

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
49TH LEGISLATIVE SESSION - SPECIAL SESSION II
HOUSE OF REPRESENTATIVES

March 27, 1986

The meeting of the Business and Labor committee was called to order by Chairman Bob Pavlovich on this date at 9:00 a.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present with the exception of Representative Kitselman, who was excused by the Chairman.

CONSIDERATION OF HOUSE BILL NO. 16: Representative Miller of District 34, Great Falls, sponsor of the bill, presented it to the committee. This bill is by request of the Commissioner of Insurance, and it establishes an insurance assistance plan for commercial liability insurance and provides authority to form a Joint Underwriting Association for commercial liability insurance. Rep. Miller explained that this plan provides for insurer agents, etc., to work together. To be eligible, a consumer must demonstrate that he can't find insurance elsewhere. The plan is temporary and will function only so long as necessary. It will be terminated July 1, 1987, unless the legislature says it will be in effect. While this bill will not make insurance more affordable, it will make it more available.

PROPONENTS: Andrea Bennett, State Auditor and Insurance Commissioner, appeared in support of the bill. She said this is a bill in which industries band together for those who are unable to get insurance. When a company is unable to pay its debts or claims, all companies participating assist in paying their debts. The Insurance Commissioner has the power to allow for taking care of these problems. Insurance agents are appointed by a company and are allowed only to do business with that company. There is a section within this bill for not allowing the insurance agents to violate this law, and through this statute they are allowed to band together so that there won't be an anti-trust. She explained that Section 14, Joint Underwriters Section, has to have special authority through a statute. They put in sunset language to have a delayed effective date of July 1, 1987. Everyone is partially to blame in this problem and all groups should band together to set the record straight. She said they wrote the bill and turned it over to the Council, and they have found a couple of errors. They would like to amend Section 13, subsection 6, page 10, line 11, by striking "must offer insurance", and inserting "is expected to quote". This is attached as Exhibit 1.

Russ Ritter, Mayor of Helena and representing the Montana Chamber of Commerce, stated this is a problem that is not going to be immediately solved. The legislature will change the interim period. He said he is here to support the bill, and he supports what has been said by the State Auditor. He asked the committee to concur.

Representative Ben Cohen, District 3, appeared in support of the bill, and said there is a real problem with insurance when you are running a business. There is an insurance crisis with availability and affordability. He felt this is a good bill, and his major concern is with the effective date. He asked the committee to take a careful look at it. The affordability question is just as important as availability.

Roger McGlenn, representing the Independent Insurance Agents of Montana, stated they understand and support this bill, and urged the committee's favorable vote. The insurance market continues to rise day by day, and they are finding it impossible to find coverage for many of their clientele. Sometimes they are finding availability, but it isn't affordable. He represents 213 agents throughout the state, and many must sell or close because they don't have marketing capabilities. There are fourteen other states that this has produced some favorable results. They appreciate the effective date.

Bill Molmen, representing the American Insurance Association, stated they strongly support this bill, and he thanked the Insurance Commissioner for working with them. They do have a problem with section 14, and with JUA. If JUA is passed, it will give a negative sign; and if it is not passed, it might make JUA unnecessary. His witness statement is attached as Exhibit 2.

Dee Ann Bernhard, representing the Alliance of American Insurers, stated she was present in support of HB 16, but they have a problem with JUA. She commended Andrea Bennett and her staff in the work they have done. Montana is the third state to go to marketing assistance plan. This is a workable structure where agents and underwriters are brought together. She also stated they support the amendment presented earlier, to write one out of five, and appreciated the move of the effective date.

Don Stanaway of Billings, also appeared in support of HB 16. He said he had received a cancellation notice, which he called a death sentence, and he has no insurance coverage. They do have a two-week reprieve because of Andrea Bennett. He asked the legislature to please help by supporting this bill, and added that perhaps it would send a signal to their insurance company.

Wayne Wagner, Wagner Trucking Company of Billings, stated he has 450 employees and contracts working for him and it is a successful growing business. Liability insurance is the reason he is here. He has a \$1 million policy, and an umbrella policy in 1985 for \$20 million which costs him \$100,000 up front. In 1986, the insurance company isn't going to sell him \$20 million, but \$5 million for \$750,000. There is no way he can afford this increase. Most trucking companies are running with \$1 million worth of insurance. His options are to work for the insurance company for one year, take his company to the auction to sell it, or find a state they can move to in order to survive. He said he wants to stay in Montana and do business and would appreciate anything the legislature could do to help.

