

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 6, 1985

The sixteenth meeting of the Business & Industry Committee met at 10 a.m. in Room 410 of the Capitol Building with Chairman Halligan calling the meeting to order.

ROLL CALL: All committee members were present except for Senator Fuller who was excused.

CONSIDERATION OF SENATE BILL 239: Senator Ray Lybeck, Senate District 4, Kalispell, is the chief sponsor of Senate Bill 239. This bill revises the law on future advances under a mortgage and authorizes the use of mortgages to secure a line of credit with varying balances.

PROPONENTS: Brad Walterskirchen, representing the Montana Bankers Association, stated changes are necessary for mortgages to secure a line of credit with fluctuating balances. Home equity mortgages are currently sweeping the country and there must be language changes made to alleviate the problems now occurring. (EXHIBIT 1) John Cadby from the Montana Bankers Association also spoke in support of this bill.

OPPONENTS: There were no opponents to Senate Bill 239.

Questions were then called for. Senator Goodover wanted an example of a typical home equity loan and how it would work. Mr. Walterskirchen stated a typical mortgage of \$90,000 might have a first mortgage of \$30,000. The mortgagee could then take out \$10,000 in revolving credit. He could be advanced \$1000 and over the term of the loan could withdraw the remaining balance as he needed to. Senator Halligan wanted to know how refinancing was done in the past and was told it was usually by a second mortgage. Senator Christiaens wanted to know about disclosure and was told they would disclose on it as if it were for the total amount. Senator Gage wondered if people were notified of rate changes and was told they would be. Senator Goodover wanted to know what other fees are involved and was told they would be for title insurance, appraisal fees, recording fees, etc. Mr. Walterskirchen will bring an example of a typical loan for the committee to inspect. (EXHIBIT 1) Senator Thayer wanted to know what the advantage was to this type of borrowing method and was told it was more flexible and a great time savings. Senator Lybeck closed by stating this is a very necessary piece of legislation which will provide protection for the lender and the borrower. The hearing on Senate Bill 239 was closed.

CONSIDERATION OF HOUSE BILL 72: Rep. Les Kitselman, from Billings House District 95, is the sponsor of this bill which will allow an option for consumers of a flexible interest rate within the premium structure of a policy at the option of the insured. He explained this is current law in 49 other states. Under current statute the rate is fixed at 8%. This bill would tie the interest rate to Mooney's index and they feel this is a more realistic rate of interest.

PROPOSERS: Les Loble, II, representing the American Council of Life Insurance, stated this bill would directly and immediately benefit the insurance buying public because dividends paid under flexible rates are much higher than under fixed loan rate policies. It would permit the life insurance companies to have the option of offering both to the consumer. (EXHIBIT 2) Elmer Hausken, an individual broker from Helena, feels it would offer the clients a choice and is in support of House Bill 72.

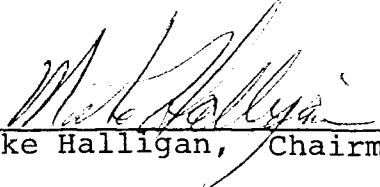
OPPOSERS: Edward Sparks, of Butte, representing himself and several other life insurance agents, feels if a person gets in a bind and needs to borrow he needs the lowest possible interest rate he can get and that is what they currently have with our present structure. (EXHIBIT 3) Randall Pell, a life agent from Bozeman, feels we should not pass this legislation just because 49 other states have done so. He cited many examples of businesses that had been saved due to being able to borrow from life policies at the current low rate. (EXHIBIT 4) John McKenna, a life agent also from Bozeman, feels we have a choice now. He feels if the variable rate is offered it will make the fixed rate policies less desirable. He likes the fixed rate policies because it enabled people to finance for long periods of time. (EXHIBIT 5)

Questions from the committee were then called for. Senator Christiaens asked Mr. Hausken why if they can offer variable policies now why they needed to change the law and he responded it would just offer the client a choice. Rep. Kitselman cited examples of how much of a drain it was on the life policies when the interest rates shot way up and their finances were drained by those desiring low interest loans. Senator Williams wanted to know if New York Life offered low interest loan rate policies in other states and was told that they did. Mr. McKenna stated his company favored this legislation but that he felt we were giving up a choice we now have if this bill is passed. Senator Halligan wanted to know if this were passed if the fixed rate policies are made to look less attractive to prospective clients and Mr. Loble did not think this was the case. Mr. McKenna stated statistics show that not as much of the fixed rate policies are sold in states that have passed this type of legislation. Senator Kolstad noted there are many many businesses that have been saved because of their low rate policies.

