vesting and participation for women in particular. The longer vesting and participation periods currently in pension plans more severely impact women because of their shorter working careers and their more frequent work breaks to rear families. Earlier vesting and participation periods would make pension plans more portable, enabling the employee to take her or his pension benefits along when she or he changes jobs - an increasing need in a mobile work force, especially when work breaks are not voluntary - for men or for women.

In summary, although this bill's intent is constructive and laudable, its impact is destructive and implausible. Instead of addressing the real need:

- more pensions for all
- earlier vesting and participation hence
  - more women actually earning pension benefits on their own
  - better portability for all for a more mobile work force

Its impact is

. if applicable only to future contracts

.. higher prices

... for many women for auto insurance ranging from 18-66%

... for all women for life insurance ranging from 15-25%

... especially negatively impacting the single woman who is sole support of herself and her dependents

.... 40% of all working women are in this category

.... 58% of all working minority women are in this category

.. no offset to these higher prices for a majority of women since

... health benefits are generally already provided by the employer at the same rates for men and women.

... a high proportion (95% is stated in the Congressional Record introducing this bill) already have equal monthly pension benefits

. If additionally required to apply to future benefits and/or premiums for all contracts in force

.. insolvency or impairment of solvency of many life insurance companies

.. or increased premiums or decreased benefits for contracts whose premiums and benefits are guaranteed by insurance companies

.. increased prices for all because of costs of implementation and other companies' insolvencies which must be borne by solvent companies

In addition, the requirements of equal monthly pension benefits (for the small proportion not now receiving them - 5% according to the Congressional Record introducing this bill) would have additional impacts.

- if required for only future contracts would
  - reduce some pensions because of increased costs, especially those of smaller employers
  - eliminate some pension plans, especially those of smaller employers
  - eliminate valuable lifetime options in some pension plans
- if required for all contracts in force would
  - reduce some pensions even further because of additional increased costs
  - eliminate even more pension plans
  - possibly further impair the Pension Benefit Guaranty Corporation's solvency
  - increase funding requirements for states and municipalities' pension plans and hence would increase state and local taxes to provide this funding
    - \$10 million per year estimated for the State of Connecticut - 90% of these increased benefits will go to men
    - \$2 billion (including some back payments) for New York City and state plans

At a maximum, this bill should be modified to address its initial and major purpose - that of providing equal monthly pension benefits to the small proportion of women who don't now have these benefits. When done on a future basis it still has negative impacts as outlined above, but these impacts are accomplishable without the devastating impacts that elimination of cost-based pricing would have on the future of insurance customer prices .

Don't kill a fly with a shot gun.

Do find a way to encourage rather than discourage private pension plans.

Do something that actually benefits women - a majority of women. Rather than something that only looks like it benefits women.

Doing something that only looks like it benefits women is the worst and most common form of sex discrimination we have in the nation today.

FOOTNOTES

1) Statement of James M. Hacking, Assistant Legislative Counsel, American Association of Retired Persons before the Committee on Commerce, Science and Transportation, United States Senate on S.2204 on 15 July 1982.

2) President's Commission on Pension Policy.

3) Statement of Dr. Quincalee Brown, Executive Director, American Association of University Women before the Committee on Commerce, Science and Transportation, United States Senate on S.2204, on 15 July 1982.

4) Economic Responsibilities of Working Women, U.S. Department of Labor, September 1979.

5) Statement of Dr. Mary W. Gray, Womens' Equity Action League before the Committee on Commerce, Science and Transportation, United States Senate on S.2204, on 15 July 1982.

6) Statement by Estelle Ramey, in "Ah, Yes, it's Survival of the Fittest", Milwaukee Journal, March 20, 1981.

MARCH 19,1983

HB 358 - Sen B&I

Mr. Chairman, members of the Committee, I am Elmer Hausken, Lobbyist for the Montana Assn Of Life Underwiters. My Assn is opposed to HB 358 because we feel it does not provide the women of Montana with the lowest cost Life Insurance. The intent seems constructive and laudable, but, the solution is too simple and simplistic.

Life insurance is marketed on a competitive cost basis and in the case of female lives costs less to insure. A statement for the bill infers women pay more than men. How naive. The case used for illustration was sold in only three instances in 1982 and it is not really aregular Life Insurance contract. In all cases women live longer.

The genetic difference shows before children are born. There are 150 baby boys conceived for every 100 baby girls, but, a 20-25% higher mortality prior to birth, prior to any socio-economic impact produces only 106 baby boys actually born for every 100 baby girls. 85% of all babies born with genetic defects are male and throughout life females continue to outlive males as is the case with all mammals.

Pension plans would be affected some, but nearly all pension plans for women are purchased by employers or the female is the co-recipient of her husbands plan benefits. What would be worse is the increase in cost that would put private pensions further out of reach for women. Elderly single women comprise 61 % of all individuals age 65 and over. Of the elderly poor 72% are women.

Over 50% of all women are employed or are currently seeking jobs. 17% of all American families are single parent families headed by a woman. Nearly 2/3 of the women in the labor force are there to help support their families. They should all have the opportunity to purchase Life Insurance as economically as possible.

SUBMITTED BY: Glen Drake, 3/19/83, EXHIBIT NO. 11

STATEMENT OF GLEN L. DRAKE
IN OPPOSITION TO H.B. 358 IN BEHALF
OF THE AMERICAN INSURANCE ASSOCIATION
BEFORE THE SENATE COMMITTEE ON BUSINESS AND INDUSTRY

You have been bombarded with facts concerning the pros and cons of the underwriting statistics. I will try to avoid too much duplication but, instead, want to talk of the theory behind this type of legislation.

Proponents of the bill allege that there is something inherently evil or immoral in considering sex or marital status in underwriting decisions.

I submit that it would be immoral and wrong not to consider these items at this time. Sex is only one of the criteria used in creating underwriting classifications. In auto insurance, other tools include experience, miles driven, age, driving locale, education, and trade are also used. However, sex has proven to be one of the most reliable criteria. To mandate its nonuse will cause other underwriting groupings to be created on less reliable facts, thus causing some persons to pay less and some more than they would if properly grouped. This is wrong and immoral.

The most onerous concept of the bill, however, is the concept that the legislature should, by legislative decree, declare that some <u>facts</u> are not <u>facts</u>. As as example, it is an undisputed fact that as a class:

(1) Women have greater life expectancy than men; and

(2) Young, single women have fewer and less severe auto accidents than young, single men of the same age group.

To legislate that facts like these cannot be considered in underwriting would be comparable to edicts from the dark ages. It would be an authoritarian attempt to hide and distort truth. That is immoral and wrong. When experience changes so that those facts are no longer relevant, then these criteria will no longer be needed or used.

The industry recognizes that there have been and still are problems concerning insurance underwriting and sex as an underwriting criterion. The industry has been and now is working to find answers to the problems.

In closing, please find four attached exhibits.

Exhibit A - A copy of a semi-annual premium schedule from a life insurance solicitation made by the University of Montana Alumni Association which shows life insurance rates for women to be from 25% to almost 50% less than men in the same age group. If H.B. 358 should become law, all that must change and women will pay the same rate as men or have their benefits lowered.

Exhibit B - A page from "accident facts" published by the National Safety Counsel (1981 edition) which shows, among other things, that for the same number of miles driven in 1980, women were involved in less than one-half as many fatal accidents as men. Present liability insurance costs properly reflect that fact by charging women as a class less than men.

Exhibit C - A discussion of the problems raised by H.B. 358 published in Fortune magazine, February 1983 issue.

Exhibit D - The American Insurance Association position on Auto Insurance Classification.

I trust that you will consider these facts and not bury them by legislative fiat. If and when other more reliable bases for underwriting have been found, the industry on its own will discontinue use of the present criteria. Until that time, fairness dictates the most reliable criteria should be used. Vote against H.B. 358 and support H.J.R. 29 so that proper reflection can be made on this very important issue.