Bill Rossbach, attorney representing the Montana Trial Lawyers from Missoula, said he came here as a small businessman who has been affected by the insurance problems. His coverage has been reduced by 90% even though he has never had a claim and has always paid his bills. They feel they are all going to work for the insurance companies. Something needs to be done and, if the people in the know say this is what can be done, this is a proposal that the trial lawyers support.

There were no further proponents and no opponents were present, so Rep. Miller closed on this bill.

DISCUSSION OF HOUSE BILL NO. 16: Representative Kadas asked Mr. Wagner how much his insurance went up from last year, to which Mr. Wagner replied \$1,593,000 in 1986 over 1985. The umbrella clause is the one that broke the camel's back -- from \$20 million for \$100,000 to \$5 million for \$750,000 this year. Rep. Kadas then asked Mr. Wagner if he realized this bill will do nothing for this problem, to which Mr. Wagner answered that he was asked to come here to testify.

Rep. Kadas then asked Andrea Bennett how fast Mr. Stanaway would be helped, and she replied that by April 1 they will be able to set up the program. The people who they can work with are in place. They will probably have to work with his company and try to get him another extension.

Rep. Kadas asked Andrea Bennett if they would be able to approach insurance companies in June to be able to cover Mr. Stanaway's situation, to which she answered yes. Rep. Kadas then asked if they are not able in June, July, August and September to find anyone to cover Mr. Stanaway, then how long would it be before they found out this is not going to work. Andrea Bennett replied they feel this voluntary program will work. If this doesn't work, there is the JUA that will make the companies react to the situation. He asked if she agreed this will not help Mr. Stanaway's situation, to which she answered yes.

Representative Ellerd asked Ms. Bernhard if she said she did have to write one out of five, to which she answered "is expected to write".

Rep. Ellerd commented that he was 100% for the legislation of Section 13 which says "may offer insurance". Andrea Bennett replied that this is for those who are unable to find insurance in the regular market. Rep. Ellerd said that the heart of the bill is that you will be able to get insurance, to which Andrea Bennett replied "yes, within 10 days". Rep. Bachini asked Andrea Bennett who would be involved, and she answered they have contacted 16 groups who are willing to participate. USF&G is the largest writer in the state in commercial liabilities. Others will follow as long as the larger ones do so. She also stated there have been several different ways of doing regulating. She further stated we have to judge what is happening in other states, but we are going to have to keep in line with other states.

Rep. Brown asked Andrea Bennett about the setting up of three committees -- advisory, agents and underwriting committees -- and wondered if this was based on legislation. Page 11 refers to producers. Andrea Bennett answered that producers should be limited to agents, that producers should read agents. The three committees were set up because they have distinct roles.

Representative Simon said the bill calls for an effective date after the next session. The mandatory part may be a negative signal. Andrea Bennett replied that when the bill was written, they needed a hammer at the end of this session so they could guarantee the people of Montana to rest assured that they would have insurance available to them.

Representative Thomas referred to page 14, Section 22, on effective dates, and wondered why Sections 13, 15 and 16 were being taken out. Andrea Bennett replied it was to give the next legislative session the option to make their own decisions. Rep. Thomas then asked if this was going to be mandatory at this time and did she have any feelings from the companies that they would participate, and would it irritate them. Andrea Bennett replied that insurance companies are no different than any others. They don't like to be told what to do. Rep. Thomas asked if this was a touchy time. Rep. Pavlovich commented that the bill says Sections 1 - 13.

Representative Brandewie asked Andrea Bennett if the voluntary is working well in July 1, 1987, are you going to terminate and create a JUA. With the language in Section 22, there is no way out. Andrea Bennett replied this is a common practice in legislation. It will give it time to work and be reviewed in the next session.

Representative Brandewie asked why they didn't put the JUA in at this time, or strike it now and put it in later. Andrea Bennett replied it is her opinion that you have these hammers to let your constituents know that you are working on it.

Representative Pavlovich asked Andrea Bennett if the other amendment is made yet. She answered that on page 3, Section 2 and 3, the different insurance agents mentioned should be in caps. Paul Verdon, counsel, said that capitalization is not used in the proper names in the codes except for a few.