Mr. Hausken noted it would be very beneficial to the insurance codes to have a unified code adopted by all fifty states. Rep. Kitselman stated in closing that the trend today is not to have the old standard whole life policy but to go to more universal life products which have greater returns. He feels it is important that the customer still has the choice and urged the committee's consideration. The hearing was closed on House Bill 72.

DISPOSITION OF SENATE BILL 233: Senator Kolstad made a motion to ADOPT the first three amendments as proposed by the insurance company which changed the time period to 60 days for payment of interest after receipt of proof of death. Motion carried. (EXHIBIT 6) Senator Kolstad then made a motion that Senate Bill 233 DO PASS AS AMENDED. The motion carried.

DISPOSITION OF SENATE BILL 206: The committee referred to the proposed amendments: (EXHIBIT 7) The committee had taken action on a portion of the amendments on January 30, 1985. There was an error in this amendment however as Mary McCue pointed out. Senator Christiaens then moved to strip the bill of the earlier amendments which adopted the simple language of the snowmobiles and some cleanup language. Motion carried. Senator Christiaens then moved to ADOPT the new amendments proposed which includes the snowmobiles and cleanup language. The motion carried. Senator Christiaens then moved that Senate Bill 206 DO PASS AS AMENDED. The motion carried.


Mike Halligan, Chairman

ROLL CALL

BUSINESS & INDUSTRY

COMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2/6/85

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 _____

FEBRUARY 6, 1985

COMMITTEE ON

BUSINESS & INDUSTRY

VISITORS' REGISTER

[illegible]

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

NAME: BRAD WATERSKIRCHER DATE: 2-6-85

ADDRESS: P.O. Box 48 KALISPELL

PHONE: 755-7123

REPRESENTING WHOM? MONTANA BANKERS ASSN

APPEARING ON WHICH PROPOSAL: Senate Bill 239

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT: Have Comment

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 1
BUSINESS & INDUSTRY
February 6, 1985

TO: SENATE BUSINESS & INDUSTRY COMMITTEE
Senator Halligan, Chairman

FROM: BRAD WALTERSKIRCHEN, Chairman
MBA Real Estate Committee

DATE: February 7, 1985

RE: SENATE BILL 239

As requested by Senator Halligan, I am enclosing an example of a "Home Equity Mortgage" to assist in explaining the proposed bill. But first it should be noted that Senate Bill 239 simply revises the existing State Statute Section 71-1-206 to clearly include revolving and fluctuating balance loans that are secured by mortgages. Not only does this include "Home Equity Mortgage" loan programs but also covers commercial and agricultural loans under a similar revolving structure as well.

Credit card revolving balance accounts would be a good example to compare too. All these loan programs presently exist within the state but opinions rendered by legal council advise lenders a liability does exist which does inhibit lenders from these specific types of credit presently in demand by consumers.

How a Typical Home Equity Mortgage Works

The lender typically does a credit analysis to determine that the applicant is a creditworthy customer, and then extends a line of credit based on 70% of the appraised value of the home. For example, if the home is worth \$100,000 and there is a \$50,000 first mortgage, the home could support a line of credit up to \$20,000.

Once the line of credit has been granted, the customer can draw on his account at any time up to the maximum. Usually this is done in increments that must be larger than \$500. The customer pays simple interest on the balance outstanding at a floating rate of interest. There is always a minimum monthly amount paid similar to Visa and Mastercard.