There were about 146,000,000 drivers in the nation in 1980. The approximate number in each age group is shown in the table below, along with each group's accident experience for the year. The figures in the last two columns at the right indicate the frequency of accident involvement; the higher the number, the higher the involvement in each age group.

e of Drivers—Total Number and Number in Accidents, 1980

Age Group	All Drivers		Drivers in Accidents					
			Fatal		All		Per No. of Drivers	
	Number	%	Number	%	Number	%	Fatal*	All**
Total	**146,000,000**	**100.0%**	**68,300**	**100.0%**	**29,800,000**	**100.0%**	**47**	**20**
[illegible] 20	14,300,000	9.8	10,800	15.8	5,000,000	16.8	76	35
[illegible]	17,400,000	11.9	14,200	20.8	5,900,000	19.8	82	34
[illegible]	17,500,000	12.0	9,700	14.2	4,400,000	14.8	55	25
[illegible]	16,300,000	11.5	8,300	12.2	3,500,000	11.7	49	21
[illegible]	13,900,000	9.5	4,800	7.0	2,200,000	7.3	35	16
[illegible]	11,700,000	8.0	4,700	6.9	1,900,000	6.4	40	16
[illegible]	11,400,000	7.8	3,800	5.5	1,600,000	5.3	33	14
[illegible]	11,700,000	8.0	2,900	4.2	1,300,000	4.4	25	11
[illegible]	10,100,000	6.9	2,600	3.8	1,300,000	4.4	26	13
[illegible]	7,500,000	5.2	2,200	3.2	900,000	3.0	29	12
[illegible]	6,400,000	4.4	1,700	2.5	1,000,000	3.4	27	16
[illegible]	4,400,000	3.0	1,200	1.8	300,000	1.0	27	7
[illegible]	2,900,000	2.0	1,400	2.0	500,000	1.7	48	17

Source: Drivers in accidents based on reports from 18 state traffic authorities. Number of drivers by age are National Safety Council estimates based on reports from state traffic authorities and research groups.
*Drivers in Fatal Accidents per 100,000 drivers in each age group
**Drivers in All Accidents per 100 drivers in each age group

Sex of driver

Of the estimated 146,000,000 drivers in 1980, about 77,700,000 are males and 68,300,000 are females. Males are involved in more accidents than are females, as shown in the table below. The difference is due at least partly to differences in the amount of driving done by the members of each sex and to differences in time, place, and circumstance of the driving.

Sex of Drivers Involved in Accidents, 1965–1980

Year	Drivers in Fatal Accidents				Drivers in All Accidents			
	Male		Female		Male		Female	
	No.	Rate†	No.	Rate†	No.	Rate††	No.	Rate††
1965	50,300	78	8,900	37	18,300,000	282	5,300,000	221
1966	54,600	81	9,700	37	18,600,000	275	5,700,000	218
1967	54,600	80	9,900	35	18,500,000	272	5,800,000	205
1968	59,500	84	10,500	35	19,600,000	275	6,400,000	211
1969	59,800	80	10,900	33	20,000,000	263	6,800,000	209
1970	57,800	75	10,700	31	20,500,000	255	7,200,000	209
1971	56,700	70	11,100	30	20,900,000	256	7,400,000	199
1972	59,000	68	11,900	28	21,000,000	243	8,100,000	201
1973	55,900	63	11,400	27	20,200,000	227	7,900,000	189
1974	48,000	55	9,800	24	17,800,000	205	7,300,000	177
1975	46,500	52	9,600	22	19,100,000	212	8,400,000	195
1976	48,100	51	10,900	24	19,600,000	206	8,800,000	191
1977	51,900	53	11,800	25	20,600,000	209	9,300,000	193
1978	51,500	50	15,500	30	21,700,000	209	9,800,000	192
1979	52,700	52	12,500	25	20,600,000	202	9,100,000	180
1980	56,100	56	12,200	24	20,100,000	200	9,700,000	192

Source: Accidents and Drivers—National Safety Council estimates based on reports from state motor-vehicle departments and Federal Highway Administration. Mileage—National Safety Council estimates based on survey data from National Family Opinions, Inc.
†Number of drivers in fatal accidents per 1,000,000,000 miles driven
††Number of drivers in all accidents per 10,000,000 miles driven

Over half of all pedestrian deaths and injuries happen when these persons cross or enter streets. Thirty per cent of all actions occur between intersections, but the proportion varies for persons of different ages. These and other actions are shown in the table below.

Deaths and Injuries of Pedestrians by Age and Action†, 1979

Actions	All Ages		Age of Persons Killed and Injured							
	No.	%	Under 5	5-9	10-14	15-19	20-24	25-44	45-64	65 and Over
Total Pedestrians	**129,600**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0**
Crossing or entering	71,300	55.0	62.3	68.0	61.3	43.5	46.3	43.6	56.5	68.3
—at intersection	*31,600*	*24.5*	*9.8*	*19.6*	*25.4*	*19.9*	*23.4*	*22.9*	*33.0*	*43.5*
—between intersection	*39,500*	*30.5*	*52.5*	*48.4*	*35.9*	*23.6*	*22.9*	*20.7*	*23.5*	*24.8*
Walking in roadway	9,700	7.5	3.1	3.1	8.1	12.9	10.2	8.1	7.2	7.[illegible]
—with traffic	*6,900*	*5.3*	*1.7*	*2.0*	*5.8*	*9.9*	*7.7*	*5.6*	*4.9*	*4.[illegible]*
—against traffic	*2,800*	*2.2*	*1.4*	*1.1*	*2.3*	*3.0*	*2.5*	*2.5*	*2.3*	*2.[illegible]*
Standing in roadway	3,000	2.3	0.8	0.6	1.2	3.7	3.6	3.2	2.6	1.7
Pushing or working on vehicle in roadway	1,400	1.1	0.1	0.1	0.3	1.6	2.2	2.0	1.3	0.6
Other working in roadway	1,700	1.3	1.6	1.0	0.8	0.9	1.7	2.0	1.7	0.3
Playing in roadway	2,700	2.1	6.3	5.1	4.6	1.2	0.5	0.1	0.1	0.2
Other in roadway	27,200	21.0	21.5	19.8	18.0	22.1	21.5	26.7	19.2	13.5
Not in roadway	12,600	9.7	4.3	2.3	5.7	14.1	14.0	14.3	11.4	8.[illegible]

Source: Based on 1979 reports of deaths and injuries from 16 state traffic authorities, number of deaths and injuries are 1980 estimates.
†Totals not comparable to previous years due to classification changes.

Pedestrian accidents by hour of day and day of week

Pedestrian accidents vary importantly by hour of day and day of week according to 1980 data from the New York Department of Motor Vehicles. These accidents are more likely to occur during the early afternoon and early evening hours; almost half of all pedestrian accidents occur between 1:00 p.m. and 7:00 p.m. Thursday, Friday and Saturday account for almost half of the pedestrian accidents with Friday having the largest proportion. The thirty-hour period from 1:00 p.m. Thursday to 7:00 p.m. Friday accounts for almost 24 per cent of the pedestrian accidents.

The table below shows the percentage distribution of pedestrian accidents by day of week and hour of day.

Pedestrian Accidents by Hour of Day and Day of Week, New York, 1980

Hour of Day	Total	Day of Week					
		Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
Total	**100.0%**	**14.1%**	**14.7%**	**13.8%**	**14.9%**	**17.6%**	**14.9%**
1:00 a.m.-4:00 a.m.	**4.3%**	0.2	0.3	0.3	0.4	0.5	1.5
4:00 a.m.-7:00 a.m.	**2.1%**	0.2	0.2	0.2	0.2	0.3	0.5
7:00 a.m.-10:00 a.m.	**9.7%**	1.6	1.8	1.8	1.7	1.8	0.6
10:00 a.m.-1:00 p.m.	**12.9%**	2.1	2.0	1.7	1.9	2.2	1.9
1:00 p.m.-4:00 p.m.	**21.5%**	3.0	3.3	3.4	3.6	3.5	2.8
4:00 p.m.-7:00 p.m.	**25.2%**	3.8	4.1	3.5	3.9	4.5	3.2
7:00 p.m.-10:00 p.m.	**15.9%**	2.2	2.1	2.0	2.2	3.1	2.7
10:00 p.m.-1:00 a.m.	**8.4%**	1.0	0.9	0.9	1.0	1.7	1.7

Source: New York Department of Motor Vehicles

Premiums are based on insured's attained age on effective and policy anniversary dates.
(As the member moves from one age to another, the cost changes accordingly)

MALE

Benefit	Under 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69*
$ 10,000	$ 8.00	$ 8.50	$ 9.00	$12.50	$20.00	$32.50	$ 52.00	$ 78.00	$110.00	$176.00
20,000	16.00	17.00	18.00	25.00	40.00	65.00	104.00	156.00	220.00	352.00
30,000	24.00	25.50	27.00	37.50	60.00	97.50	156.00	234.00	330.00	520.00
40,000	32.00	34.00	36.00	50.00	80.00	130.00	208.00	312.00	440.00	704.00
50,000	40.00	42.50	45.00	62.50	100.00	162.50	260.00	390.00	550.00	880.00
100,000	80.00	85.00	90.00	125.00	200.00	325.00	520.00	780.00	1100.00	1720.00
150,000	120.00	127.50	135.00	187.50	300.00	487.50	780.00	1170.00	1650.00	2640.00
200,000	160.00	170.00	180.00	250.00	400.00	650.00	1040.00	1560.00	2200.00	3520.00

***Coverage will terminate at age 70 based on member's age.**

FEMALE

(if dependent of member, use member's age to compute spouse premium)

Benefit	Under 25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69*
$ 10,000	$ 6.00	$ 6.00	$ 7.00	$10.50	$16.50	$22.50	$ 31.00	$ 54.00	$ 60.00	$ 90.00
20,000	12.00	12.00	14.00	21.00	33.00	45.00	62.00	108.00	120.00	180.00
30,000	18.00	18.00	21.00	31.50	49.50	67.50	93.00	162.00	180.00	270.00
40,000	24.00	24.00	28.00	42.00	66.00	90.00	124.00	216.00	240.00	360.00
50,000	30.00	30.00	35.00	52.50	82.50	112.50	155.00	270.00	300.00	450.00
100,000	60.00	60.00	70.00	105.00	165.00	225.00	310.00	540.00	600.00	900.00
150,000	90.00	90.00	105.00	157.50	247.50	337.50	465.00	810.00	900.00	1250.00
200,000	120.00	120.00	140.00	210.00	330.00	450.00	620.00	1080.00	1200.00	1800.00

***Coverage will terminate at age 70 based on member's age.**

CHILDREN

Coverage: $ 10.00 for child(ren)
$5,000.00 (6 months to age 21, to age 23 if full-time student)
$2,000.00 (14 days to 6 months)

PLEASE FIGURE YOUR PREMIUM HERE:

	Amount of Coverage	Premium
Member	$________ ...	$________
Spouse	$________ ...	$________
Children	$________ ...	$________
Total	$________ ...	$________

HOW TO APPLY

1. Complete the application and check the appropriate box to indicate your semi-annual premium for the plan you have chosen.