There being no further discussion, HB 16 was closed to further comments.

CONSIDERATION OF HOUSE BILL NO. 21: Representative Dorothy Bradley of District 79, Bozeman, presented the bill to the committee as sponsor. She explained that this was a reinsurance bill, which is insurance for the insurance companies. It is a means for spreading risks, a way up from direct insurance. Reinsurance is something this state could step in and come up with an alternative. They are trying to move local governments to insure themselves. It is good to have self-insurance pools for counties. She further stated she believes there is an emergency for businesses and governments, premiums have been leapfrogging and people can't absorb these kinds of premiums for very long. The root of the problem is not out-of-control juries and out-of-control awards. The number of suits have been down. What we are really debating is to debate constitutional amendments. Anything that is going to come out of constitutional amendments is 1 1/4 years away, and that is a long ways away. She said there is a lot of merit in the Bennett bill but it is only triggered to help people if insurance is not available. It won't help individuals for affordability. It can be tough on marginal operations. It is important to have people come into the state instead of walking out of it. Authority is placed in the insurance company's office. If they determine an emergency on a year-to-year contract to contract with self-insurance groups like local governments, with JUA's or with one private insurer. You can reinsure for different perils, like child molestation in a daycare center. Most important is how it is going to be funded. This has nothing to do with the general fund. It would be self-sufficient. It has loan authority to be repaid with interest. The state is not going to lose under this measure. It gives flexibility in the surcharge on casual property in premium, is funded by 1/2 of punitive damages in the state and is funded as general insurance, by premiums. This is not intended to subsidize anyone. The Commissioner's office has contracting

authority to give outside expertise. The expansion of tort law has increased the overall cost of things, but on a gradual basis. This should be a standby insurance but help on an emergency basis. It is not after the premium dollars and is not trying to compete. This is not going to put the state into the insurance business, but get the state in on a year by year basis.

PROPOSERS: Sharon Morrison, insurance consumer from Helena, stated this will help people like her. Her professional negligence premium went up 700%. This bill calls the insurance companies' bluff, and protects from hanky panky in claims. Doctors, lawyers, tavern owners, cities and counties can pool together. Reinsurance programs would give confidence to go forward even if they didn't need it. There is a ten-year cycle in insurance, and this bill will give relief right now.

At this point, the Chairman called for a recess at 10:30 a.m. to move to Rm. 312-3. The hearing reconvened there at 10:45 a.m.

Don Judge, representing the AFL-CIO, appeared as a proponent, and stated relief is something that is wanted immediately. He urged the committee to adopt Rep. Bradley's bill. Even the insurance industry admits to the withdrawal of the reinsurance industry. This bill will offer those companies an alternate source of reinsurance, and more options for purchasing insurance. He suggested striking the requirement to wait to report to the 50th legislature.

Wayne Buchanan, Montana School Board Association, voiced his support of the bill. This bill provides the mechanism for reinsurance, and it provides a series of hearings where the program will determine whether or not the companies are interested in doing business in the state. If they are not, the state should step into it for them. These are difficult times to be talking about those expenses, but we are not going to stand by to take this kind of beating.

Dale Daff, Rocky Mountain Transportation, Whitefish, asked for the committee's consideration of this bill. Last year his insurance policy expired in September, and he had no insurance from that point. The state assisted in getting him insurance in a high risk pool. He had 40 units on the policy and paid \$26,000 for that policy. The assigned risk pool restricted him to 11 units, from 40, and charged \$76,000, from \$26,000. He has had to go to the bank to borrow money and sell some units and set some aside. He is restricted to his responsibilities under his permit. He said it may cost \$12,500 per bus, and he needs assistance from the legislature. His goal in 1986 is to have no losses but that is not enough. He needs relief now.

Gary Elliott, a businessman from Whitefish, appeared as a proponent to the bill but stated he is not sure if he is in favor or against this bill. He has had several calls from people in Whitefish to ask for the legislature's help. The people of Whitefish are relying on the legislature's good judgment and have confidence that they will do a good job.

John Hoyt, a ranch owner from Great Falls, stated he employs several people and has a fleet of trucks. Insurance is a real problem with them.