The customer receives an initial disclosure as required by the Federal Truth in Lending Act which tells him:

- 1) circumstances under which a finance charge will be imposed
- 2) the amount of fees
- 3) security interest the bank is taking
- 4) a statement of the customers billing rights
- 5) length of loan

In addition there are monthly disclosures to the customer which includes a complete accounting of all changes in principal and interest. Like a credit card, the customer may pay it off in full at any time.

The lien instrument in this case, a trust indenture, would be recorded showing the initial advance of \$500 with a \$19,500 future advance provision. The borrower may at any time during the term draw up to \$20,000.

If the borrower's line of credit reaches \$20,000, and he then reduces the principal balance by \$10,000, the borrower may again advance himself \$10,000 bringing the balance due again to \$20,000.

This type of credit will become an increasingly valuable source of consumer credit. It is becoming very popular throughout the nation. Consumers like the flexibility and ease of borrowing money when needed without a lot of hassle and time spent obtaining a loan.

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

NAME: LESTER H. LOBLE, IV DATE: 2/6/85

ADDRESS: PO Box 176

PHONE: 442-0070

REPRESENTING WHOM? Am. Council of Life Ins

APPEARING ON WHICH PROPOSAL: HR 72

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT:

EXHIBIT 2
BUSINESS & INDUSTRY
February 6, 1985

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

February 6, 1985
PRESENTATION TO SENATE BUSINESS AND INDUSTRY COMMITTEE
HOUSE BILL 72: ALLOWING FLEXIBLE LOAN RATES ON
WHOLE LIFE POLICY LOANS
INTRODUCED BY KITSELMAN

HB 72 will permit insurance companies to offer policies in Montana which contain a flexible policy loan rate. Montana would then join the other 49 states if this bill is passed. This is a model bill which was drafted by the National Association of Insurance Commissioners--the regulators of the insurance industry. The bill will directly and immediately benefit the insurance-buying public because dividends paid under flexible loan rate policies are substantially higher than dividends paid under fixed loan rate policies.

Attached to my remarks (pages 5 and 6) is a Massachusetts Mutual ad from the "Wall Street Journal". Massachusetts Mutual is soliciting its existing policyholders to amend their existing policies (the fixed loan rate policy) to allow the flexible loan rates. It is called the "Update" program. Note the dramatic increase in dividends which result: from a low of \$430 or 73% increase to a high of \$2,419 or 111% increase depending upon the age of the policy. The increased dividends pay the premiums when the insured is 50 and are practically double the premiums at age 60! Other companies also offer increased dividends on policies featuring a flexible loan rate. Examples are attached to my statement for New York Life Insurance Company, Mutual Life Insurance Company of New York (MONY), Prudential Insurance Company, the Mutual Benefit Life Insurance Company and the Penn Mutual Life Insurance Company. Please look at the New York Life

exhibit on page 7 of these remarks. The first column shows the policy year, the second column the dividend in dollars under an 8% policy, the third column the dividend in dollars under the flexible loan policy and the fourth column shows the percentage increase. I have underlined years 5, 10, 15 and 20. Note that the dividend increases are 20%, 34%, 27% and 22%, respectively for those years.

All this bill does is to permit life insurance companies to offer another option to their policyholders. After October 1, 1985 companies would be permitted to offer a fixed loan rate with a maximum of 8% or policies with a flexible rate or some of both.

I cannot guarantee that all companies will offer existing policyholders an amendment to their policies if you pass this bill, but I can guarantee that all persons desiring to purchase life insurance after October 1, 1985 will have the choice of purchasing policies with a fixed rate or a flexible rate. We checked with the top 10 companies in Montana that sell 41% of the life insurance. Of those top 10 only one failed to offer a fixed rate policy in other states. Northwestern Mutual, State Farm Life, Western Farm Bureau, Prudential and Northwestern National all offer both flexible and fixed rate policies. Old Line offers all fixed rate policies except for 1 new product. Washington National, Federal Kemper and United Investors only write fixed rate policies. A couple of other companies not in the top 10 but familiar to Montana are The Equitable which offers an 8% only policy but if a customer requests a flex endorsement can be attached and Western Life which offers a flex rate capped at 8%.

