

MINUTES OF THE MEETING
BUSINESS AND LABOR COMMITTEE
50TH LEGISLATIVE SESSION

February 13, 1987

The meeting of the Business and Labor Committee was called to order by Chairman Les Kitselman on February 13, 1987 at 8:00 a.m. in Room 325 of the State Capitol.

ROLL CALL: All members were present.

HOUSE BILL NO. 519 - Revise Unisex Insurance Law, sponsored by Rep. Helen O'Connell, House District No. 40, Great Falls. Rep. O'Connell stated that this bill would repeal the unisex insurance law. She commented that perhaps the original intent of the unisex law was to prevent discrimination based on sex or marital status but in reality thousands of women were victimized by the discriminatory nature of the law. She stated that insurance rates increased for women while rates for males decreased, and many have been so financially affected by the unisex law that a vast majority are now getting liability coverage out of the state.

PROPONENTS

Judy Mintel, representing State Farm Mutual Automobile Insurance. Ms. Mintel stated that this bill would allow insurance companies to base their automobile insurance rates more closely and accurately on the actual costs of providing insurance coverage. She said this bill would require companies to substantiate bona fide statistical differences in risk or exposure, and the differences can be substantiated. She commented that the Insurance Commissioner report indicates that there were significant rate increases for young women. She said that after October 1, 1985, the people insured with State Farm, cars with young single female drivers, the rates increased on an average of \$122 per year for a full package policy, and young married couples increased \$127 per year.

Jo Ann Forsness, Women Involved in Farm Economics (WIFE). Ms. Forsness stated she supports this bill because of the increase of insurance rates for young women.

Steve Daniel, Montana Association of Life Underwriters. Mr. Daniel stated they do not care to get involved in any statistical or discrimination issues. He commented the problem with the unisex insurance law is that as long as the state continues to oppose the rest of the nation the consumers will continue to have fewer options available to them when choosing their insurance protection for themselves and

for their families. He said the end result is less competition and higher cost protection for consumers in general, and believes the state loses needed revenue when Montana residents are forced to buy insurance protection out of state.

Joe Shoemaker, individual life, health disability insurance agent, Butte. Mr. Shoemaker stated he knows the insurance buying public is being hurt by the existing unisex insurance law. He cited some cases: his 20 year-old daughter attending college has had to pay 30 percent more in auto liability only because of the unisex rates; a single 25 year-old female cannot purchase investment type life insurance in Montana, but could in 49 other states; a young married couple who needs life insurance and want to invest a small amount of money with it cannot buy it from their agent; a 45 year-old mother on a cattle ranch with three children and needs debt coverage and estate planning life insurance, could purchase the identical coverage in Idaho for \$975 per year less. He said these were only some of the cases he had seen in the past 15 months in working day to day in insurance.

Sherry Daniels, insurance agent, Billings. Ms. Daniels submitted written testimony. Exhibit No. 1.

Frank Cote, Butte. Mr. Cote stated that a petition had been circulated in Butte and had been signed by 195 registered voters, which included 98 women and 97 men. Exhibit No. 2.

Carol Mosher, Montana Cattlemen, Montana Stockgrowers Association, Montana Association for State Grazing Districts. Ms. Mosher stated that two years ago the organizations testified that they did not want nongender insurance legislation. She said the increase in insurance rates for young couples have caused additional hardships for those in agriculture.

Klaas Tuininga, Farmers Insurance Group agent, Bozeman. Mr. Tunninga stated that when the unisex insurance law passed he saw the life insurance rates for women increase to the male rates with no increase in the benefits they received. Also, he said, the automobile rates for young women increased about 50 percent, and the rates for young married couples increased 45 percent. He commented the unisex law in the state is not working.

Marie Denier, registered health underwriter, Billings. Ms. Denier stated regarding the effects of the present unisex legislation on the disability income market, there are four basic facts: 1) many markets left the state when unisex went into effect; 2) other markets limited products line,

eliminating disability income from the portfolio of products offered; 3) other markets placed 6 months elimination period on disability income products lines, and 4) the limits were placed on qualifying level of income for those applying for disability income coverage. She commented that the hardest hit market has been the lower income people; with the minimum income requirements, women and men in lower income jobs have been virtually erased from the market place, and these people need disability income protection. She said passage of this bill would encourage the much needed return of the disability income market to the consumer who needs it the most.

Mike Murray, Helena. Mr. Murray stated that the way the unisex insurance law is implemented in the state of Montana has not worked.

Laura Brent, Billings. Ms. Brent submitted written testimony. Exhibit No. 3.

Lorna Frank, Montana Farm Bureau and Mountain West Farm Bureau Mutual Insurance Company. Ms. Frank stated that the enactment of the legislation two years ago has cost Montanans a lot of money, and the agriculturalists across the state are going out of business and do not need this kind of expense. She stated it is time for the legislature to give a positive signal to the people and business community by repealing the unisex law. She submitted information on a non-gender survey. Exhibit No. 4.

Marilyn May, Butte. Ms. May stated that she wanted to relate what has happened to a lot of women since the passage of the nongender insurance law, the working poor, women who wait on tables in restaurants, clean office buildings, etc., struggling on supporting families on income earned in the lowest and least secure jobs. She commented the increase in insurance rates effectively eliminates her and these women from the insurance market, and insurance of all kinds, health, auto, and life is an absolute necessity in society to anyone striving to raise a family in a secure environment.