Representative Ray Harbin of District 53 stated he is appearing not as a proponent or an opponent, but intended to address one section of the bill. He said he is an insurance agent but would speak as a representative. He said he has no objection to the premiums, but feels the one-half of punitive damages will cause increases, which is a concern. It is an adverse signal. His main concern is the loan authority. If there is adverse selection in the pool, it does not have adequate safeguards. Contingent liabilities are involved when companies become insolvent. He finished by stating that, if the legislature can solve those problems, he wouldn't have any objections to the bill.

OPPONENTS: Bill Molmen, representing the American Insurance Association, stated this bill sets a mandatory joint underwriters association, and this is a negative signal. There are other things more important in Montana than putting caps on damages. He felt the state needs to do something about punitive damages as it is out of whack. He felt a premium surcharge of 1% of premium tax is minor. One percent would have wiped out one-half of the profit insurance companies made in 1984. Most important, if there is a serious loss, \$15 million is in surplus to take care of catastrophic losses. He further stated they are having trouble with what causes the losses. In 1984, there was a return of 1.7% on net worth on the industry as a whole. Lloyds of London have 15% of the market. In 1984, Montana paid in losses of commercial insurance \$1.90 for each \$1.00 taken in.

Gerald Neely, attorney, representing the Montana Medical Association, stated the real problem is with hasty action in the session because of the complexity of the bill. In the late 1970's, the Montana physicians came in to set up their own insurance pools. Sixty percent of the doctors are involved in self-insurance. The concept of self-insurance and reinsurance is something that everyone should look into. The total problem is still of time because of the complexity of the issue. The bill may help the availability in Montana. However, he is concerned about the irreconcilable differences in the bill. Even if this bill doesn't pass, it would be a mistake to drop the

concept of the bill. The Medical Association feels that only after due deliberation should this be done. The 1987 session is not too late to deal with this problem.

Dee Ann Bernhard, representing the Alliance of American Insurers, said the reinsurance mechanism is extremely complicated and is risky business. She suggested as this is such a complex issue, that it needs more study and a fiscal note.

Glen Drake, representing the American Insurance Association, opposed it, as it is a complicated bill that no one has had a chance to study. There is a resolution to study this.

Roger McGlenn, representing the Independent Insurance Agents of Montana, stated his opposition to the bill. The principal insurer would have to be responsible for the first level of coverage. If the premium tax on property is 1/4% or 1%, our clientele is being faced with higher premiums and this would pass the increase to our consumers. The Montana legislature can't force companies to stay alive in the state. For companies that do remain active in the state, this could be sunset. It would be extremely difficult to sunset and it could go on for many years before it is known. There are significant risks that must be studied.

Riley Johnson, representing the Professional Insurance Agents said this is a situation where the state people feel they can handle the risks. He asked that the legislature give more consideration to this bill and pass it in to a proposed committee to study it so that mistakes aren't made.

State Auditor Andrea Bennett said they did a critique of the original bill, and they considered the pools to be weak.

Jim Borchardt, representing the State Auditor's office, said this proposed bill with reinsurance facilities, will handle the problems of affordability and availability, with added costs. It would be affordable. Affordable premiums would leave deficits for the state. General liability premiums went up nine percent in four years. He considers the businesses have received a real bargain in the last five years. The loss ratio is 137 percent, and Montana's deficit to the state is \$2 million without administrative costs. What has happened to the Workers' Compensation fund shouldn't be ignored. Wisconsin established a medical malpractice fund. Massachusetts' medical malpractice fund is in the red; Florida has gone out of business. Mr. Borchardt suggested this should be a temporary program. If reinsurance companies go broke, it would be passed on to the Montana taxpayers.

There were no further proponents or opponents. Rep. Bradley closed by answering some of the points and questions made by the people who had testified. She told Rep. Harbin that page 13, section 13 should no longer be of concern. She also said she tried to get a fiscal note. It would depend on what the liability insurance person is able to determine. Regarding punitive damages, if you don't like it, do away with it. However, she felt it is a good idea. It would make sense to go to this particular fund. In answer to a concern about claims made while a particular policy was made, it would have to be made during that particular time. The state would stay responsible until the statutes are made. The concern about the level of surcharge was brought up. Everyone pays insurance -- eleven percent of a person's entire income. In this bill she is talking 1/4 of 1 percent, not 1%, 2% or 5%. Regarding Mr. McGlenn's comments that the principal insurer would have to be responsible for the first level of coverage, this is supposed to be a voluntary thing. If it is not available, this could push a self insurance pool together. Regarding the concern for other states where there have been large losses, the first coverage was direct insurer. She is not proposing for the state to become directly involved. The average size of settlement against tort claim divisions and other agencies was \$22,000. Fifty percent was under \$1,000. This would not deplete the Coal Trust fund. She ended by saying she does not believe there is nothing that can be done about it, and that we have nothing to lose by trying.