It is up to this committee to decide now whether Montanans will have this choice.

ACLI has 397 member companies authorized to do business in Montana. The selling of its life insurance is highly competitive. If there is a market demand for the fixed rate policies they will be offered. If the market prefers flexible loan rate policies then those also will be offered.

A moment ago I mentioned Massachusetts Mutual's Update program. The response was remarkable: 55% of the policyholders of Massachusetts Mutual have agreed to amend their present fixed rate policies to provide flexible rates on policy loans. Those policyholders decided that increased dividends now were more valuable than the right to borrow cheaply later. The remaining percentage opted to keep the fixed loan rate. The point is: those policyholders were given a choice. It is a choice Montana policyholders do not have. It is a choice which the legislature can give them by passing HB 72.

I would like to go through the bill to explain the mechanics of its operation.

1. Page 1, line 24, Section 3 specifies that the flexible loan rate would be tied to the Moody's Composite Average Yield on Corporation Bonds. This index is relatively stable and approximates the return which insurance companies receive on their portfolios not devoted to policy loans.

2. Page 2, lines 8-13, Section 4 enables insurance companies to offer either type of policy.

3. Page 3, lines 3-5, subsection (4) requires the loan rate to be calculated at least yearly, but not more than 4 times yearly.

4. Page 3, line 7, permits, but does not require, an increase if the Moody's Index moves up .5% or more.

5. Page 3, line 10, requires a decrease in the loan rate if Moody's Index moves down .5% or more. In other words, increases are discretionary; decreases are mandatory.

6. Page 4, line 13, House Committee Amendment that inserts a portion of the model law which was inadvertently left out of the drafting process: It requires that the pertinent provisions in the law be included in the policy.

7. Please note that at page 5, line 10, it specifically provides that existing policies do not come under this law unless the policyholder agrees in writing to the change.

The balance of the bill contains definitions and codification instructions.

I have with me Mr. Ed Zimmerman from ACLI. He or I will be happy to answer your questions.

**AN
IMPORTANT
MESSAGE
TO
MASSACHUSETTS
MUTUAL
POLICYHOLDERS.**

THE FACTS.

Under a program called "Update," Mass Mutual is offering to dramatically improve your policy benefits. This will be accomplished through a significant increase in dividends for those who take advantage of the offer.**

To illustrate the impact of the offer, we have chosen three current Mass Mutual policyholders—male, age 35 at the time of their purchase, each holding a \$100,000 Mass Mutual whole life policy. Impressive increases in the dividend schedule would apply to *all* policyholders and *all* permanent Mass Mutual life insurance policies.

\$100,000 WHOLE LIFE, ISSUED TO MALE AGE 35			
ISSUE YEAR	1957	1967	1977
Present Age	60	50	40
Annual Premium	\$2,410	\$2,289	\$2,144
Dividend without Update*	\$2,172	\$1,340	\$ 590
Dividend with Update*	\$4,591	\$2,793	\$1,020
Increase in Dividend	\$2,419	\$1,453	\$ 430
	or 111%	or 108%	or 73%

*Dividends are illustrative and not guaranteed. Figures shown in table are estimated dividends payable in 1984 based upon the 1983 dividend schedule.

HOW IS THIS POSSIBLE?

If you are not a Mass Mutual policyholder, these figures may seem too good to be true. If you *are* a policyholder, you know better. We have a 132-year history of offering the highest quality and most competitive life insurance products and making new benefits available to existing policyholders at no increase in premium. That's why Mass Mutual is called "The Policyholders' Company".

The Update Program** is our latest modernization and it offers policyholders an opportunity to participate in the increased dividend schedule by electing our new adjustable policy loan interest rate feature.

WHEN DOES UPDATE START?

For present policyholders the program for election starts March 1, 1983 and will affect individual policies on each policy's anniversary date thereafter. Within 60 days prior to the anniversary date of each policy, you will receive details.

The impact on your policy will depend on what type you bought and when you bought it. Full information will be made available to you through a computer "before and after" illustration prepared for each of your policies. This illustration will be available through your local Mass Mutual agency. Or, if you choose, by calling the toll free number included in the mailing you will receive.