Dottie Johnson, Butte. Ms. Johnson stated she supports the bill.

Sandra Brown, insurance agent. Ms. Brown stated that she has had experience working with the insurance rates before and after the unisex law, and it has been shown that consumers of Montana are paying unjustly increased rates since the passage of the unisex law. She said this is not a womens' rights issue, but an issue of an industry using actuarial statistics to set rates.

John Harp Cote, representing New York Life, Butte. Mr. Cote stated he supported the bill.

Ken Hassler, agent, Aid Association for Lutherans. Mr. Hassler submitted written testimony. Exhibit No. 6.

OPPONENTS

Marsha Youngman, Insurance Project Director, Women's Lobbyist Fund. Ms. Youngman presented written testimony and fact sheets and charts on Montana's nongender law. Exhibit Nos. 6-11. She also submitted a letter from Janis Elliott, an insurance consumer, who was unable to be present at the hearing. Exhibit No. 12.

Jim Reynolds, attorney, appearing on behalf of the American Civil Liberties Union of Montana, Helena. Mr. Reynolds stated CLU appeared in other sessions in support of the unisex gender rates for insurance companies. He said Montana already has a wide variety of public and private employers, labor organizations, etc., that are prohibited from discriminating on the basis of sex, and there is no reason why the insurance industry should not also be prohibited.

Sharon Eisenberg, Chairwoman, Montana National Organization for Women, Conrad. Ms. Eisenberg submitted written testimony. Exhibit Nos. 13 and 14.

Norma Boetel, insurance agent, Bozeman. Ms. Boetel stated that sex discrimination in insurance affects the availability of insurance to women, and this discrimination damages millions of women that need affordable insurance coverage. She said if the insurance companies are supposed to spread risks over a participating population, the industry can develop nonsex based rates and payments.

Barbara Archer, representing self. Ms. Archer stated that the nongender insurance law made it possible for her to afford health insurance. She said the law has not been in effect long enough to discover all the benefits, and should be given a chance.

Cindy Stergar, Women in Employment Advisory Council to the Governor, Butte. Ms. Stergar stated she strongly opposes the bill, and sees it as a step backward for women.

Bonnie Albers, Great Falls. Ms. Albers stated that last year at one point her son's insurance rates increased 81 percent, and after shopping around, her son is now covered under a different insurance and is paying less. She said

there are a wide variety of reasons why insurance premiums are different.

Eileen Robbins, representing the Montana Nurses Association. Ms. Robbins submitted written testimony. Exhibit No. 15.

Kathy Karp, representing the Montana League of Women Voters. Ms. Karp stated she supports equal rights for all and laws which eliminates sex discrimination in pensions and insurance. Exhibit No. 16.

B. J. Wood, representing the American Association of University Women. Ms. Wood stated she fails to see why the nation's first unisex general insurance law should be viewed with such alarm.

QUESTIONS

Rep. Driscoll asked, regarding the chart quoting rates for automobile insurance before and after the unisex law of people over age 65, what possible effect could the unisex law have on people over the age of 65. Dave Drynan, State Auditor's Office, replied the unisex law has nothing to do with the rates for people over 65.

Rep. Driscoll asked if the mandatory liability protection law had an affect on the rates increasing. Mr. Drynan responded that there hadn't been any informational surveys done on that.

Rep. Simon asked that if discrimination is not allowed on the basis of race or, now with the nongender insurance law, on the basis sex, would age be allowed in setting insurance rates. Ms. Youngman responded that in race and sex they are concerned with protections under the individual dignity clause with clear proof of discrimination, and age would have to be taken up separately.

Rep. Simon stated he was trying to determine where the line was being drawn, since a person's age, sex and race all can be forms of discrimination. Ms. Youngman responded that one of the things they look at is the causal factor, and in health and life insurance at least age is direct.

Rep. Simon asked Ms. Eisenberg if there was anything in the bill that would prevent companies from offering gender neutral insurance. Ms. Eisenberg responded that there are some companies that offered gender neutral insurance before the unisex law went into effect.

Rep. Thomas asked if there was any data regarding products or insurance companies leaving the state. Ms. Youngman

responded that data received from the Insurance Commissioner regarding the life products that the companies surveyed had left the market. She said one thing to remember was that there were many marginal products in the Montana market, and it could be that since the companies did not say when they turned in the survey that most of those products were minimally served.

Ms. Tippy replied that the data from the Insurance Commissioner's office states that there has been a 37 percent reduction in life insurance products available in Montana since the passage of the law. She said the Montana Association of Life Underwriters did a questionnaire on their own membership and they are seeing a tremendous number of products being removed from the state. She added the Commissioner's study only addresses whole and term life insurance, and not adjustable life and variable life which are more significant.

Rep. Thomas asked what the ACLU's standpoint on insurance rating on basis of age discrimination. Mr. Reynolds responded they would take the same position with respect to sex discrimination, as both are encompassed within the individual dignity clauses in the Montana Constitution, and for that reason should be treated the same.