DISCUSSION OF HOUSE BILL NO. 21: Chairman Pavlovich said a fiscal note would be needed before taking action, and a statement of intent may be included. He suggested the bill should be tabled, and have Rep. Bradley work on it with the Department and they would look at it in June. Rep. Bradley said she would like equal treatment of her bill as the previous bill would get. She said she is willing to do a lot of work on her bill.

Rep. Thomas asked Rep. Bradley to explain the process of this bill. She replied the system is placed on the Insurance Commissioner's office. That office is responsible for holding a hearing after it is petitioned by any group. They can also go out and hold a hearing, and a determination has to be made.

Rep. Thomas then asked about the mechanics of reinsurance. How will they get it and where will the funds come from. Rep. Bradley replied that they would go into a pool. Rep. Thomas then asked how this reinsurance fund would be administered. Rep. Bradley said different kinds of revenue would go into that account. Rep. Thomas asked if we were to enter into this kind of situation, could we collect for past losses, to which Rep. Bradley replied, no, that the

insurance companies would be billed. Rep. Thomas also wanted to know if talking about state losses, are we directly involved. Rep. Bradley replied that reinsurance would be passed on to the state only because of the affordability issue.

Rep. Brandewie asked Rep. Bradley how many attorneys are being sued in the state now for malpractice. David Bruck of the Independent Insurance Agents of Montana replied that in 1983, the loss ratio was 289%. Since 1983 there have been new insurers, the rates have tripled, and 70 claims have been filed in a 2 1/2 year period. Present loss ratio is 162%. Rep. Brandewie then asked how many doctors have been sued during this time. Mr. Bruck replied there have been 451 claims against physicians and hospitals. The number of trials since 1977 is less than ten.

Rep. Simon asked Rep. Bradley about the statutory appropriations on page 17. Rep. Bradley said she would have to look it up.

Rep. Glaser asked Mr. Borchardt what the government receives in profits on premium investments and investment income in a normal year. Mr. Borchardt replied about 2%.

Rep. Glaser addressed Rep. Bradley that there is nothing in the bill that allows insurance companies to recoup losses from last year, and wondered if the insurance companies are being asked to subsidize. Rep. Bradley replied if that is a real problem, it can be postponed for a year.

Hearing closed on HB 21. The committee then went into executive session for action on the bills.

DISPOSITION OF HOUSE BILL NO. 16: Rep. Kadas made the motion of DO PASS HB 16. Rep. Kadas then moved the commission's amendment, page 10, line 11 to strike "must offer insurance" and insert "is expected to quote". Question being called for, motion PASSED unanimously.

Rep. Kadas then moved to amend page 3, line 20 and strike "(4)" and insert "(6)". Question being called for, motion PASSED unanimously.

Rep. Kadas then moved to amend page 4, line 22, to strike "shall" and insert "may". Question being called for, motion PASSED unanimously.

Rep. Kadas moved to amend page 11, line 10, to strike "producers" and insert "agents", and any place where producers appeared. Question was called and motion PASSED unanimously.

Rep. Kadas moved to amend page 14, line 15 to strike "July 1, 1987" and insert "October 1, 1986". He explained that the voluntary program can be up and on its feet immediately. If it doesn't work for highly stressed areas, there has to be a backup. Insurance companies have been chasing people out of the state.

Rep. Thomas suggested changing 1987 to 1989 on page 17, to make the two end at the same time. On page 14, line 15, after July 1, 1987, insert "if approved by the 1987 session". This would leave the voluntary program in effect. He said he is not going to defend insurance companies. The problem is still availability, and the more companies in the state, the better.

Rep. Bachini asked State Auditor Andrea Bennett to comment on the amendments. Andrea Bennett commented on Rep. Kadas' last amendment and said six months is not enough. She would like to have more than a year. She felt Rep. Thomas' amendment is redundant. The new section 18, deals with that. Rep. Thomas said he would change voluntary to 1989.