IF YOU ARE NOT A MASS MUTUAL POLICYHOLDER.

If you are not one of our policyholders, we invite you to call or visit the Mass Mutual agency in your area. You will receive a personalized computer-prepared illustration of our new and exciting 8300 Series life insurance products. You'll find them competitive with any in the marketplace.

Mass Mutual's 132-year history of high returns and benefit retroactivity has earned us a reputation as The Policyholders' Company. Isn't that the kind of company you prefer?

**Available in most states.

MassMutual
The Policyholders' Company

NEW YORK LIFE INSURANCE COMPANY

Whole Life Non-Smoker
 AGE: Male 35
 Annual Premium: \$1,482
 Face Amount: \$100,000

<u>End of Policy Year</u>	<u>8% Rate</u>	<u>Adjustable Rate</u>	<u>% Increase</u>
1	\$ 0	\$ 0	0
2	0	0	0
3	194	194	0
4	237	272	13.0%
5	284	355	20.0%
6	332	440	24.5%
7	381	528	28.0%
8	432	620	30.0%
9	484	712	32.0%
10	535	807	34.0%
11	591	904	35.0%
12	681	1,005	32.0%
13	775	1,111	30.0%
14	874	1,220	28.0%
15	973	1,331	27.0%
16	1,074	1,447	26.0%
17	1,178	1,565	25.0%
18	1,283	1,685	24.0%
19	1,389	1,807	23.0%
20	1,500	1,933	22.0%

MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

MONEY

WHOLE LIFE POLICY WITH PREMIUM ADJUSTMENT PROVISION*

PREMIUMS - Male Issue Age 35 Excluding Waiver of Premium,
Including Select Premium Discount, \$100,000 Face Amount

VLR Policy

\$1,078
1,389

Current
Guaranteed

Fixed 8% Policy

\$1,078
1,389

End of Policy Year	1984 ILLUSTRATIVE DIVIDENDS ** - ISSUE AGE 35, \$100,000 FACE			%
	<u>VLR Policy</u>	<u>Fixed 8% Policy</u>	<u>Difference</u>	<u>Dif</u>
1	\$ 0	\$ 0	\$ 0	
2	25	25	0	
3	25	25	0	
4	27	25	2	
5	104	25	79	31
6	181	25	156	
7	259	49	210	
8	343	88	255	
9	425	125	300	
10	514	166	348	47
11	600	205	395	
12	694	251	443	
13	791	298	493	
14	886	343	543	
15	981	388	593	65
16	1,081	436	645	
17	1,181	486	695	
18	1,296	546	750	
19	1,411	608	803	
20	1,526	671	855	78

* Current premium is in effect for the first policy year. Thereafter, premiums may be adjusted, but will never exceed the guaranteed rates.

** Dividends are based on 1984 scale and are neither guarantees nor estimates of future results.

PRUDENTIAL INSURANCE COMPANY

Citation 50 Plan: \$100,000 Whole Life
Issue Age 35

Dividends

<u>End of Year</u>	<u>8% Interest Rate</u>	<u>Adjustable Interest Rate*</u>	<u>Difference</u>	<u>% Increase</u>
1.	\$ 0	\$ 0	\$ 0	
2.	156.	166.	10.	
3.	159.	175.	16.	
4.	174.	199.	25.	
5.	191.	228.	37.	19.4
6.	214.	266.	52.	
7.	242.	309.	67.	
8.	274.	360.	86.	
9.	308.	414.	106.	
10.	349.	478.	129.	37.0
11.	614.	769.	155.	
12.	789.	975.	186.	
13.	978.	1,195.	217.	
14.	1,176.	1,428.	252.	
15.	1,386.	1,675.	289.	20.9
16.	1,539.	1,852.	313.	
17.	1,699.	2,036.	337.	
18.	1,867.	2,230.	363.	
19.	2,039.	2,427.	388.	
20.	2,213.	2,628.	415.	18.8

* The Citation 50 Plan is not available with an adjustable policy loan interest rate. This column is the best estimate of what the dividend would be if the policy had an adjustable policy loan interest rate.