2. Please use the box provided to calculate your premium.

3. SEND NO MONEY NOW, YOU WILL BE BILLED AT A LATER DATE.

4. Date and sign your application form and send it to the Administrator's office in the envelope provided:
John P. Pearl and Associates, Ltd.
Suite 204
1750 S.W. Skyline Blvd.
Portland, Oregon 97221

AGENDA ITEM XII. D.

ISSUES/DANIEL SELIGMAN

INSURANCE AND THE PRICE OF SEX

■ One of the strangest issues you will have to make up your mind about this year is an entry that's usually labeled sex discrimination in insurance. At the moment, the moral high ground seems to be controlled by those who believe there's a big, big problem out there and that government must provide a solution. However, a case can be made for viewing the issue as a big, big nonproblem.

This is definitely not the view of Republican Senator Bob Packwood of Oregon, who is pushing a bill to end what he proclaims to be unconscionable discrimination by the insurance industry against women. His bill would also prevent the industry from discriminating on the basis of race, color, religion, or national origin, but since hardly anybody contends there is discrimination in these areas, virtually all the testimony in the Senate Commerce Committee has concerned sex. Packwood's bill was reported out of committee last fall but Congress never got to it in the hectic lame duck session, and so the Senator is starting over again this year. A similar bill has been introduced in the House by John Dingell of Michigan.

Also upset about sex discrimination in insurance is Solicitor General Rex E. Lee, who recently filed a brief attacking "sex-based actuarial tables," thereby lining up the Reagan Administration with the women's movement and numerous members of the judiciary who also don't like the tables. The tables, though, are innocent. They just reflect the reality that in certain matters highly relevant to insurance, men and women are, statistically speaking, very different. The tables show, for example, that on average women live longer than men; at age 60 a woman's life expectancy in the U.S. is 22.1 years, a man's only 17.1 years. Accordingly, insurers price insurance differently for men and women.

These differences in prices have been at issue in several major court cases in recent years. In 1978 the U.S. Supreme Court held that the Department of Water and Power in Los Angeles violated the 1964 Civil Rights Act by requiring women to make larger contributions to a pension plan to get the same monthly benefits men got. A related case out of Arizona will be coming before the Supreme Court this year. The issue in that one is whether women must settle for smaller monthly benefit checks from a deferred-compensation plan though women and men had made equal contributions to it over the years.

RESEARCH ASSOCIATE *Andrew Kupfer*

IT IS PERHAPS not surprising that the American Association of University Women, the National Women's Political Caucus, the Coalition of Labor Union Women, and other "movement" organizations are backing such lawsuits, but there are some anomalies in the movement's support of the Packwood bill. One anomaly is discernible in that chart on the facing page, which makes it clear that the insurance industry's present systems of sex classification *favor* women much of the time.

Indeed they may favor women on balance. Testifying before Packwood last summer, Mavis A. Walters, a member of the Committee on Risk Classification of the American Academy of Actuaries, stated that the Senator's bill would have these effects: "Women would pay more for life insurance; men would pay less. Women would pay less for annuities; men would pay more. Women would pay more for auto insurance; men would pay less. Women would pay less for disability insurance and men would pay more." Taking one thing with another, she added, "our study has found that women as a group will pay more for insurance if this bill is passed." George K. Bernstein, a witness representing the American Insurance Association at the hearings, put women's additional cost for automobile insurance alone at $700 million a year. Asking himself why the movement was nevertheless supporting the bill, Bernstein said the only explanation he could think of was "ideology."

It's hard to see why anybody without an ideological slant should view the insurance industry's sex-based distinctions as discriminatory. If young women have fewer automobile accidents than young men—which they do—why shouldn't the women get a better rate? If the industry's experience shows—as it does—that women spend more time in the hospital than men, why shouldn't women pay more for health policies? If female mortality rates are lower than those for males—which they are, at every age from day one to year 100—why shouldn't females pay less for life insurance? And more for pensions and annuities? There is broad agreement that the industry's pricing reflects not bigotry but actual experience. So why should anybody view it as discriminatory?

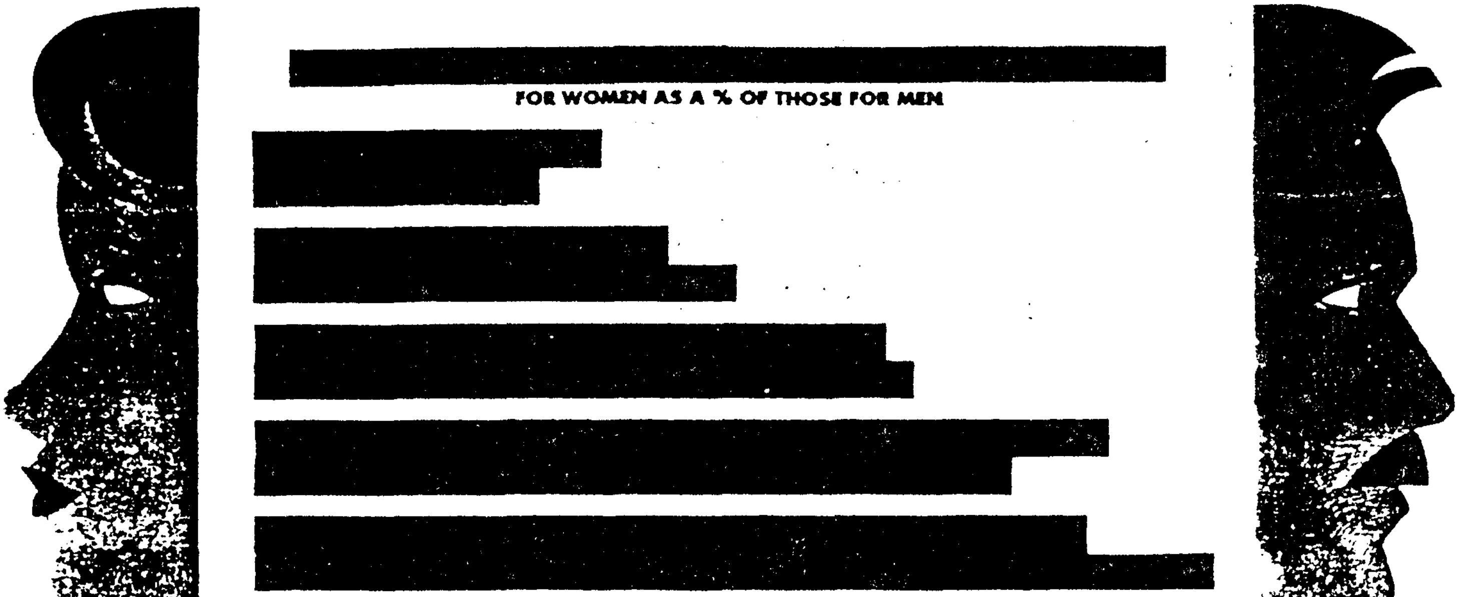
Those inclined to the big, big problem view of the case have approached these questions in several ways. Some of them, including Packwood, see antidiscrimination laws in insurance as a natural follow-on to the laws that have successively banned sex discrimination in employment, housing, credit, and other areas. Having long since forgotten that the point of those other laws was to combat inaccurate and prejudicial stereotyping, they have now arrived at a mental way station where discrimination is defined as any difference at all in the treatment of the sexes. In an effort to sustain this view, witnesses before the Packwood committee kept saying that it's unfair to discriminate on the basis of sex because sex is an immutable human characteristic; like race and color, they said, sex is something nobody can change (a slightly debatable point these days). But none of the witnesses ever explained why immutability should be a factor in actuarial decisions. People also can't control their genetic heritage. If you're born with some life-threatening genetic defect, should you get insurance at the same price as someone who's in normal health?