Rep. Kadas said that when he questioned Commissioner Bennett about the Billings man's situation, the program would be set up in April and they would attempt to give him help by June. That is four months. If they haven't been able to give him help in four months, then there is a bigger problem. At that point they would know that it needs to be escalated to another level.

Question was called on Rep. Kadas' amendment to change to October 1, 1986. Rep. Kadas said he would prefer to have a specific effective date in the bill. Motion FAILED.

Rep. Thomas moved to amend page 14, line 17, to change 1987 to 1989. Rep. Simon said the whole thing would terminate and that section isn't needed. Question being called for, and motion PASSED on a Roll Call vote of 11 to 9, which is attached.

Rep. Glaser moved to amend to strike section 14 and all references to it, and to renumber. Motion FAILED on a Roll Call vote of 18 to 2, which is attached.

Rep. Kadas moved that HB 16 DO PASS AS AMENDED. Question being called for, motion PASSED unanimously.

Rep. Kadas then moved the Statement of Intent for HB 16. Question being called for, motion PASSED.

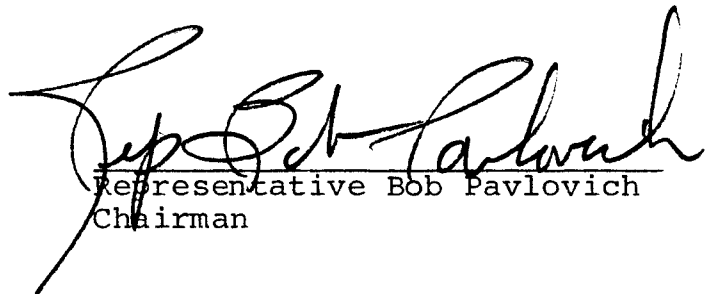
DISPOSITION OF HOUSE BILL NO. 21: Rep. Schultz asked if this committee could put it into a sub-committee to study it, to which he was told yes.

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Rep. Driscoll made the motion of DO PASS HB 21. Rep. Thomas made a substitute motion TO TABLE HB 21. Rep. Ellerd questioned if it is tabled now, can it be re-introduced in the June session.

Rep. Thomas' motion TO TABLE HB 21 PASSED on a Roll Call vote of 15 to 5.

There being no further business to come before this committee, the hearing was adjourned at 12:30 p.m.



Representative Bob Pavlovich
Chairman

DAILY ROLL CALL

BUSINESS AND LABOR COMMITTEE

49th LEGISLATIVE SESSION -- 1986

SECOND SPECIAL SESSION

Date 3-27-86

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bob Pavlovich, Chairman	✓		
Rep. Les Kitseiman, V-Chairman			✓
Rep. Bob Bachini	✓		
Rep. Ray Brandewie	✓		
Rep. Jan Brown	✓		
Rep. Jerry Driscoll	✓		
Rep. Robert Ellerd	✓		
Rep. William Glaser	✓		
Rep. Stella Jean Hansen	✓		
Rep. Marjorie Hart	✓		
Rep. Ramona Howe	✓		
Rep. Tom Jones	✓		
Rep. Mike Kadas	✓		
Rep. Vernon Keller	✓		
Rep. Lloyd McCormick	✓		
Rep. Jerry Nisbet	✓		
Rep. James Schultz	✓		
Rep. Bruce Simon	✓		
Rep. Fred Thomas	✓		
Rep. Norm Wallin	✓		

STANDING COMMITTEE REPORT

March 27, 1966

Mr. Speaker: We, the committee on BUSINESS AND LABORreport HOUSE BILL NO. 16

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☒ as amended
☒ statement of intent attached

Rep. Bob Pavlovich,

Chairman

ESTABLISHING AN INSURANCE ASSISTANCE PLAN FOR COMMERCIAL LIABILITY INSURANCE.