Rep. Swysgood asked Ms. Youngman if her organization supports legislation to eliminate all age groups as a basis for establishing insurance rates. Ms. Youngman responded she could not respond to that because they have not discussed that issue.

Rep. Brown asked Ms. Youngman if the statement of no other states passing legislation such as the unisex insurance law was correct. Ms. Youngman responded that was correct.

Rep. Grinde stated he was concerned about the availability of insurance which is important to the general public. He said the statement from the Insurance Commissioner's office states that some product lines have been dropped in Montana and have decreased 37 percent. Ms. Youngman responded that was only in the life products and it is not known what percent of the market they represent. She said in terms of checking with some of the industry representatives and consumers, there has been no claim that a wide range of choices in health, life and auto have diminished.

Rep. Grinde asked Mr. Shoemaker if the nongender insurance was repealed, would the consumers of Montana get a decrease in their insurance rates. Mr. Shoemaker replied that they would. He said he has a letter from a major insurer that he represents that stated that should the unisex law be

repealed, he could offer a decreased rate or an increased amount of insurance to all the females he has insured over the past 15 months. He commented that this bill does not repeal the ability of companies to place nongender insurance on the market, it just allows companies to offer gender based rates which gives benefits in certain markets. He added that pensions are already on a nongender basis.

CLOSING

Rep. O'Connell thanked both the opponents and proponents for their input to the hearing. She said she hoped the bill would pass so there would no longer have the discrimination towards the age groups that have been affected.

EXECUTIVE ACTION - February 13, 1987 - 9:50 a.m.

ACTION ON HOUSE BILL NO. 519

Rep. Thomas moved that House Bill No. 519 DO PASS.

Rep. Driscoll moved amendments in the sections that mandate car insurance. He said people who can't afford the insurance are not buying it, and if insurance is based strictly on whatever the companies want, then this should not be mandated to the citizens of Montana. The motion failed.

Rep. Cohen moved to amend the bill setting the effective date to October 1, 1989. He said the bill was passed in 1983, and took two years to discuss in the second legislative session, after more facts and statistics were presented, and this would allow a chance for the consumers of Montana to have a little more experience to see what all the effects will be. The motion failed.

Rep. Thomas moved that House Bill No. 519 DO PASS. The motion carried with a roll call vote of 13 to 5. Roll Call Vote No. 1.

The Committee recessed and reconvened at 10:00 a.m. in Room 312-F.

HOUSE BILL NO. 654 - Create All-Beverage License for Nonprofit Arts Organizations, sponsored by Rep. Kelly Addy, House District No. 94, Billings. Rep. Addy stated this bill would create a new special class of an all-beverage license for nonprofit arts organizations, and they could use the same permit for all the performances during the year and would not have to pay the \$250 fee each time they used it. He said he was hoping to give the nonprofit arts organizations another source of income to support their activities.

PROPOSERS

Kay Foster, representing Billings Chamber of Commerce. Ms. Foster stated they are especially interested in having the all-beverage license for the nonprofit arts organizations, especially the new theatre which will be a boom to downtown Billings.

Allen Tandy, administrator, City of Billings. Mr. Tandy stated the city supports anything that would help the functional nature of the theatre which would enhance its capability to serve to attract business.

OPPOSERS

Bob Durkee, Montana Tavern Association. Mr. Durkee stated they are concerned with the effects of the special license on the entire state, and can visualize every community that desires to have another bar would qualify under this bill. He said they operate under a quota system in Montana, and the purpose being to limit the number of licenses in operation throughout the state and this is a circumvention of that quota system. He said there is always some group that comes in every session and attempts to be segregated from the normal pursuit of business and asks for a special license, and in the past they have devised a catering endorsement to an existing license which takes care of these special instances.

QUESTIONS

Rep. Brandewie asked Rep. Addy if he would object to an amendment that would limit the operation hours to the time that the exhibition or performance is open. Rep. Addy stated he had no objections.

Rep. Jones asked how many times would they use the license. Rep. Addy replied that the special permit is limited to twelve times per calendar year.

Rep. Wallin asked if children are permitted to attend the performances and be there when liquor is permitted. Rep. Addy responded they could be, they hope that the Department of Revenue would limit licenses when there were performances where children were present.

Chairman Kitselman stated he would refer the bill to a subcommittee composed of Rep. Jones, Rep. Simon and Rep. Pavlovich.

CLOSING

Rep. Addy commented that this is designed to allow people who are providing cultural opportunities to communities in Montana one more way to raise money at their performances. He said he hoped the committee would see the benefits of the bill.

HOUSE BILL NO. 648 - Legalize Calcutta Pools in Betting Involving Sports Events, sponsored by Rep. Gay Holliday, House District 31, Roundup. Rep. Holliday explained how a calcutta works, and said that people participate in them thinking they are legal. She asked the committee to consider this bill as something that would not harm or injure anyone, and legalize a practice that exists.

PROPOSERS

None.

OPPOSERS

None.

QUESTIONS

Rep. Cohen asked if calcuttas would be permitted at a basketball game, tournament, or a track and field meet. Rep. Holliday responded that it could but she was not familiar with that type; only familiar with calcuttas at golf, bowling and rodeo activities.