HOWEVER, THE ULTIMATE confusion about sex-based discrimination resides in an argument that seems to be sweeping the country these days. It's the argument that prevailed in those California and Arizona cases and that has now been embraced by Solicitor General Lee. The argument proceeds as follows. We agree that women as a class live longer than men. However, we do not agree that an individual woman should be treated as a member of the class when it comes to writing insurance; she may, after all, die tomorrow, while a man her age may live for decades. Indeed, treating people as members of a class, rather than as individuals, is precisely what we mean by discrimination—and is precisely what was forbidden by the Civil Rights Act, at least with respect to classes involving race, color, religion, national origin, or sex.

In buying this line of argument, the Reagan Administration has plainly been influenced by its encounters on the affirmative-action front. In the course of arguing against quotas and other kinds of race-conscious preference, the Administration keeps saying that we have to get away from group rights and concentrate on individual rights. This is certainly a logical and commendable rule to apply to employment cases, but extending the rule to insurance just seems mindless. Insurance *requires* group classifications. It needs the law of large numbers to work with. Though nobody knows when a particular person will die, the law of large numbers enables us to predict with considerable accuracy when an average member of a group will die. In agreeing that women as a group live longer, but insisting that it's unfair to apply this fact to individual cases, the courts and the Administration have stepped into a huge intellectual bog. Presumably we are all agreed that the insurance industry is entitled to classify people by age. But the argument that we must view people as individuals, and not as members of a class, could also be applied to age classifications. After all, some young people die early and some old people just get a lot older.

The insurance industry is naturally quite upset about the trend in the courts and the possibility of having to cope with the Packwood standards. The worst case for the industry would be a law, or a court decision, that required existing as well as future policies to conform to unisex standards in pricing. (Packwood apparently wants to cover existing policies, but he sounds as though the issue is negotiable.) By some industry estimates, the worst-case scenario would cost several billion for pensions alone to bring benefits for women up to male levels.

Packwood himself thinks the true cost for additional pension benefits would be much lower, probably more like $500 million, "a relatively minor amount," he says, when measured against the industry's assets. He also likes to speculate that the industry might go unisex without his bill. "If one or two of the major companies were to crack," he said hopefully the other day, "the rest would go like a dam with a hole in it."



Sources: American Council of Life Insurance, National Association of Insurance Commissioners, New York State Department of Insurance

Equal They're Not

Sex is here to stay—at least in the facts-of-life statistics that underlie differences in insurance prices for men and women. Ranged against the efforts to require unisex pricing are some stubborn realities. One is that men and women have different life expectancies at all ages, which implies different costs for carriers offering life and annuity policies. Another is that men and women behave differently, which affects the costs of auto, major medical, and disability insurance. (The chart data for auto insurance pertain to drivers under 25. The data for annuities pertain to age 65. For the other categories, the age is 45.)

■ Insurance executives are divided on the effect unisex pricing would have on the terms and availability of policies offered in the future. Coy Eklund, the chairman of Equitable Life Assurance and a consistent out-front supporter of the women's movement, says he "could accept" a public policy decision to go unisex. Other students of the subject believe that, overall, insurance premiums would rise, and that pension plans for companies with predominantly female employees might be hard to get. Meanwhile, the possibility that most insurance people find most attractive is a different one—the possibility that at some point the courts and Congress might discover there's no problem. ◻

THE
AMERICAN
INSURANCE
ASSOCIATION
POSITION
ON...

AUTO INSURANCE CLASSIFICATION

85 JOHN STREET, NEW YORK, NY 10038

AUTO INSURANCE CLASSIFICATION

Examination of the Issues

The way in which auto insurance companies determine the premiums individual policyholders pay has become widely discussed and often criticized.

Because controversy over auto insurance rate classifications affects all 137 million American motorists, the American Insurance Association, a trade association representing some 150 member companies, believes it essential that discussion and understanding of the issues be thorough.

The Association is aware that many of the auto insurance classification systems in use may be in need of change, at least in part, but that the principles that most systems use are sound.

> "No one conversant with the insurance business disputes the fact that the loss experience of

> the various groups (of motorists) classified by age, sex, marital status and territory, bears out, on an objective and regulated basis, the propriety of those classifications."
>
> "The argument is...not whether losses are being properly attributed, but whether, from a social point of view, certain groups of insureds should be relieved of the financial responsibility for their losses and whether other insureds should assume additional burdens."

Those are excerpts from the testimony at a New Jersey Insurance Department hearing in March 1979 of George K. Bernstein, an AIA consultant and lawyer specializing in insurance theory and its practical application in today's controversial insurance areas. They address the two principal parts of the auto insurance classification controversy:

1. the statistical evidence for the use of age, sex, marital status, and territory in determining auto insurance premiums, and
2. the reason those rating factors are being challenged.

Classifications and Competition

It was many years ago that insurance became a competitive business. Today, more than 900 auto insurance companies offer their products with wide variation in price. The auto insurance company which does not price its product competitively will soon find itself lacking the number of policyholders necessary for a successful operation or losing money.

It was competition, in fact, that led insurance companies to orginate auto insurance rate classifications. They established prices, for the first time, that fit the average risk represented by groups of drivers. It has long been known that some motorists were more likely to be involved in accidents than others and that they should, therefore, pay more for insurance than others. Factors surrounding the use of a car seemed to reflect with considerable accuracy the liklihood of a motorist having a claim. The most useful factors have been whether the car was used for business or pleasure; place of garaging; mileage driven; and the driver's age, sex, and marital status. Since, on the average, young male drivers have more claims than older female drivers, for example, it can be assumed that motorists in that group are also more likely to have a claim in the future, and so they pay more.

Testimony Before U.S. Senate

Auto insurance classification concepts were explained in a statement before a U.S. Senate subcommittee in January 1978 by the National Association of Insurance Commissioners, an organization of the state officials who regulate the business of insurance.

> "Classifications are essential to the private competitive system since individual insurers rely on the ability to attract business by quoting an attractive price...
>
> "Given the freedom to contract, it is natural for insurance companies to avoid or to price-up buyers who, in their judgment, offer a greater loss potential or risk than those who characterize the insurable class."

Driver classifications produce what we might call "economic fair pricing" of auto insurance. Each driver is assigned to a group with similar characteristics and pays a price for insurance based as closely as possible on the losses which past experience indicated will be produced by that group.

Economic fair pricing is also a device for identifying the true social cost of losses caused by various types of hazardous activities. Auto insurance rates are higher in urban areas because garaging and operation of automobiles in urban areas is riskier (wherever else they may be operated, autos are always operated where they are garaged). Street congestion and crime make urban areas riskier.

What's Wrong With Discrimination?

Many critics of the present auto insurance classification systems charge insurers with "discrimination." This charge fails to make a distinction between unfair discrimination and the type of discrimination which is an integral part of insurance. Life insurance offers a familiar example of the kind of discrimination that is essential to pricing. Age as a rating factor in setting life insurance premiums is obvious and logical. A 21-year-old should pay much less for a one-year term life insurance policy than a 60-year-old. Auto insurance classifications discriminate among drivers on the basis of statistical evidence--evidence that makes such discrimination not only acceptable, but fair and logical.

No classification system will ever achieve perfection, but there is a large body of experience to support the use of age, sex, marital status, and geographical location in determining a person's auto insurance premiums.

Statistics Support Classes

Countrywide statistics compiled by the two leading statistical organizations to which auto insurance insurers report their experience, the Insurance Services Office (ISO) and the National Association of Independent Insurers (NAII), reflect experience on which driver classifications are based. These statistics in most any recent year demonstrate that some categories of young drivers are involved in nearly three times as many claims as adult drivers and cause more than three times the losses.

The same figures show that, while there are 119 claims for every 1,000 insured vehicles driven by adults who drove for pleasure only, there are nearly three times that, or 341 claims, for every 1,000 insured cars driven by unmarried males under 25 who are the owners or principal operators of the cars.

In the opinion of Mr. Bernstein:

"Insureds will not countenance a ratemaking system that forces them to pay for exposure of other, disparate classes, and insurers will not put the assets of policyholders and stockholders at risk for premiums which are demonstrably inadequate."

The use of rating territories also is supported by statistical evidence. For example, a U.S. Department of Transportation study found that in 1974 there were 8 traffic fatalities per 1,000 miles on rural streets and roads, compared with nearly 24, or three times as many, fatalities in urban areas. In the same year, there were fewer than 1,300 rural property damage accidents per 1,000 miles of roads and streets, compared to more than 15,000--more than ten times as many--in urban areas.

If it is socially unacceptable to charge the young, unmarried, urban driver the high premiums dictated by that grouping's average experience, then how about an auto insurance pricing system in which the older, suburban or rural driver will help pay the premiums of the younger, urban driver?

We quote Mr. Bernstein:

"There is a vast difference between identifying inaccuracies in the current system and correcting them, and replacing the rating system with one which is admittedly based not on statistics but on a generalized desire to lower costs for certain insureds."