BE AMENDED AS FOLLOWS:

1. Page 3, line 20

Strike: "13(4)"

Insert: "13(6)"

2. Page 4, line 22

Strike: "shall"

Insert: "may"

3. Page 10, line 11

Following: "insurer"

Strike: "must offer insurance"

Insert: "is expected to quote"

4. Page 11, line 10

Strike: "producers"

Insert: "agents"

5. Page 14, line 16

Following: "(2)"

Strike: The remainder of line 16 and line 17 through "14"

Insert: "This act"

.5. Title, line 11

Following: "DATES"

Strike: "AND"

Insert: "A"

.7. Title, line 12

Following:

Strike: "DATES"

Insert: "DATE"

STATEMENT OF INTENT ATTACHED

FIRST

reading copy (

WHITE

color)

March 27,

19 86

STATEMENT OF INTENT FOR HB 16

A statement of intent is required for House Bill No. 16, creating the Montana insurance assistance plan (plan), because it gives rulemaking power to the commissioner of insurance (commissioner).

In section 8, the commissioner is authorized to adopt rules to set application fees. It is the intent of the legislature that the application fees be commensurate with the cost of reviewing the application.

In section 14, the commissioner is authorized to adopt rules to establish a nonprofit unincorporated legal entity known as a joint underwriting association. The commissioner may use the rulemaking authority provided in section 14 only if, after a public hearing, he determines that a voluntary plan would fail for any reason to provide essential insurance coverage. It is the intent of the legislature that, if insurance remains unavailable through the efforts of a voluntary plan, a joint underwriting association, comprised of insurers licensed to transact insurance in this state, be established.

In section 16, the commissioner is authorized to adopt reasonable rules to effectuate the plan; to establish procedures through which determination is to be made as to the eligibility of particular proposed coverages for placement in the plan; and to establish procedures and operations by which agents and others designed to assist those agents may comply with the plan. It is the intent of the legislature that the commissioner adopt reasonable rules to implement a plan to assist in resolving market unavailability problems or to determine whether insurance coverage is unavailable through the regular sources of insurance to risks resident, located, or to be performed in this state.

ROLL CALL VOTE

BUSINESS AND LABOR COMMITTEE
 DATE 3/27/86 BILL NO. HB16 NUMBER _____

NAME	AYE	NAY
Rep. Bob Pavlovich, Chairman	✓	
Rep. Les Kitselman, Vice Chairman	✓	
Rep. Bob Bachini		✓
Rep. Ray Brandewie		✓
Rep. Jan Brown		✓
Rep. Jerry Driscoll		✓
Rep. Robert Ellerd		✓
Rep. William Glaser	✓	
Rep. Stella Jean Hansen		✓
Rep. Marjorie Hart	✓	
Rep. Ramona Howe		✓
Rep. Tom Jones	✓	
Rep. Mike Kadas	✓	
Rep. Vernon Keller	✓	
Rep. Lloyd McCormick		✓
Rep. Jerry Nisbet		✓
Rep. James Schultz	✓	
Rep. Bruce Simon	✓	
Rep. Fred Thomas	✓	
Rep. Norm Wallin	✓	

TALLY

11 9

Marianne Bagley
 Secretary

Rep. Bob Pavlovich
 Chairman

MOTION: Rep. Thomas moved to amend page 14, line 17 to change
from 1987 to 1989.

ROLL CALL VOTE

BUSINESS AND LABOR COMMITTEE
 DATE 3/27/86 BILL NO. H1316 NUMBER _____

NAME	AYE	NAY
Rep. Bob Pavlovich, Chairman		✓
Rep. Les Kitselman, Vice Chairman		✓
Rep. Bob Bachini		✓
Rep. Ray Brandewie		✓
Rep. Jan Brown		✓
Rep. Jerry Driscoll		✓
Rep. Robert Ellerd		✓
Rep. William Glaser	✓	
Rep. Stella Jean Hansen		✓
Rep. Marjorie Hart		✓
Rep. Ramona Howe		✓
Rep. Tom Jones		✓
Rep. Mike Kadas		✓
Rep. Vernon Keller		✓
Rep. Lloyd McCormick		✓
Rep. Jerry Nisbet		✓
Rep. James Schultz		✓
Rep. Bruce Simon		✓
Rep. Fred Thomas	✓	
Rep. Norm Wallin		✓

TALLY

2

18

Marianne Bagley Rep. Bob Pavlovich
 Secretary Chairman

MOTION: Rep. Glaser moved to strike Section 14 and all
references to it, and renumber.