Rep. Simon stated he understood that she wanted to help the nonprofit organizations and rodeo associations, and that type of activity, but there wasn't any prohibition in the bill. He said someone could run calcuttas on a profit making basis if they wanted to, and he asked Rep. Holliday to address that issue. Rep. Holliday responded that in some cases it was her intent for a calcutta to be run on any kind of sporting event and doing it to make a profit.

Rep. Simon stated he did not have any problem with the Rodeo Association running a calcutta, but can envision a bar having nothing to do with the Rodeo Association putting on a calcutta on the rodeo and taking ten percent which would not go to the Rodeo Association; there is no prohibition for that. Rep. Holliday responded she did not think the sponsoring body of the calcutta would permit that happening.

CLOSING

Rep. Holliday stated that there are a lot of areas and a lot of sporting events where calcuttas are being practiced.

HOUSE BILL NO. 669 - Revise Laws on Sale and Dissolution of Property by Rural Cooperatives, sponsored by Rep. John Harp, House District No. 7, Kalispell. Rep. Harp stated that in the past few years there has been concern with the consumer groups, the REA's and cooperatives that there could be some potential buying out and hostile takeovers from privately owned utilities. He commented to make sure that if such an occurrence would happen, those assets in those communities would be appraised by three independent appraisers to view the assets, powerlines, telephone lines, and building assets to determine what the fixed values of the property are. He said that the bill also states that the person cannot be associated with the coop or being connected with any potential buyer if that coop and its members decides to dissolve the cooperative to some other means. He added that they are asking for protection to keep this unit in whole, and if such an occurrence should occur, that there be safety provisions in the existing law to preserve the REA's in Montana.

PROPOSERS

Jerry Brobst, Flathead Electric Cooperative, Kalispell. Mr. Brobst stated the purpose of the bill is to ensure that the authority for the buyer sellout of the coop remains with the majority of the membership, which would raise the question of who would be opposed to that type of system and why they would be opposed. He said the Montana Rural Electric System represents an asset that has been carefully built over the last fifty years and currently owned by Montanans. He commented that revenue from that operation stays in the state and in the community where the service is provided, and selling to an out of state company would cause those dollars to leave the state.

Bill Chapman, General Manager of Glacier Electric Cooperative. Mr. Chapman stated that this bill requires a 2/3 majority of the total memberships' approval to sell the assets of a cooperative, and the opportunity to vote is provided to all of the membership instead of only a few.

Don Gillingham, representing Northern Lights Electric Cooperative. Mr. Gillingham submitted written testimony. Exhibit No. 17.

Gary Mason, General Manager, Ravalli County Electric, Corvallis. Mr. Mason urged passage of the bill without amendments.

Jim Eskridge, representing Sun River Electric Cooperative, Fairfield. Mr. Eskridge submitted written testimony. Exhibit No. 18.

Rick Brown, representing Ravalli County Electric Cooperative. Mr. Brown stated that historically big businesses from out of state have controlled Montana's destiny, and with House Bill No. 669 the consumers would have an opportunity to voice an opinion.

Donald Parks, Director, Ravalli County Electric Cooperative. Mr. Parks stated that the Ravalli County Electric Coop was the first coop to be incorporated in the state. He said through the years the members have tried to control its destiny, and have made themselves a bigger asset to the community through the taxes the members pay, plus the improved quality of life for the members through the electric cooperative program.

Doug Hardy, employee and member of Park Electric Cooperative, Inc., submitted written testimony. Exhibit No. 19.

David Rigler, rancher, south of Livingston, submitted written testimony. Exhibit No. 20.

Roberta Rohrer, Director, Member Owner Sun River Electric Cooperative, Fairfield. Ms. Rohrer stated that rural cooperatives owned by Montanans are an important part of the free enterprise system that provide competition while allowing profits in the form of capital credits to be retained by the Montana consumers rather than being distributed to out of state investors. He said this bill will allow member owners to sell their electric cooperatives, and help those members be informed about the details regarding the proposals to sell and provide for equitable compensation.

Kay Norenberg, representing Women Involved in Farm Economics, submitted written testimony. Exhibit No. 21.

Joy Bruner, representing Montana Water Development Association, submitted written testimony. Exhibit No. 22.

Terry Carmody, representing Montana Farmers' Union. Mr. Carmody stated that 80 percent of the members of the Farmers' Union are members of local cooperatives and strongly support this legislation.

Wilbur Anderson, General Manager, Vigilante Electric Cooperative, Dillon, submitted written testimony. Exhibit No. 23.

Jay Downen, representing Montana Electric Cooperatives. Mr. Downen stated that the law is now inconsistent, and they would like to delete the dissolution section which allows for as few as three board members and 37 members voting in an election to overrule the will of the majority.

OPPONENTS

None.

QUESTIONS

None.

CLOSING

Rep. Harp made no further comments.

EXECUTIVE ACTION

ACTION ON HOUSE BILL NO. 669

Rep. Swysgood moved that House Bill No. 669 DO PASS. The motion carried unanimously.

HOUSE BILL NO. 694 - Require Liability Insurers to Report Certain Information, sponsored by Rep. Fred Thomas, House District No. 62, Stevensville. Rep. Thomas stated the bill requires reporting of the liability insurers to the Insurance Commissioner, and covers all the problem areas, commercial liability, commercial auto, and professional liability. He said it requires such insurers to report annually to the Commissioner on such items as premiums written, premiums earned, claims, expenses, costs, taxes, commissions, etc.