There is always room for improvement, and things can change, such as the habits of certain groups of drivers. For instance, the changing driving habits of women appear to be steadily narrowing the gap between the amount of driving done by women and by men. Should this trend continue, the same competition that led to insurance rate classifications in the first place may very well lead to the elimination of sex as a factor in auto insurance ratemaking. If experience no longer supports use of a particular ratemaking factor, it is likely to disappear without any regulatory or legislative action.

Favored by some critics of auto insurance ratemaking is a system that would base each motorist's premium on his or her own driving record. Carried to its extreme, this would mean determining the losses each driver would produce in the future and charging an appropriate premium. This could not be done, but, assuming it could, a driver producing $10,000 in loss costs would pay a $10,000 premium while a driver producing no loss costs would pay only a service fee to the company. This would amount to self-insurance and remove the need for either motorist to have any auto insurance at all.

But driving records are not altogether ignored under present rating plans. Most companies surcharge drivers whose records contain chargeable accidents and serious moving traffic violations--for a period of three years before renewal of the policy. These drivers have a greater loss potential for future accidents, according to statistical evidence.

But use of driving experience as a rating factor cannot easily be extended. Records indicate that the typical automobile will be involved in a property damage accident about once every 8 years and in a bodily injury accident about once every 15 years, but most motor vehicle records are either unavailable or unreliable beyond a three-year period. Also, it is difficult if not impossible, to check on motorists' records. Motorists can change auto insurers after an accident; out-of-state accidents are not always reported to a motorists' home state; state motor vehicle authorities do not get reports on all accidents, and privacy considerations can be a problem for insurance companies needing access to driving records.

Upheaval in Marketplace

The elimination of all classification factors would, of course, result in everyone paying the same premium. As a car's principal operator, an average young man who produces more than three times the losses of an average married older man would pay the same premium.

This would dislocate the marketplace. Consider the analogy of an appliance dealer who is told that the prices of all his television sets--black-and-white or color, large or small--would be $300. The dealer would push only small, black-and-white sets, which cost him $50 each, and hold down sales of big-screen color.

An auto insurance market in which everyone was charged the same premium would find low-risk drivers wooed by every company writing auto insurance in their states, and high-risk drivers dumped into whatever involuntary market was in effect.

Another criticism of the current classifications is that there are some good, low-risk drivers in the lowest rated categories. True, but try to fix it. Since relatively few drivers produce losses at all (when compared to the total number of drivers) there will always be a large number of drivers in any classification who do not produce losses. Even if every driver is in the same rating classification, there still will be a large majority of drivers who produce no losses.

Independent Studies

The Stanford Research Institute issued a report in May 1976 on a study of the risk assessment process (conducted for the American Insurance Association, Alliance of American Insurers, Insurance Services Office, National Association of Independent Insurers, and State Farm Mutual Automobile Insurance Company) that concluded:

> "While room for improvement exists the precision of current risk assessment processes may in fact be relatively near the practical limit imposed by current scientific knowledge and economic factors. Government attempts to control the way insurance companies measure risk are both ineffective and harmful to consumers."

> "Restrictions on the risk assessment process lead to market restrictions, subsidies

> among consumers, and availability problems for some groups of consumers. We therefore conclude that risk assessment should not be restricted and that insurers should be free to make full use of classification information."

Here is one of the conclusions reached by the Florida Insurance Research Center of the University of Florida's College of Business in "An Evaluation of Risk Classification Systems in Automobile Insurance" conducted for the Florida Department of Insurance:

> "On the basis of the material reviewed for this study, age, sex, and marital status achieve a higher predictive accuracy in comparison to the other variables of driver experience and driver record. Moreover, when all variables are considered together, the predictive ability is further increased."

In November 1978 a Louisana district court judge affirmed the use of age and sex as criteria in establishing auto insurance rates.

Said the court in its conclusion:

> "Age and sex have been used in insurance rating for some time in Louisiana and virtually everywhere else as valid rating criteria. Markets have been generally maintained by matching premiums to expected losses in insurance. These criteria meet the standards of definition, practicality and homogeneity.
>
> "The criteria are rationally related to a legitimate state objective and although they create

> a degree of discrimination to a very isolated segment of those classes, they are not unfairly discriminatory and shall be allowed to continue."

Expense Provision in Premiums

Another target of critics of auto insurance rating has been that portion of the premium dollar allocated to insurance company expenses. Roughly 30 cents of every dollar of auto insurance premium goes to pay agent commissions, general administrative costs and state premium taxes. The criticism focuses on the fact that the policyholder who pays a $200 premium is paying $60 for expenses, while the policyholder who pays a $1,000 premium is paying $300 for expenses. Why, ask the critics, should one pay five times as much for expenses as the other? They contend that each premium should include a set dollar amount for expenses regardless of the risk involved.

A number of individual companies and the Insurance Services Office have begun changing the way in which the expense portion of the premium dollar is decided. However, insurers generally are not convinced that a set fee for expenses is the answer. Expenses are not at a level all over the country. Expense of operating in New York City is far higher than the expense of operating in a rural area of the Midwest, for example.

Some expenses do vary in relation to claim costs. Others (such as policy issurance) are near equal for each policy. Any change should be designed to produce essentially the same number of expense dollars, since the amount now being collected closely matches actual total expenses.

It seems appropriate to close with this observation from Mr. Bernstein:

> "Insurance may not be an exact science, but neither can it survive if it is transformed into a mechanism for the reallocation of wealth. It is a system designed to trans-

fer risk and spread loss and if it is to continue, it must operate under standards that lend themselves to risk assessment and reasonable fair pricing."

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SUBMITTED BY: Kenneth Hassler, 3/19/83, EXHIBIT NO. 12

MARCH 19,1983
HB 358

I am opposed to House Bill 358, because it will create higher prices for Life Insurance and car insurance for women.

Increasing costs for Life Insurance will in many cases result in no Life Insurance being purchased by young single mothers trying to raise a family. This results when that person needs protection to assure her children of decent survival and care if she dies prematurely.

Please do not raise costs more than they are now.

If the proposed averaging of premiums happens health insurance rates for my company will decrease for younger women but increase ~~dramatically~~ for older women. I feel this will create a tremendous burden for those clients of mine who are elderly females ~~who~~ which we know actuarily live longer than men and will have to pay these higher costs longer.

Disability insurance - same risk same cost

Male Homemaker pays same as female Homemaker.

SUBMITTED BY: Roger McGlenn, 3/19/83, EXHIBIT NO. 13

REGARDING HOUSE BILL NO. 358

To: The Senate Business and Industry Committee

From: Independent Insurance Agents Association of Montana

Date: March 19, 1983

Re: House Bill No. 358

The Independent Insurance Agents Association of Montana hereby indicates its opposition to House Bill No. 358. Our concern with this bill is the far reaching effects to the Montana Insurance Consumer. We respectfully submit the following information we have been able to gather regarding the issue of sex and marital status in insurance classifications:

The Insurance Services Office, (ISO), in a report to the National Association of Insurance Commissioners, (NAIC), Rating Procedures Task Force in 1978, stated: "we wish to point out during the past year, one of ISO's highest priorities has been the search for new rating variables which are practical and which could replace sex and marital status without causing severe economic dislocations in the marketplace. Quite frankly, after a year's labor we, as well as many individual insurers, have been unsuccessful in this effort but have committed our resources to continue to search aggressively for these variables."

"Severe market dislocation would occur in private passenger automobile insurance should any of the rating criteria now in use be eliminated without adequate substitutes. Such dislocation would, of course, create future problems for both the industry and the regulators. ISO has calculated the effect of eliminating sex and marital status from our classification plan without substitutes. <u>This elimination would result in approximately 9% of our insureds receiving reductions in premium of up to 39% with an overall average</u>

of 25% for this group of insureds. On the other hand approximately 81% would receive increases up to 32% for an overall average 6% increase."

Mr. George K. Bernstein, a consultant for the American Insurance Association, (AIA), a lawyer specializing in insurance theory and its practical application, stated:

"Insurance may not be an exact science, but neither can it survive if it is transformed into a mechanism for the reallocation of wealth. It is a system designed to transfer risk and spread loss and if it is to continue, it must operate under standards that lend themselves to risk assessment and reasonable fair pricing."

The following is a statement given to the U.S. Senate subcommittee in January of 1978 by the National Association of Insurance Commissioners:

"Classifications are essential to the private competitive system since individual insurers rely on the ability to attract business by quoting an attractive price...

"Given the freedom to contract, it is natural for insurance companies to avoid or to price-up buyers who, in their judgement, offer a greater loss potential or risk than those who characterize the insurable class."

The following point is made in an article on GOVERNMENT AND INDUSTRY AFFAIRS from the U.S.F. & G. Insurance Company entitled, SUBSIDY CREATES REVERSE DISCRIMINATION:

In a freely competitive system, rates will be higher when the risk is perceived to be higher and lower when the risk is low. This form of "discrimination" is normal and necessary insurance business practice. Eliminating the ability to maintain such distinctions creates a subsidy, not insurance. Sanctioning a subsidy means practicing "reverse discrimination," or denying those at lowest risk the benefit of their group's superior experience. Governments may be appropriate creators of subsidies; private industry is not.