ROLL CALL VOTE

BUSINESS AND LABOR COMMITTEE
 DATE 3/27/86 BILL NO. HB 21 NUMBER _____

NAME	AYE	NAY
Rep. Bob Pavlovich, Chairman	✓	
Rep. Les Kitselman, Vice Chairman	✓	
Rep. Bob Bachini	✓	
Rep. Ray Brandewie	✓	
Rep. Jan Brown	✓	
Rep. Jerry Driscoll		✓
Rep. Robert Ellerd		✓
Rep. William Glaser	✓	
Rep. Stella Jean Hansen	✓	
Rep. Marjorie Hart	✓	
Rep. Ramona Howe	✓	
Rep. Tom Jones	✓	
Rep. Mike Kadas	✓	
Rep. Vernon Keller	✓	
Rep. Lloyd McCormick		✓
Rep. Jerry Nisbet		✓
Rep. James Schultz	✓	
Rep. Bruce Simon	✓	
Rep. Fred Thomas	✓	
Rep. Norm Wallin		✓

TALLY

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Marianne Bagley
 Secretary

Rep. Bob Pavlovich
 Chairman

MOTION: Rep. Thomas moved to TABLE HB 21.

Exhibit
March 27, 1966
HB 16
Rep. Miller

House Bill 16 . - Proposed Amendment

Amend Section 13, Subsection ^{6, page 10, line 11} A to read as follows:

(4) A participating insurer ~~must--offer--insurance~~ is expected to quote on at least one out of every five applications received from the underwriting committee. The insurer shall notify the applicant's insurance agent of any quotations and the administrative procedure to be followed if the applicant accepts coverage from the insurer at the price quoted.

Exhibit 1
March 27, 1941
HB 16
Rep. Miller

House Bill 16 . - Proposed Amendment
6, page 10, line 11

Amend Section 13, Subsection A to read as follows:

(4) A participating insurer ~~must--offer--insurance~~ is expected to quote on at least one out of every five applications received from the underwriting committee. The insurer shall notify the applicant's insurance agent of any quotations and the administrative procedure to be followed if the applicant accepts coverage from the insurer at the price quoted.

Exhibit 2
March 27, 1986
HB 16
Rep. Miller

WITNESS STATEMENT

NAME Bill Molmen BILL NO. AB.16
ADDRESS 717 Market St. Suite 500, San Francisco, Ca. ⁹⁴¹⁰³ DATE 3/27/86
WHOM DO YOU REPRESENT? American Insurance Association
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Support MAP

Seriously concerned about §14

Strongly support delayed effective date of JUA to give
voluntary MAP a chance to work

WITNESS STATEMENT

NAME Dee Ann Bernhard BILL NO. HB 16
ADDRESS 1501 Woodfield Rd DATE 3/27/86
Schaumburg IL
WHOM DO YOU REPRESENT? ALLIANCE OF AMERICAN INSUREES
SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

VISITORS' REGISTER

BUSINESS AND LABOR COMMITTEEBILL NO. HB 16DATE March 27, 1986SPONSOR Rep. Miller

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Andy Bennett	Helena	X	
Wendy Curran	Helena	X	
ROGER MCGLENN	INDEPENDENT INS. AGENTS ASSOC. OF MT.	X	
BILL ROSSBACH	Montana Trail Lawyer	X	
George J. Verry	Montana Insurance Assoc.	X	
Bob James	State Farm, National A. Ind. Ins.		
Russ Rette	Mt Chamber	X	
ROBERT THROSELL	HELENA STATE AUDITOR	X	
James W. Borchardt	" " "	✓	
Ann M. M. M.	" " "	X	
Kathy Triguin	" " "	X	
Ben Lake	Whitefish	X	
Alan Sturaway	Bozeman	X	
Chip Eromann	MSBA	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Business and Labor COMMITTEEBILL NO. HB-21DATE MARCH 27, 1986

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
BILL ROSSBACH	Montana Trial Lawyers	X	
STARON MORRISON	MTLA	X	
Ben Cohen	Whitefish	✓	
Gerald J. Neely	Montana Medical Assoc.		✓
Riley Johnson	PIA		✓
Roger McGLENN	INDEPENDENT INS AGENTS ASSOC. OF MT		✓
Don Judge	Honey Bee		⊗
Don Judge	Ind. Ins. Agents of MT		✓
Don Judge	MT STATE AFL-CIO	X	
Wayne Buchanan	Mt. School Boardman	X	
Gordon Morris	MACo	X	
Dale A. Daff	Whitefish		
Gary Elliott	WHITEFISH		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.