PROPONENTS

None.

OPPONENTS

Randy Gray, representing State Farm Insurance Company and National Association of Independent Insurers. Mr. Gray stated the bill will be burdensome to the insurance industry because it is not consistent with the data they are reporting now. He said the bill was not necessary because the Insurance Commissioner's office testified that there has been only three requests for information in the last 18 months on the professional lines of insurance that they had gathered. He commented that the Commissioner's office and the National Association of Insurance Commissioners are in the process of a major data gathering project and will be analyzing that data, as opposed to this bill which provides gathering the data in the Commissioner's office with no one analyzing it. He said the cost to gather the data would be approximately \$40,000 per year and is not worth spending.

Mr. Gray stated they have the following amendments to submit if the committee intends to pass the bill: in section 3, insert, "licensed to write and" after "group of insurers". He said the purpose of this amendment is to exclude surplus lines insurers from application of the bill, since this is a specialty type of insurance and difficult to have available for Montana and they don't want to discourage surplus line carriers from doing business in Montana.

Another amendment, Mr. Gray submitted, was in section 3, subparagraph 4, under items (a) and (b), insert "direct" in front of "premiums written" and "premiums earned".

Bonnie Tippy, representing Alliance of American Insurers. Ms. Tippy stated that the National Association of Insurance Commissioners (NAIC) has been exploring the mechanism for obtaining classification information, and a new format, and have all those recommendations submitted by March 1, 1987. She said this would provide the insurance companies with a consistent reporting mechanism.

Ms. Tippy offered an amendment which would add a new section to the bill, and, if the NAIC proposes a good system, would supersede the bill and allow the insurance companies to actually report the data the same way in all 50 states.

QUESTIONS

Rep. Driscoll asked if the insurance companies each design their own reports that even the people that write them can't understand them, shouldn't they be required to report so that everyone can understand them. Mr. Gray stated the data that is being reported now is data being reported on forms required by the NAIC. He said the people within the industry understand the information that is being reported on that form which is being used by insurance commissioners across the country to determine whether or not companies are running into any financial problems. He added that the amendment Ms. Tippy proposed is to allow Montana to adopt uniform rules that may be adopted by NAIC regarding the reporting of data that has to do with availability and pricing, in order to have uniformity of reporting.

CLOSING

Rep. Thomas made no further comments.

EXECUTIVE ACTION

ACTION ON HOUSE BILL NO. 694

Rep. Cohen moved that House Bill No. 694 DO PASS.

Rep. Swysgood moved the amendments proposed by Mr. Gray and Ms. Tippy. The motion carried with Rep. Nisbet and Rep. Driscoll opposed.

Rep. Brandewie moved that House Bill No. 694 BE TABLED. The motion failed.

Rep. Cohen moved that House Bill No. 694 DO PASS AS AMENDED. The motion failed.

Rep. Nisbet moved to hold the bill for further action and give the committee more time to review. The motion carried.

ADJOURNMENT

The meeting adjourned at 11:20 a.m.



REP. LES KITSELMAN, Chairman

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 13, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

ROLL CALL VOTE

BUSINESS & LABOR

COMMITTEE

DATE Feb. 13, 1987 BILL NO. HB 519

NUMBER 1

NAME	AYE	NAY
REP. LES KITSELMAN, CHAIRMAN	✓	
REP. FRED THOMAS, VICE-CHAIRMAN	✓	
REP. BOB BACHINI	✓	
REP. RAY BRANDEWIE	✓	
REP. JAN BROWN		✓
REP. BEN COHEN		✓
REP. JERRY DRISCOLL		✓
REP. WILLIAM GLASER	✓	
REP. LARRY GRINDE	✓	
REP. STELLA JEAN HANSEN		✓
REP. TOM JONES	✓	
REP. LLOYD MCCORMICK	✓	
REP. GERALD NISBET		✓
REP. BOB PAVLOVICH	✓	
REP. BRUCE SIMON	✓	
REP. CLYDE SMITH	✓	
REP. CHARLES SWYSGOOD	✓	
REP. NORM WALLIN	✓	

TALLY

13 5

Elsie Sebens Armstrong
Secretary

Les Kitseleman
Chairman

MOTION: Rep. Thomas moved that HB 519 DO PASS.

Motion carried - 13 to 5.

1. NAME _____
 2. DATE _____
 3. PERIOD _____
 4. SCORE _____

STANDING COMMITTEE REPORT

FEBRUARY 13

19 37

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 519

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSelman

Chairman


FIRST

reading copy (WHITE)
color

STANDING COMMITTEE REPORT

19

Mr. Speaker: We, the committee on **BUSINESS AND LABOR**

HOUSE BILL NO. 669

report

☒ do pass
☐ do not pass

☐ be concurred in
☐ be not concurred in

☐ as amended
☐ statement of intent attached

REP. LES KITSELMAN

Chairman

FIRST

reading copy (**WHITE**)
color

EXHIBIT 1
DATE 2/13/92
HB 519

Sherry Daniels
P.O. Box 30915
Billings, Mont. 59107
(406)252-0952

It may surprise many people in this room, but I am not here today in opposition to Unisex Insurance and I am for women's rights. The non-gender insurance law has been billed as both a social and an economic issue and I am not here to argue for either case. I am simply here to inform you of what I see happening in hopes that we can all unite and create a situation that is good for Montanans, men and women alike. There are many instances where women are discriminated against in today's world. Nobody realizes this more than me, a woman in a predominately male profession. In the case of sex distinct insurance rates however, it was the men not the women who were being discriminated against. That is to say that the insurance companies were recognizing a real and distinct difference in the sexes. In the case of car and life insurance women were given a rate break because, as a group they have proven to be a better risk.