We will not reiterate here the numerous justifications for sex-based distinctions in insurance. These arguments have been ably made by actuarial experts and industry spokesmen. Even critics do not dispute these facts; they do question, however, the industry's conclusion that is therefore "fair" to use these distinctions in pricing."

Here is one of the conclusions reached by the Florida Insurance Research Center of the University of Florida's College of Business in "An Evaluation of Risk Classification System in Automobile Insurance" conducted for the Florida Department of Insurance:

"On the basis of the material reviewed for this study, age, sex, and marital status achieve a higher predictive accuracy in comparison to the other variables of driver experience and driver record. Moreover, when all variables are considered together, the predictive ability is further increased."

Another independent study was completed by the Stanford Research Institute in May of 1976 on a study of risk assessment processes. This study was conducted for the American Insurance Association and others, that concluded:

"While room for improvement exists, the precision of current risk assessment processes may in fact be relatively near the practical limit imposed by current scientific knowledge and economic factors. Government attempts to control the way insurance companies measure risk are both ineffective and harmful to the consumers."

"Restrictions on the risk assessment process lead to market restrictions, subsidies among consumers, and availability problems for some groups of consumers. We therefore conclude that risk assessment should not be restricted and that insurers should be free to make full use of classification information."

Any of the reports referred to in this statement may be obtained in their complete form from our office here in Helena.

In the interest of the Montana Insurance Consumer, we urge that the Senate Business and Industry give careful consideration to the effect of this legislation to the Montana insurance consumer.

Respectfully submitted by:

Roger McGlenn Independent Insurance Agents' Association of Montana

REBUTTAL TO: "AN EQUAL PIECE OF THE ROCK FOR WOMEN"

Any discussion of equality understandably generates strong reactions, but it is important not to lose sight of the underlying facts involved. Women live longer than men. Young women drivers have significantly fewer accidents than men their age. Women have an appreciably higher rate of hospital use than men at most insuring ages. Requiring insurance premiums to be the same for men and women won't change the fact that the costs of providing benefits are different. To provide a full picture of these issues, we present the following rebuttal to the Women's Lobbyist Fund "Fact Sheet".

1. <u>Assertion</u>:

The "Fact Sheet" prominently displays a table purporting to show how much more than men the "typical" woman pays for all kinds of insurance over a lifetime. The figures in the table are selectively repeated on the second page.

<u>Fact</u>:

The figures in the table, which were attributed to the National Organization of Women, do not speak for very many women. The table does not reflect the fact that the great majority of coverage for health insurance and pensions comes from a woman's own employment or that of her husband. Most employed women are covered by group life and medical (including disability) insurance purchased by their employers, many of whom pay the entire cost. Such plans written by insurance companies cover nearly 100,000,000 people. If women contribute to the cost, their rates are the same as for men.

Employed women also participate widely in group retirement plans in which more than 45,000,000 people participate, and again, employers often pay the entire cost. If there are employee contributions they are the same for men and women.

The most typical situation for either men or women is individually-purchased life insurance, individually-purchased automobile insurance, individually-purchased homeowners insurance, employer-provided life and health insurance and employer-provided pensions. Therefore, the financial impact of current pricing practices on the typical woman is far different from the impression given by the table.

The table obscures the fact that women pay much less for individual life insurance policies than men do. The "life insurance and pension" policy shown carries a premium of over $4,000 per year and is bought primarily by employers to provide pension benefits. In fact, Minnesota Mutual (whose premium is cited) sold only three of these policies during 1982.

A far more typical purchase is a whole life policy; such policies constituted about 75% of the policies sold last year to individual buyers. One major company sold over 300,000 such policies during 1981. For that policy, the premium differential between men and women at age 35 for a face amount of $100,000 would be $107 per year. Thus the total cost between ages 35 and 65 would be $3,210 <u>less</u> for a woman.

In short, a table showing whether women pay more for insurance than men would be more representative of typical experience if it were to reflect the fact that some insurance is purchased by individuals and much more is provided by employers. Such a table would look like this:

Coverage	Cost Differential for Women
Medical (group coverage)	Paid by employer (or differential paid by employer)
Disability (group coverage)	Paid by employer (or differential paid by employer)
Life Insurance	
Individual coverage for \$100,000 of whole life insurance ages 35-65	-\$3,210
Group coverage	Paid by employer (or differential paid by employer)
Pension (group coverage)	Paid by employer (or differential paid by employer)
Automobile	-\$1,840 (as shown in original table).

2. Assertion:

"Under some life insurance policies, a married woman can purchase coverage only up to the amount of coverage held by her husband."

Fact:

There are some policies under which one spouse (husband or wife, as the case may be) is the principal insured, and the amount of coverage on the other spouse (wife or husband) is less, according to a set formula. These policies are underwritten and sold on a sex-neutral basis: either spouse can be the principal insured. The choice depends on the couple's insurance needs.

3. <u>Assertion</u>:

Premium rates for women in life insurance are calculated on male-based mortality tables and then 'set-back' three years as a substitute at every age to construct a female table.

<u>Fact</u>:

This assertion is out of date. It relates to a time when life insurers were constrained, in practical terms, by state laws which permitted no more than a three-year age setback in calculating minimum reserves and cash values. Three years was appropriate in earlier decades, but now that the difference between male and female mortality has widened, a three-year maximum setback would be too small. The laws were modernized in the 1970's, and there has been a trend toward basing premium rates on sex differentials wider than a three-year age setback.

4. <u>Assertion</u>

Health insurance of private insurance companies often excludes pregnancy and its related complications from coverage."

<u>Fact</u>:

As required by regulation in nineteen states, insurers are generally providing coverage for complications of pregnancy on the same basis as other illness.

5. Assertion:

"Disability income insurance is often not available to women whose jobs are performed at home, while this insurance is available to men with identical job and risk factors."

Fact:

This and the following assertions are, likewise, based on a situation which no longer exists. A few companies do write homemaker disability insurance, but few persons have chosen to purchase such policies. With regard to home-based professional or self-employed women, etc., disability coverage is available to them on the same basis as to men in all states. This equal availability is required by regulations in effect in nineteen states. The regulations are based on a model regulation adopted in 1975 by the National Association of Insurance Commissioners, with the support of the life and health insurance business. A survey made in 1978 found that the 31 large companies surveyed were at that time already complying in all states with virtually all the requirements contained in the model regulation.

6. Assertion:

"Generally, disability insurance policies provide:

Longer waiting periods for women in number of days an insured must be disabled before benefits are payable;

Shorter basic periods--maximum time for which an insured is deemed completely unable to work--usually 5 years for men, 2 years for women, and

Shorter benefit periods--maximum time for which the insured is paid benefits--for women."

Fact:

This problem has also been addressed by state regulations. Insurers are now providing equal treatment of males and females with respect to waiting periods, benefit periods, and all other policy provisions.

7. Assertion:

"Disability income insurance for women may be excluded for periods of disability resulting from medical or surgical treatment of sex-linked disorders."

Fact:

This problem has, likewise, been addressed. Nineteen states have already adopted regulations prohibiting disparate treatment of male and female sex-linked disorders. Insurers are now providing equal treatment of males and females with respect to these benefits in all states.

8. Assertion:

"Premium rates and benefits are computed on the basis of age and sex. The greater longevity of women as a class compared with that of men as a class is cited as the unique reason for giving women lower monthly retirement benefits than men who have paid identical premiums. The U.S. Supreme Court in its 1978 Manhart decision prohibited such disparate treatment between men and women in employer-operated pension plans. Yet, private companies continue to follow such discriminatory practices."

Fact:

The Manhart opinion focused explicitly on the narrow question of whether female employees could be required to contribute more to a pension plan than similarly situated males. The question of whether monthly pension benefits must be equal for similarly situated males and females has just now come up to the Supreme Court for resolution. The Fact Sheet does not mention that one of the decisions which is being appealed to the Supreme Court, Peters v. Wayne State University, upheld the employer's right to base annuity payments on sex-distinct mortality tables.

9. Assertion:

"Insurance companies could use any number of arbitrary distinctions for their rates, like race and religion. For example, Mormons live longer and blacks have higher mortality rates."

Fact:

None of the factors mentioned is as significant a predictor for life insurance as is sex. With regard to blacks, (1) the male-female mortality differences in the U.S. population are larger than the black-white differences; (2) blacks constitute a much smaller segment of the life insurance market than do women; and (3) even more than is true of whites, the blacks whose economic status gives them the ability to buy a significant amount of life insurance constitute a class with mortality significantly more favorable than that of their racial group as a whole. With regard to Mormons, their favorable mortality can be ascribed to life-style factors which are reflected in life-insurance premium rates.

10. Assertion:

"The insurance industry has attempted to distinguish use of race-based mortality tables from the use of sex-based tables on the grounds that black mortality has fallen strikingly in recent years. However, for many age groups (including 40 and 50) there is a greater difference between black and white mortality than between women and men according to the National Center for Health Statistics. Others have argued that racial and religious distinctions are socio-economic, while gender is biological. That sounds familiar but is highly suspect."

