

MINUTES OF THE MEETING  
BUSINESS & INDUSTRY COMMITTEE  
MONTANA STATE SENATE

January 31, 1985

The thirteenth meeting of the Business & Industry Committee met in Room 413/415 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 233: Senator Pat Regan, Senate District 47, Billings, is the sponsor of Senate Bill 233. She decided to sponsor this bill after a situation arose in her hometown when a husband passed away and an \$80,000 claim was not settled for over 8 months and no interest was paid on this amount. She had this bill drafted and is also proposing an amendment which would change the way in which interest is figured. The insurance company felt that a flat rate of 12% would be sufficient but she felt it should be the rate at the time the claim is due that day. (EXHIBIT 1)

PROPONENTS: Mr. Les Loble, representing the American Council of Life Insurance, supports this bill and its amendments. He stated the intent of the bill means 30 days within receipt of proof of death. (EXHIBIT 2) Tanya Ask, from the Montana Insurance Department, explained they want to change the provision from 30 days to 60 days so there is a maximum amount of time that the companies can answer to a claim. They are suggesting a flat rate of 12% because this is what neighboring states have done but they would be flexible on this. They are also proposing additional language that would indicate when the interest would be paid. They would like it to be paid when the lump sum payment is made or when the first installment is paid if that is the method of payment. (EXHIBIT 3) Randy Gray, with State Farm Insurance of Great Falls, believes this is a fair bill. This would allow those cases which are denied, such as suicide, missing person, to have interest paid if not settled within 30 days after proof of death is received. They would prefer a floating rate rather than the 12% fixed rate of interest and would like to see the interest run from the date proof of loss is received. (EXHIBIT 4) Elmer Hausken, representing Montana Association of Life Underwriters, also supported Senate Bill 233. (EXHIBIT 5)

OPPONENTS: There were no opponents to Senate Bill 233.

Questions from the committee were then called for. Senator Halligan wanted to know what is done when there is no proof of death. Randy Gray responded when a claim is disputed and after they receive a proof of death that the interest would run back retroactively to when the death was established.

The hearing on Senate Bill 233 was closed.

CONSIDERATION OF SENATE BILL 216: Senator Paul Boylan, Senate District 39, Bozeman, is the sponsor of this bill.

PROPOSERS: Mr. Jerome Loendorf, representing the Montana Consumer Finance Association, explained the law would generally revise the current law concerning consumer loan licensees, allow financial institutions to be licensed, revise provisions concerning interest on loans, remove the prohibition on sale of insurance and provide for a bad check charge. They would like to see the section regarding insurance amendments be deleted and changed back to its original language. On the first page of the bill they would like language deleted that would make it easier for independent businesses to be able to sell their licenses along with their business. On page 4 there is a reference to \$90 loans and since loans are no longer made for this amount they would like this deleted. There is language making provisions for husband and wife loans being made together and they would like this deleted also. The new provision on page 11 allows for bad check charges. With the deletion of the insurance amendment it is basically just a housekeeping bill, he explained. (EXHIBIT 6)

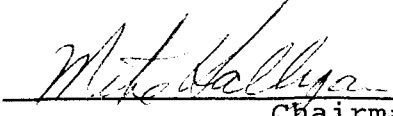
OPPOSERS: Mr. Roger McGlenn, representing the Independent Insurance Agents of Montana, stated he had first opposed this bill but with the requested amendments they no longer have any problems with it. Mr. Riley Johnson, representing the Professional Insurance Agents of Montana, had first objected to this bill also but with the deletion of the insurance section they no longer have any objection. (EXHIBIT 7) Elmer Hausken, of Helena, representing the Life Underwriters Association supports the amendments also. (EXHIBIT 8)

Questions from the committee were then called for.

Senator Halligan asked Jerome Loendorf to explain the amendment and he stated it would just restore the law as it currently exists, delete the amendment that is in the bill (page 8, Sec. 3 and restore the words that are deleted and delete the words that are underlined. Senator Thayer wondered about the \$10 bad check charge that they were adding. There was some discussion of the law for civil penalty provision passed in 1983. Senator Christiaens asked Roger McGlenn why they were opposed to the bill if financial institutions were included selling insurance and he stated they were opposed to the all lines, all kinds of insurance type of sales.

Senator Boylan then closed the hearing on Senate Bill 216.

DISPOSITION OF SENATE BILL 216: Senator Christiaens moved to PASS the amendments regarding the stricken language on page 8, deleting the \$90 and making changes necessary to the title. The motion carried. Senator Kolstad then moved that Senate Bill 216 DO PASS AS AMENDED. The motion carried. Meeting was adjourned at 11 a.m.

  
Chairman

# ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 1/31/85

SENATE  
SEAT  
#

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman	X		
Senator Thayer	X		
Senator Williams	X		

Each day attach to minutes.