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY

<u>End of Policy Year</u>	<u>8% Rate</u>	<u>Adjustable Rate</u>	<u>% Increase</u>
1	\$ 0	\$ 0	0
2	27	42	35.7%
3	12	42	71.4%
4	58	104	44.0%
5	142	205	30.7%
6	230	309	25.6%
7	301	398	24.4%
8	371	485	23.5%
9	444	577	23.0%
10	513	669	22.6%
11	594	764	22.3%
12	670	860	22.1%
13	744	954	22.0%
14	825	1,055	21.8%
15	908	1,159	21.7%
16	990	1,262	21.6%
17	1,064	1,357	21.6%
18	1,143	1,458	21.6%
19	1,224	1,561	21.6%
20	1,305	1,664	21.6%

THE PENN MUTUAL LIFE INSURANCE COMPANY

<u>End of Policy Year</u>	<u>8% Rate</u>	<u>Adjustable Rate</u>	<u>% Increase</u>
1	\$ 0	\$ 0	0
2	0	0	0
3	25	25	0
4	49	72	31.9%
5	92	127	27.6%
6	129	172	25.0%
7	189	240	21.25%
8	250	307	18.6%
9	289	357	19.0%
10	335	411	18.5%
11	370	453	18.3%
12	405	496	18.3%
13	440	544	19.0%
14	502	625	19.7%
15	568	710	20.0%
16	639	796	19.7%
17	714	878	18.7%
18	790	960	17.7%
19	836	1,013	17.5%
20	883	1,072	17.6%

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

NAME: Edward J. Roberts DATE: 2-6-85

ADDRESS: P.O. Box 34419 Dulles MD 20159 701

PHONE: 723-4578

REPRESENTING WHOM? Secy & ^{some} agents

APPEARING ON WHICH PROPOSAL: H.B. 72

DO YOU: SUPPORT? AMEND? OPPOSE? X

COMMENT: I am leaving a signed comment
for each member of the Committee.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 3
BUSINESS & INDUSTRY
February 6, 1985



EDWARD N. SPARKS *Senior Nylic*

MEMBER NATIONAL ASSOCIATION OF LIFE UNDERWRITERS
NATIONAL QUALITY AWARD
GROUP LEADER 1965 AND 1966

ROOM 203, MINERS BANK BUILDING . . . BUTTE, MONTANA 59701
BUS: (406) 723-4379 - RES: (406) 723-8327

NEW YORK LIFE INSURANCE COMPANY

LIFE, HEALTH, GROUP INSURANCE,
ANNUITIES, PENSION PLANS

Chairman Senator Mike Halligan,
Business & Industry Committee

Re: House Bill 72

If a person buys Life Insurance at a Variable Interest rate and never borrows on his or her policy, they would have more money at a given time.

But how many people carry cash value Life Insurance and never have to borrow on it, for either emergencies, or for educational purposes, or some special opportunity, and people that need money when they are in a bind need as low, favorable interest rate as they can possibly get, and especially in a state where so much of our industry is Farm and Ranching, where borrowed capital is a standard procedure.

I believe we should try to maintain the best possible loan interest rate for the people of Montana.

Sincerely,

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

NAME: RANDALL PELL DATE: 2/6/85

ADDRESS: 108 W. BABCOCK

PHONE: 587-7471

REPRESENTING WHOM? ~~New York~~ Life Ins. Agents (MMAU)

APPEARING ON WHICH PROPOSAL: H.B. 72

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

COMMENT: Have some prepared statements

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 4
BUSINESS & INDUSTRY
February 6, 1985

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

NAME: John McKenna DATE: 2/6/85

ADDRESS: 1711 W. College MH. Bozpa

PHONE: 587- 5166

REPRESENTING WHOM? Self

APPEARING ON WHICH PROPOSAL: VARIABLE LOAN (Life)

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

COMMENT: Have some prepared
comments.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