Fact:

As explained above, the blacks who experience relatively high mortality rates are, generally, the ones whose economic conditions do not create an ability to pay for significant amounts of life insurance. In addition, rating factors, such as occupation, which are used in life insurance further diminish the size of any black-white mortality differential that may exist among standard-class individually insured lives.

Our argument is not premised on the existence of a biological cause-and-effect relationship. It is difficult, if not impossible, to prove causality with respect to any particular characteristic or factor. Scientific inquiry relies on findings of a significant correlation in making predictions. Sex correlates more strongly with mortality than do race or religion.

As it happens, however, there are reasons for suspecting a causal relation between sex and mortality. Among them are: (1) The presence of two X chromosomes in females (as against only one in males), which enables one X chromosome to compensate for any recessive genes in the other; (2) the fact that even before birth, significantly more male fetuses than female fetuses fail to survive.

11. Assertion:

"In 1920 men lived longer than women for almost all age categories."

Fact:

In the United States around 1920 the influenza epidemic distorted the mortality picture by killing a large number of weak persons in 1918, leaving the healthier persons, especially among the males, to exhibit unusually low mortality rates in the 1919-1921 study period.

12. Assertion:

"Today in Hawaii women live 4 years longer than men, while in Wyoming women live 9 years longer. The difference in life expectancy for both sexes between residents of Washington, D.C. and Hawaii is greater than the difference in life expectancy between men and women. Poorly educated women and highly educated women have a greater difference in life expectancy than men and women have . . . and we could go on and on."

Fact:

The residents of any particular state are not homogenous as to occupation, life style, and other characteristics which are taken into account in life insurance premium rates. In other words, much of the difference in mortality among the states is being taken care of by other factors.

In any event, the difference among white males in life expectancy at birth between Hawaii and the District of Columbia, based on deaths in years 1969-71, was only 4.7 years at age 25 and 4.2 years at age 45, while the difference between white males and white females for the United States as a whole was 6.7 years and 6.0 years, respectively, at those ages.

Even if geography, of itself, were a highly significant mortality factor, it would be relatively ineffective to use as a life insurance classification, because of the mobility of the United States populace. Insurance companies utilize personal health habits and other personal criteria to set rates if such criteria are both cost-effective and fair. There would be no gain to any insured person if the administrative cost of classifying the lowest-rated class exceeded the claim cost difference which could be expected.

We are aware of a study of 1960 mortality by education. The mortality ratios (which compare the mortality of a subgroup with that of the total group) are as follows:[*/]

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*/ Introduction to Demography, Mortimer Spiegelman, 1968, 96.

Years of School Completed	Males			Females		
	25 and over	25 to 64	65 and over	25 and over	25 to 64	65 and over
Total	100%	100%	100%	100%	100%	100%
High School:						
1-3 years	102	103	98	88	91	94
4 years	98	91		92	87	
College:						
1 or more yrs.	89	77	100	73	81	70

We have omitted levels of education below high school from the above, because persons who have completed less than a year of high school are not a significant factor in the individual life insurance market.

In the above table, the mortality rate of a subgroup is compared to that of a group. For example, females between the ages of 25 and 64 with four years of high school experienced a mortality rate that was 87% of the rate for all females in that age bracket. Clearly, the differences between the ratios for college and the ratios for "high school" are much smaller than the overall sex differential among standard insured lives, which is 60% vs. 100%.

The National Center for Health Statistics informs us that it has not had a study on education done since the one described above.

13. Assertion:

The "Fact Sheet" devotes nearly a full page to selected recent court decisions

Fact:

Neither Frontiero v. Richardson nor Craig v. Boren had any bearing on insurance matters. Frontiero concerned a prohibited practice of the U.S. Military and Craig involved driving ages. Manhart involved a narrow holding with regard to an uninsured plan. The cases following Manhart (Arizona Governing Committee v. Norris, Spirt v. TIAA-CREF, and Peters v. Wayne State University) are directly on point and all are pending before the U.S. Supreme Court. Norris will be argued March 28, 1983 and a decision is expected by early summer. Spirt and Peters have virtually identical facts with one court (Peters) upholding the use of sex-distinct mortality tables and the other court (Spirt) finding against the insurer. Clearly, as a judicial matter, the question is unresolved as of today.

14. Assertion:

"Grouping by sex is an administratively easy method of categorizing risk, but much more accurate categories for insurance purposes would include physical condition, family health, leisure time, exercise habits, occupation, personality characteristics, life style, etc."

Fact:

Most of the listed criteria are used in life-insurance rating. One might reasonably ask whether the entire observed sex differential at a given time could be traced to differences in other factors, such as life style. This question was addressed by a doctoral candidate at the University of Minnesota, Deborah Wingard.*/ Ms. Wingard was studying problems of health and health care, and her work had no connection with insurance or the insurance business. She applied multivariate analysis to eliminate the influence of sixteen different factors, including ten life-style factors, on the observed differential. For example, when she eliminated the effect of smoking, the mortality differential between the sexes got smaller. When she adjusted for all sixteen factors, however, she found, contrary to her expectations, that the sex differential got slightly larger, not smaller. In other words, the sixteen factors did not offer any explanation for the mortality gap.

15. Assertion:

"86% of women do not outlive their male counterparts, and women are therefore being penalized for the 16% who do."

Fact:

This argument has been advanced by some proponents of legislation requiring unisex actuarial tables, such as

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*/ "The Sex Differential in Mortality Rates: Demographic and Behavioral Factors", Deborah L. Wingard, presented in June 1980 to the Society of Epidemiologic Research.

Professor Barbara Bergmann. The theory begins by pointing out that it is possible to match approximately 84 percent of males and females as to the years of age in which they die; that is, if a group of 100,000 males, age 65, and a group of 100,000 females, age 65, were used as a test sample, when all of the members of the two groups had died, it would be found that approximately 84,000 of the females had died at the same ages as approximately 84,000 of the males. Thus, because 16 percent of the females live longer than a corresponding percentage of the males, it is supposedly unfair to penalize the other 84 percent of the females, who can be paired with males as to age at death, by charging females higher annuity premiums.

The logical fallacy and economic irrelevance of the year of death pairing approach is obvious when this is viewed in terms of actual dollars. If an insurer (or an employer) were to issue annuities of $1,000 per year to each of 100,000 men and 100,000 women experiencing the mortality rates referred to in the Bergmann study, it would have to make payments of $100,000,000 in the first year to each group. In the fifth year the payments to the male annuitants would have dropped to $90,329,000, while those to the female annuitants would amount to $94,053,000, and in the tenth year annuity payments would have been $73,657,000 to males, and $83,328,000 to females. Over the course of fifty years, an aggregate of $1.561 billion would have been paid to male annuitants and $1.926 billion to females. The females, as a group, would have received $365 million--23 percent--more than the males.

Looked at from another perspective, if benefits of $1,000 per year were to be paid to each of 100,000 males beginning at age 65 from a fund earning 5 percent, after taxes and all expenses, such a fund would have to be $1,040,000,000. The corresponding fund needed for female annuitants would amount to $1,194,000,000.

Alternatively, a fund equal to that used to provide $1,000 a month to male annuitants could provide $870 per month to female annuitants. If female annuitants were to draw $1,000 per month from this last fund rather than $870 per month, it would be exhausted after 18 years. For those females surviving beyond that period and receiving no further payments, the overlap theory would provide cold comfort.

Professor Robert J. Myers, formerly Chief Actuary for the Social Security Administration for 23 years, and Professor Emeritus of Actuarial Science at Temple University, criticized the overlap theory in a 1977 article in Civil Rights Digest, a publication of the U.S. Commission on Civil Rights.

He noted that, while the years of death of 84 percent of men and women coincide, the 16 percent of unmatched men would have an average age at death of approximately 70 years, and the average age at death of the unmatched women would be approximately 88. He then illustrated the absurdity of the overlap analysis by observing that if the years of death of members of a group of 1,000 men at age 65 are matched with the years of death of a group of men aged 60, there will be an overlap of approximately 85 percent. Thus, under that theory, it presumably would be improper or unfair to utilize mortality tables based on age in setting insurance premiums. Of course, the logical result of following this mode of analysis is to dispense with any actuarial analysis at all; a result which would be at odds with a voluntary private insurance business.

16. Assertion:

Potentially, one of the greatest financial impacts would be topping out existing pension plans. The U.S. Labor Department estimates that the unfunded liability nationally for private pension plans would only represent 1/1000 of the industry's assets and reserves.