DATE \_\_\_\_\_

COMMITTEE ON \_\_\_\_\_

## VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Confidentiality)

Senate Bill 233 - Proposed Amendments

Amend Section 1 Subsection (2) beginning at line 20 as follows:

(2) There shall be a provision that settlement be made within  
~~30-60~~ days of proof of death and that if settlement is made after  
the first 30 days, the settlement shall include interest from the  
30th day until settlement. Interest shall be paid at ~~the discount~~  
~~rate on 90-day commercial paper in effect at the federal reserve~~  
~~bank in the ninth federal reserve district at the time of proof of~~  
~~death.~~ a rate of 12%, and shall be paid with the lump sum payment or  
the first installment payment. The settlement period and interest  
provisions of this subsection apply to all claims upon deaths filed  
with an insurer after October 1, 1985, regardless of whether those  
provisions are included in the policy."

EXHIBIT 1  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

NAME Lester H Lubic Jr Bill No. SB 233  
ADDRESS PO Box 176 DATE 1/31/85  
WHOM DO YOU REPRESENT American Council of Life Insurance  
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

EXHIBIT 2  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

NAME Tanya Ask Bill No. SB 233 <sup>216</sup>  
ADDRESS Montana Insurance Dept. DATE 1/31  
Mitchell Bldg  
WHOM DO YOU REPRESENT \_\_\_\_\_

SUPPORT ✓ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Support Ask SB 233  
+ 216 is amended

EXHIBIT 3  
BUSINESS & INDUSTRY  
JANUARY 31, 1985



WITNESS STATEMENT

Name Randy Gray Committee On B+I  
Address PO. Box 2885 - Great Falls Date 1-31-85  
Representing State Farm Support ☒  
Bill No. SB 233 Oppose \_\_\_\_\_  
Amend \_\_\_\_\_

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Fair bill which follows a practice many insurance companies follow already.
2. Interest rate should be based on 90 day commercial paper
3. Time computation should run from date proof of death is received by insurance company
- 4.

EXHIBIT 4  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

NAME

*Edward Hansen*

Bill No.

*SB233*

ADDRESS

*1400 Highland Helona*

DATE

*31 Jan 85*

WHOM DO YOU REPRESENT

*MAU*

SUPPORT

☒

OPPOSE

AMEND

*as Amended*

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

*Support with amended deletion  
of Mr. McLean Cancellling all lines  
of insurance.*

EXHIBIT 5  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

NAME Jerome T Loendorf BILL NO. \_\_\_\_\_

ADDRESS Helena, Mt. DATE \_\_\_\_\_

WHOM DO YOU REPRESENT Mt. Consumer Finance Assn

SUPPORT ☒ OPPOSE \_\_\_\_\_ AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

EXHIBIT 6  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

WITNESS STATEMENT

NAME Riley Johnson BILL NO. SB216  
ADDRESS Helena DATE \_\_\_\_\_  
WHOM DO YOU REPRESENT? Professional Insurance Agents of Montana  
SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Professional Insurance Agents of Montana are opposed to the passage of SB216 because of the specific language aimed at sale of insurance by financial institutions in Montana. While this bill is aimed at consumer loan institutions, in reality it is opening the door to the sale of insurance by any bank, savings and loan or credit union in the State of Montana. It is a back-door effort on the part of the banks to enter another field of consumer service that they have been trying to do all over the country and in the U. S. Congress - to date their direct approaches have failed.

Why do we disapprove of banks in the insurance field? First, it would shatter the time-honored and proven American Agency System - a system that has served the American consumer exceedingly well. Each of you knows a member of the American Agency System in your own home towns. These are professionally trained people who contribute socially <sup>and</sup> economically ~~and~~ to the welfare of each of your communities. To allow banks to wholesale insurance would give an unfair advantage to through the leverage of the money source. It would also put the emphasis on "sales" rather than service - professional, caring service to your constituents. We now have a system that is working and working well. We urge you not permit the big business of banking to destroy the American Agency

~~Agency~~ System and to maintain the professional approach  
to insurance. We urge you to adopt the amendment  
offered by the previous speaker and eliminate the insurance  
provisions in SB 216. With such an amendment, PIT of  
Montana can support SB 216.

#

NAME Ernest Hansen Bill No. SB 216  
ADDRESS 1404 Highland DATE 31 Jan 85  
WHOM DO YOU REPRESENT MALIS (Manufacturers)  
SUPPORT ☒ OPPOSE ☐ AMEND As Amended

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: We support SB 216 and amendments  
entered by Ins Com J.

EXHIBIT 8  
BUSINESS & INDUSTRY  
JANUARY 31, 1985

# STANDING COMMITTEE REPORT

JANUARY 31

85

19.....

MR. PRESIDENT

## BUSINESS & INDUSTRY

We, your committee on.....

SENATE BILL

216

having had under consideration..... No.....

first

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reading copy ( )  
color

## GENERAL REVISION OF CONSUMER LOAN LAW

SENATE BILL

216

Respectfully report as follows: That..... No.....

be amended as follows:

1. Title, lines 7 and 8,

Following: "LOANS;"

Strike: "REMOVING THE PROHIBITION ON SALE OF INSURANCE;"

2. Title, line 9,

Following: "32-5-301,"

Strike: "32-5-306,"

3. Page 8, line 15,

Following: "amounts of"

Strike: "\$90,"

4. Page 8, line 19 through line 20, page 10,

Strike: Section 3 in its entirety

Renumber: subsequent sections

AND AS AMENDED

DO PASS

~~X DO NOT PASS~~

Mike Halligan

Chairman.