EXHIBIT 5
BUSINESS & INDUSTRY
February 6, 1985

PROPOSED AMENDMENTS TO SENATE BILL 233

be amended as follows:

1. Page 1, line 21.

Following: "within"

Strike: "30"

Insert: "60"

2. Page 1, line 21.

Following: "days"

Insert: "of receipt"

3. Page 1, line 22.

Following: "after"

Insert: "the first"

4. Page 1, line 24.

Following: "at"

Strike: ~~"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"~~

Insert: ~~"a rate of 12%, and shall be paid with the lump
sum payment or the first installment payment"~~

EXHIBIT 6
BUSINESS & INDUSTRY
February 6, 1985

be amended as follows:

1. Title, line 7.
Following: "MOTOR VEHICLES"
Insert: "AND SNOWMOBILES"

2. Title, line 10.
Following: "line 9"
Insert: "23-2-612"

3. Page 1, following line 12.

Insert: "Section 1. Section 23-2-612, MCA, is amended to read:

23-2-612. Transfer of interest. (1) Except as provided in subsection (3), upon a transfer of any certificate of ownership to a snowmobile registered as required under the provisions of this part, the person whose title or interest is to be transferred shall write his signature with pen and ink upon the certificate of ownership issued for the snowmobile in the appropriate space provided upon the reverse side of the certificate, and such signature shall be acknowledged before a notary public.

(2) Within 20 calendar days thereafter, the transferee shall make application for transfer of the certificate of ownership so endorsed with the county treasurer of the county in which the transferee resides and also make application for registration of the snowmobile. The county treasurer shall forward the application to the division of motor vehicles, which shall file the same upon receipt thereof. No certificate of ownership may be issued by the division until the outstanding certificates are surrendered to that office or their loss established to its reasonable satisfaction. The county treasurer shall collect a fee of \$3 for each application for transfer of ownership, of which \$2 shall be forwarded to the division of motor vehicles for deposit in the motor vehicle recording account of the state special revenue fund.

(3) A purchaser of a new or used snowmobile from a licensed snowmobile dealer has a grace period of 20 calendar days from the date of purchase to register the snowmobile, make application for a certificate of ownership, and obtain a decal indicating that the fee in lieu of property tax has been paid on the snowmobile for the current year. It is not a violation of this part or any other law for the purchaser to operate a newly acquired snowmobile without a certificate of ownership, certificate of registration, and a decal during the 20-day period. During this period the sticker, provided for in subsection (4), shall remain affixed to the snowmobile.

(4) Prior to the delivery of the snowmobile to the purchaser, the dealer shall issue and affix to the snowmobile a sticker (in a form to be prescribed by the division of motor vehicles). The sticker shall contain the name and address of the purchaser, the date of sale, the name and address of the dealer, and a description of the snowmobile, including its serial number. The dealer shall keep a copy of the sticker for his records and shall send a copy of the sticker to the division.

(5) The provisions of subsection (2) of this section do not apply in the event of the transfer of a snowmobile to a duly licensed snowmobile dealer intending to resell the snowmobile and who operates it only for demonstration purposes, but every such dealer, upon transferring such interest, shall deliver the certificate of ownership with an application for a new certificate executed by the new owner in accordance with the provisions of this part. The division, upon receipt of the certificate of ownership and application for a new certificate, ~~together with the conditional sales contract or other lien,~~ containing notice of a security interest,

if any, shall issue a new certificate of ownership together with a statement of any conditional sales contract, mortgage, or other lien. //

4. Page 1, line 17 through 19.

Following: "unless"

Strike: the remainder of line 17 through "public" on line 19

Insert: "a lien form, approved by the division, that shows a security interest has been created,"

5. Page 2, line 18.

Following: "chapter"

Strike: "4"

Insert: "9"

STANDING COMMITTEE REPORT

FEBRUARY 6

85

19.....