Before the non-gender insurance law, health insurance premiums were lower for men but the majority of men didn't enjoy this rate break because 87% of those with health insurance are covered under employer sponsored plans which have had unisex rates for many years now.

From an economic viewpoint it is the young single working woman who is hardest hit. If her employer provides her group health insurance, there is no change in her premiums for health. However her auto insurance no longer allows a discount for being female so her premiums go up as her male counterpart's premiums.

DATE _____
NO. _____

go down. If she purchases a true unisex life insurance policy, she will now pay a higher premium and her male counterpart will pay a lower premium.

The next economically hardest hit group are the young married couples. In the past insurers have given a substantial discount to married couples because they, as a group, have proven to be alot more stable. It is now illegal for insurers to give any kind of a discount based on marital status so these couples are experiencing substantial increases in their auto insurance premiums.

The group of people who probably benefit the most economically from non-gender insurance are the young single males. Under true unisex rates they pay less for their life and auto insurance.

What I've just described for you is the effects that unisex insurance should have on the consumer. However, the way many insurance companies are now conforming to our Montana Non-Gender Law is to simply charge the highest of the two premiums for all Montanans.

~~_____~~

~~_____~~

~~_____~~

If you are a female, you now have to pay the higher male premium for your life insurance. And while the female auto insurance premiums have increased, the male premium has come down only slightly if at all. If you're married you now pay the same premium as a single person would.

(Refer to Commissioner's report to verify)
The reason for this is that Montana stands alone as being the only state in the union to have a full, comprehensive unisex law on the books. Last year 12 other states had similar bills.

presented to their legislators and each time the bill didn't even make it to the house floor. So here we sit folks, the only state in the union to have such legislation and to make matters worse, our insurance market represents only 1/3 of 1% of most major insurance companies entire block of business.

Many insurance companies (including mine) claim that they cannot justify creating a whole new set of contracts and premium schedules just for 1/3 of 1% of their business. Especially during a time that the current competitive market place is demanding them to spend all their time creating new, more competitive products for the other 99 2/3%. This argument may or may not be true. I am not here to argue in behalf of the insurance companies. What ever happens in Montana will not have much effect on them or their profit margins.

But the fact is that Montana simply doesn't have the weight to push around when it comes to changing the way major companies do business. As a result, Montanans are now paying artificially high premiums for their insurance coverage. The Unisex legislation that was intended to help Montanans has backfired on us with disastrous effects. One of those effects that will never be measured is the "border hopping" buying that is now going on. "Border hopping" refers to the practice of crossing the state line to buy insurance in a non-unisex state. This allows the insured to purchase a lower premium, non unisex policy. It also results in lost premium tax revenue for the state.

I believe that the supporters of the non-gender insurance

DATE _____
NO _____

concept are going about it all backwards by starting on a state rather than federal level. And it is obvious that it has backfired on them. Those who are responsible for it's passage are grasping at straws to make it work in an effort to maintain their political positions. What they should be doing is to admit that passing a law of this nature on a state by state basis simply will not work. Their efforts in Montana are making a mockery of the non gender insurance concept. I firmly believe that the only way we are going to have a workable unisex insurance law is to pass it on the federal level. I am tired of seeing Montanans being used as the "Unisex guinea pigs" and bearing the high costs of it.

Please vote YES for H.B. 519. Thank you for your time.

EXHIBIT 2
DATE 2/13/87
HB 519

WITNESS STATEMENT

NAME

FRANK G. COTE

BILL NO.

HB 519

ADDRESS

3 PINTLER PEARS PLAZA, BUTTE

DATE

2-13-87

WHOM DO YOU REPRESENT?

INSURANCE CONSUMERS

SUPPORT

fully support

OPPOSE

AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

...not spending about 20 million dollars by starting on a state
rather than federal level. And it is obvious that it has
been tried and failed. Those who are responsible for it's passage
are making an effort to make it work in an effort to achieve the
state's goals. What they should be doing is to admit
that passing a law of this nature on a state by state basis
simply will not work. Their efforts in Montana are making a
mess of the independent insurance concept. I firmly believe
that the only way we are going to have a workable index
insurance law is to pass it on the federal level. I am tired of
seeing Montanans being used as the "guinea pigs" and
bearing the high costs of it.

Please vote YES for H.B. 501. Thank you for your time.