Fact:

The seemingly harmless fraction of 1/1000 is staggering in context. The Council estimates that the total assets of all legal reserve U.S. life insurance companies as of year-end 1982 was $583,200,000,000. Applying the fraction of 1/1000, the topping up cost alone would be $583.2 million! More to the point, T. Timothy Ryan, Solicitor, U.S. Department of Labor, submitted a statement to the House

Subcommittee on Commerce, Transportation and Tourism on February 22, 1983. Regarding the "topping up" cost, he stated:

"First, the short-run pension costs of H.R. 100 could be substantial, upwards to $1.7 billion annually if employers are required to top up total payments for all retirees, as we understand the bill to require."

17. Assertion:

"The National Association of Insurance Commissioners concluded that 'as rating characteristics, sex and marital status are seriously lacking in justification . . . . and should therefore be prohibited as classification factors' in automobile insurance."

Fact:

The NAIC did not follow through with this recommendation of one of its task forces because it did not agree with those recommendations. In order to assist the NAIC in its deliberations an Advisory Committee of insurance industry experts was appointed to study the issues and report back. In May 1979 a 432-page report, "Private Passenger Automobile Insurance Risk Classification" was presented by the Advisory Committee. After reviewing that study, the NAIC decided not to accept the task force recommendations. It may be noted that the National Association of Insurance Commissioners has addressed the question of sex-distinct premium rates in life and health insurance as well as in automobile insurance. In 1980 the NAIC adopted a resolution endorsing the use, in life and

health insurance, of "a risk classification system which appropriately reflects cost differences by sex or both cost differences by sex and distribution by sex as being in the best interests of buyers of insurance".
More to the point, the NAIC enacted a resolution on February 17, 1983 in which it urged that similar legislation before the U.S. House of Representatives not be reported by the House subcommittee. The resolution also observes the need for "further studies to determine the bill's impact on the financial stability of the insurance industry."

DATE 3-19-83

COMMITTEE ON BUSINESS AND INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One Support	Oppose
[illegible]	Mt Assn [illegible]	HB 358		✓
[illegible]ster H. Loble, II	Am. Council of Life Insurance	HB 358		✓
Ed Zimmerman	"	"		✓
Bob James	State Farm; WAII	"		✓
Judy Mintel	State Farm	"		✓
Dan Case	Amer. Council of Life Ins	"		✓
Dee Adams	Mt NOW	HB 358	✓	
Karen L. Zollman	House Aide (Connelly)	HB 358	✓	
Stacy Flaherty	Women's Lobbyist Fund	HB 358	✓	
Nikki La Framboise	Dept of Labor ICCW	HB 358	✓	
Margaret Anne Meghan Bell[illegible]	self	HB 358	✓	
Norma Seiffert	Mt. Ins. Dept	HB 358	neither	
Gordon Bruce	" "	358		
Kathy Karp	Mt League of Women Voters	HB 358	✓	
Vivian Marie	Self	HB 358	✓	
Celenda Lake	Women's Lobbyist Fund	HB 358	✓	
Bill Romine	Self	HB 358		✓
Ruth L. Long	A.A.U.W.	H. 358	✓	
Rita Theisen	HINA	H. 358		✓
Pat Melby	Alliance of American Ins.	358		✓
Julie Fosbender	ASUM	HB 358	✓	
Linda McCluskey	Self	358		✓
Wes. Krawczyk	A.C.L.U. of Mont	HB 358	✓	

(Please leave prepared statement with Secretary)

(This sheet to be used by those testifying on a bill.)

NAME: Kathy Karp DATE: 3-19-83

ADDRESS: 1000 Birch Helena

PHONE: 443-4321

REPRESENTING WHOM? Mont League of Women Voters

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? X AMEND? ______ OPPOSE? ______

COMMENT: The Montana League of Women Voters support HB 358.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Nikki LaFromboise DATE: 8/19/83

ADDRESS: 2004 Cannon

PHONE: 443-6019

REPRESENTING WHOM? Dept of Labor ICCW

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ✓ AMEND? ______ OPPOSE? ______

COMMENTS: I am representing Dept of Labor ICCW and we support HB 358. We feel sex based actuarial table are discriminatory and unnecessary. There are many more valid factors other than sex on which to base the actuarial tables.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Ruth E. Long DATE: 3/19/83

ADDRESS: 733 S. Calif. Helena

PHONE: 443-3352

REPRESENTING WHOM? AAUW

APPEARING ON WHICH PROPOSAL: H 357

DO YOU: SUPPORT? ✓ AMEND? ______ OPPOSE? ______

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: DEE ADAMS DATE: 3/18/83

ADDRESS: 1826 Westwood Dr, Billings, MT

PHONE: 656-5270 - 586-7114 (message)

REPRESENTING WHOM? Mt NOW

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? X AMEND? ______ OPPOSE? ______

COMMENTS: Mt NOW Supports HB 358, which would prohibit sex discrimination in the determination of Insurance Rates. (See prepared statement)

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Margaret Anne Meehan Bellew DATE: ________

ADDRESS: PO Box 7605 Missoula MT 59807

PHONE: 728-6318

REPRESENTING WHOM? myself, Licensed Agent in Montana

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? X AMEND? ________ OPPOSE? ________

COMMENT:

1. Underwriting Factors
2. Examples of Unisex Rates: Group + Individual
3. The Industry in Context of Public Policy
4. The Charge of Emotionalism
5. Competition in Setting Rates

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: PAT FAIRBANKS DATE: 3-19-83

ADDRESS: HELENA, MT

PHONE: 442-2123

REPRESENTING WHOM? Montana Federation of Teachers

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? X AMEND? ______ OPPOSE? ______

COMMENTS: WE SUPPORT The Womens LOBBYIST FUND'S STAND on This BILL, And recommend That the Committee Concure on The BILL.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those **testifying** on a bill.)

NAME: Bill Romine DATE: 3-19-83

ADDRESS: Helena

PHONE: 442-2220

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? X

COMMENT: This bill will raise the premium for all parents who have daughters who drive. If in fact, girls have fewer ~~acc~~ accidents, their premium should be lower.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those **testifying** on a bill.)

NAME: Ron [illegible] DATE: [illegible]

ADDRESS: 332 [illegible] Michigan Ave.

PHONE: 312/322-[illegible]

REPRESENTING WHOM? [illegible]

APPEARING ON WHICH PROPOSAL: [illegible]

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? X

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those **testifying** on a bill.)

NAME: Judy Mintol DATE: 3/19/83

ADDRESS: One State Farm Plaza, Bloomington IL

PHONE: (309) 766-3520

REPRESENTING WHOM? State Farm Mutual Ins Co.

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? X

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: LESTER H. LOBLE, II DATE: March 19, 1983

ADDRESS: P O Box 176, Helena 59624

PHONE: 442-0070

REPRESENTING WHOM? American Council of Life Insurance

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? _____ AMEND? _____ OPPOSE? XXX

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: ELMER HAUSKEN DATE: 19 MAR 83

ADDRESS: P.O. Box 617 Nelson, Mt.

PHONE: 443-6300

REPRESENTING WHOM? MALU

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? ✓

COMMENT: This bill does not do what it purports to do. While the intent is good the results are too simplistic and will result in oppressive results that will ~~[illegible]~~ mean discrimination to women, instead of less.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Glen Drake DATE: 3/19

ADDRESS: Helena

PHONE: 442-0230

REPRESENTING WHOM? American Ins Ass'n

APPEARING ON WHICH PROPOSAL: HB-358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? ✓

COMMENT: written testimony submitted.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Kenneth L. Hassler FIC DATE: 3/19/83

ADDRESS: Box 43 Blue Sky Heights

PHONE: 933-8201

REPRESENTING WHOM? MALU + Aid Association for Lutherans

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ___ AMEND? ___ OPPOSE? X

COMMENT: This bill trys in a simplistic matter to solve a complicated problem. Sex is the only equitable + fair way of pricing life insurance. Auto insurane rates should be determined by risk. Health insurance rates should be determined by risk.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those **testifying** on a bill.)

NAME: Roger McGlenn DATE: 3-19-83

ADDRESS: Box 5593

PHONE: 442-9555

REPRESENTING WHOM? INDEPENDENT INSURANCE AGENTS ASSOCIATION OF MONTANA

APPEARING ON WHICH PROPOSAL: HB-358

DO YOU: SUPPORT? ___ AMEND? ___ OPPOSE? X

COMMENT:

WRITTEN COMMENTS AND RESEARCH PROVIDED

PLEASE **LEAVE** ANY **PREPARED** STATEMENTS **WITH** THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Daniel F. Case DATE: 3/19/83

ADDRESS: American Council of Life Insurance 1850 K St., N.W., Washington, DC 20006

PHONE: (202) 862-4164

REPRESENTING WHOM? American Council of Life Insur.

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? ✓

COMMENT: ATTACHED

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

(This sheet to be used by those testifying on a bill.)

NAME: Bob James DATE: 3/19/83

ADDRESS: Great Falls

PHONE: 727-2311

REPRESENTING WHOM? STATE FARM ; Nat. Ass. of Ind. Insurers

APPEARING ON WHICH PROPOSAL: HB 358

DO YOU: SUPPORT? ______ AMEND? ______ OPPOSE? ✓

COMMENT:

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.