MR. PRESIDENT

We, your committee on..... **BUSINESS & INDUSTRY**

having had under consideration..... **Senate Bill** No. **233**

first reading copy (white)
color

PROVIDE 30-DAY LIFE INSURANCE SETTLEMENT PERIOD OR INTEREST WILL ACCRUE

SENATE BILL

233

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

be amended as follows:

1. Page 1, line 21.
Following: "within"
Strike: "30"
Insert: "60"
Following: "days"
Insert: "of receipt"

2. Page 1, line 22.
Following: "after"
Insert: "the first"

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Mike Halligan

Chairman.

STANDING COMMITTEE REPORT

February 6

85

19.....

MR. PRESIDENT

BUSINESS AND INDUSTRY

We, your committee on.....

SENATE BILL

206

having had under consideration.....

No.....

first

reading copy (white)
color

REVISION OF FILING SECURITY INTERESTS IN MOTOR VEHICLES

Respectfully report as follows: That.....

SENATE BILL

206

No.....

be amended as follows:

1. Title, line 7.

Following: "MOTOR VEHICLES"

Insert: "AND SNOWMOBILES"

2. Title, line 10.

Following: line 9

Insert: "23-2-612,"

3. Page 1, line 13.

Following: line 12

Insert: "Section 1. Section 23-2-612, MCA, is amended to read: 23-2-612. Transfer of interest. (1) Except as provided in subsection (3), upon a transfer of any certificate of ownership to a snowmobile registered as required under the provisions of this part, the person whose title or interest is to be transferred shall write his signature with pen and ink upon the certificate of ownership issued for the snowmobile in the appropriate space provided upon the reverse side of the certificate, and such signature shall be acknowledged before a notary public."

XXXXX
DO PASS

XXXXXXXXX
DO NOT PASS

Page 1 of 3

continued

Chairman.

(2) Within 20 calendar days thereafter, the transferee shall make application for transfer of the certificate of ownership so endorsed with the county treasurer of the county in which the transferee resides and also make application for registration of the snowmobile. The county treasurer shall forward the application to the division of motor vehicles, which shall file the same upon receipt thereof. No certificate of ownership may be issued by the division until the outstanding certificates are surrendered to that office or their loss established to its reasonable satisfaction. The county treasurer shall collect a fee of \$3 for each application for transfer of ownership, of which \$2 shall be forwarded to the division of motor vehicles for deposit in the motor vehicle recording account of the state special revenue fund.

(3) A purchaser of a new or used snowmobile from a licensed snowmobile dealer has a grace period of 20 calendar days from the date of purchase to register the snowmobile, make application for a certificate of ownership, and obtain a decal indicating that the fee in lieu of property tax has been paid on the snowmobile for the current year. It is not a violation of this part or any other law for the purchaser to operate a newly acquired snowmobile without a certificate of ownership, certificate of registration, and a decal during the 20-day period. During this period the sticker, provided for in subsection (4), shall remain affixed to the snowmobile.

(4) Prior to the delivery of the snowmobile to the purchaser, the dealer shall issue and affix to the snowmobile a sticker (in a form to be prescribed by the division of motor vehicles). The sticker shall contain the name and address of the purchaser, the date of sale, the name and address of the dealer, and a description of the snowmobile, including its serial number. The dealer shall keep a copy of the sticker for his records and shall send a copy of the sticker to the division.

(5) The provisions of subsection (3) of this section do not apply in the event of the transfer of a snowmobile to a duly licensed snowmobile dealer intending to resell the snowmobile and who operates it only for demonstration purposes, but every such dealer, upon transferring such interest, shall deliver the certificate of ownership with an application for a new certificate executed by the new owner in accordance with the provisions of this part. The division, upon receipt of the certificate of ownership and application for a new certificate, ~~together with the conditional sales contract or other item~~, containing notice of a security interest, if any, shall issue a new certificate of ownership together with a statement of any conditional sales contract, mortgage, or other lien.

4. Page 1, lines 17 through 19.

Following: "unless" on line 17

Strike: remainder of line 17 through "public" on line 19

Insert: " a lien form, approved by the division, that shows
a security interest has been created."

5. Page 2, line 18.

Following: "chapter"

Strike: "4"

Insert: "5"

AND AS AMENDED

DO PASS

Mike Halligan, Chairman