WE, THE UNDERSIGNED REGISTERED VOTERS OF THE STATE OF MONTANA, WISH TO VOICE OUR DISAPPROVAL OF THE "UNISEX" INSURANCE LAW. WE FEEL THAT THE LAW HAS NOT ACCOMPLISHED ITS PRIMARY OBJECTIVES, AND INSTEAD, HAS PROVEN TO BE UNFAIR AND A MAJOR BURDEN TO MONTANA CONSUMERS. WE URGE THE 1987 MONTANA LEGISLATURE TO REPEAL THIS UNFAIR LAW.

NAME:

ADDRESS:

<u>Hannie Thomas</u>	<u>2140 Nozeth Ave.</u>
<u>James M. Jennings</u>	<u>815 W. Diamond</u>
<u>Marcia J. Turney</u>	<u>3311 Hannibal</u>
<u>John A. Macomber</u>	<u>3141 Wharton</u>
<u>Debbie Martinich</u>	<u>510 Orphan Girl</u>
<u>Ed De</u>	<u>127 Rampart Dr. Butte</u>
<u>Gene Potter</u>	<u>533 W. Broadway</u>
<u>High Hamington</u>	<u>2941 Burke Ln.</u>
<u>John R. McLeod</u>	<u>1345 Sunset</u>
<u>Buffy Kane</u>	<u>1122 W. Silver</u>
<u>J. McNeal</u>	<u>1345 Sonset</u>
<u>Mike Salter</u>	<u>611 Metals</u>
<u>James G. Felt</u>	<u>2001 Penter Pines</u>
<u>James Dackig</u>	<u>3113 Kurland</u>
<u>Paul E. Borkub</u>	<u>3113 Richardson</u>
<u>Theresa</u>	<u>502 So Roberts Helena</u>
<u>Anthony P. Hiley</u>	<u>2027 Jerome Pl.</u>
<u>Leonard J. Swan</u>	<u>603 E. Riggs C. Helena</u>
<u>Phyllis Nicomi</u>	<u>1418 Beavertown Rd. Helena, MT</u>
<u>Barbara McLean</u>	<u>2495 Spokane Creek Rd. Helena, MT</u>
<u>Judy L. Perick</u>	<u>407 N. Cherry, Townsend, MT</u>

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NAME: Cathy A Boek

ADDRESS: 1950 Utah

Emily Dourney

805 Lexington

Betty Callahan

935 17th

Nancy Henderson

1925 Argyle

Virginia Lukens

935 California

Larry Henderson

1925 Argyle

Katharine Alexander

855 7th St. Butte

Nayle Biken

3206 Richardson

Don Stenquist

2630 S DAKOTA

Nikki Patrick

2655 Rutie

Julie K. Hengst

1017 St. Vrain

Yvonne J. Folie

1621 Adams

Debra Seymour

2300 Placer Apt 1

Cathy Gallagher

1832 Whitman

Nichelle (Phyllis)

1005 Alameda

Annex Caselli

725 Mill

Janell Clark

1743 Elm

Willie Viskind

1835 S. Main

Ed Kuanda

622 Hobson

Brenda Steward

2630 S. DAKOTA

Shelly Salas

Dillon Mt.

Wendy Galasso

2516 Locust

Douglas & Susan

222 E 2nd St.

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NAME:

ADDRESS:

<u>Shannon</u>	<u>832 W Park Butte</u>
<u>Don M. Nelson</u>	<u>2310 Sheridan, Bozeman, MT</u>
<u>Carol Smith</u>	<u>305 W Copper</u>
<u>Jack Harrison</u>	<u>127. Park Plaza Lane</u>
<u>Julia Redman</u>	<u>Fishing Hole</u>
<u>Gerome D. Shannon</u>	<u>3900 Gladstone Butte, MT</u>
<u>Bonnie Aphon</u>	<u>838 W. Park</u>
<u>Carolyn J. John</u>	<u>2727 Apple</u>
<u>Freda John</u>	<u>2727 Apple</u>
<u>Sandra S. Ditch</u>	<u>824 W. Park</u>
<u>Don Carroll</u>	<u>824 W. Park</u>
<u>David W. Berube</u>	<u>7428 Lakeview Court, Cold Spring, MT</u>
<u>Gene Murphy</u>	<u>728 W. Broadway Butte MT 59701</u>
<u>Warren P. Schmachee</u>	<u>1325 W. Platinum Butte MT 59701</u>
<u>Ellen Cain</u>	<u>613 W Daly Walkerville MT 59701</u>
<u>Margaret Maloe</u>	<u>401 S. Excelsior</u>
<u>John Maloe</u>	<u>401 S Excelsior</u>
<u>John Heckman</u>	<u>3700 Gladstone</u>
<u>Donna Johnson</u>	<u>436 So. Main Butte, MT</u>
<u>W P. Howard</u>	<u>2021 Florence</u>
<u>Margaret Shannon</u>	<u>832 W Park</u>

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NAME:

ADDRESS:

John A Kelly

James Danner

Maureen Kelly

John C Warner

George B James

Robert J. Tremis

John C. Warner

Michael J. Harris

Bob Sprick

William R. Harris

Betty R. D'Amico

John C. Warner

John C. Warner

John C. Warner

Shawn Tracy

Shawn Tracy

William R. Harris

John C. Warner

John C. Warner

John C. Warner

John C. Warner

John C. Warner

2836 Edwards Butte - MT 5

5040 Adams " "

2837 Goodwin

153 Rocky MT 5

700 W. La Salle - Butte

1811 Stuart Butte

911 Engle Butte

3412 Hannibal

1805 Banks

3457 Hannibal ST.

3457 Hannibal ST.

422 W. Cherokee

3100 Jupiter Ave B200

5113 Richardson

500 Colorado

405 St. Francis

409 W. Copper

409 W. Copper

411 W. Copper

2100 Johnson

10301 1261

10301 1261

4

WE, THE UNDERSIGNED REGISTERED VOTERS OF THE STATE OF MONTANA, WISH TO VOICE OUR DISAPPROVAL OF THE "UNISEX" INSURANCE LAW. WE FEEL THAT THE LAW HAS NOT ACCOMPLISHED ITS PRIMARY OBJECTIVES, AND INSTEAD, HAS PROVEN TO BE UNFAIR AND A MAJOR BURDEN TO MONTANA CONSUMERS. WE URGE THE 1987 MONTANA LEGISLATURE TO REPEAL THIS UNFAIR LAW.

NAME:

ADDRESS:

Wanda Dadd

Marlene Montoya

Karen Benski

Tom McKeenan

Mike Richards

Carl Hoover

Jeffrey W. Winters

Leon J. Stinson

Rich Adams Jr

Connie Bruns

Scott Hoffmann

Gene W. Green

Maureen Messinger

Gary G. Wendel

Michael E. Smith

Uggie Barclay

Florence Delman

Sherril Shepard

Jerry Hogan

Andrew J. Schuch

Loe M. M. M.

Tom Hoffman

1325 Lampson St Butte, Mt.

538 Edison

106 Perry

2205 HARVARD

2709 Nethie

1752 Oregon

16 Saint Francis

225 Birch St.

7001 Lowell

3400 Hill

2109 Walnut

2900 Howard Ave

1844 Texas Ave (from Helena)

205 W. Bronte Box 39

1804 Sunset (moved from Deer Lodge)

2223 Mayford

730 W. Granite

2600 Silver Bow Blvd.

1632 Phillips Hl. Butte

631 S Clark Butte

917 W. Main Butte

21 W. Center Butte

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NAME:

ADDRESS:

Carlson L. Chaffin

Mike Sundberg

Joe Hoffman

Bob Brammell

Mike McKinn

Sharon L. Leland

W. Paulson Weller

Dale W. Ike

Robert C. Peterson

James R. Roney

John Hall

Bill W. Blanning

Samuel J. Jensen

Bob W. Roney

W. W. Wafford

Mike Hetcher

Bob R. Smith

John Blackwood

Shirley Smith

Robert Roseman

600 N. Pacific CE #23 Dillon

100 E. Dillon Dillon

1593 Upper Rock Trail Doon

1100 Elk Drive Dillon, MT

2545 Amburst Butte, MT

117. Shaker Dillon

317 Franklin, Dillon

317 Franklin Dillon

3200 H. Hwy 913 Dillon

200 E. Broadway Dillon

2500 S. FRANKLIN RD, EAST HELENA

1125 CATTLE DR Dillon, MT 59712

1901 MONROE BUTTE MON

1050 MONROE Butte MT 59710

1909 Gaylord Butte MT 59712

816 W. Main Butte MT 59712

1148 W. Periphery

43 W. Park

502 N. Main

1206 N. Main

2340 Kenkub

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NAME:

ADDRESS:

John Thomas Gollal
Cynthia K. Barnes

William J. Spencer

William J. Spencer

Barbara A. Gault

Mary L. Cosgriff

Mally D. Rose

Richard L. Davis

David A. Waller

Floyd J. Barnes

Barbara Johns

Michael A. McNamara

James J. Marchessault

Demetrius R. Lynch

1125 CATTLE DR. DILLON, MT

230 West Bannack, Dillon, MT 59

439 Kentucky Dillon MT 59705

531 E. Normal Dillon MT 59705

48 Fairway Drive, Dillon MT 59

131 N. Nevada, Dillon, MT 59705

Hard Rock in Bridge, MT

11775 Hwy 324 Dillon, MT

775 Medicine Lodge Rd 59720

230 W. Bannack Dillon, MT

505 So. Atlantic, Dillon, MT 59

1313 W. 6th St. Dillon

P.O. Box 705 Dillon, MT

1555 Hwy 324 Dillon MT 59701

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NAME:

ADDRESS:

Maenna Phillips

Tom Egan

David Butler

Willy Sullivan

Margaret Galt

Joe Healy

Mary Mott

Greg Clark

Wendy Haylett

James Thomas

John Butler

William

John Ellertson

Donald Jones

John Phillips

James Jones

Robert Phillips

1730 Thomas Butte

3460 ST Ann Butte

1857 Columbia Drive

1401 Diamond Butte

124 Stark Butte

1725 Lowell Butte

1045 Selkirk Butte

5150 Harrison Butte

1953 So Mont Butte

3045 Myrtle Billings

1844 Lincoln Butte

603 Dewey Butte

2000 Howard

2752 24th

1730 Thomas

1742 Thomas

1742 Thomas

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NAME:

ADDRESS:

Michael Holke
Erin McGervey
John C. Rich
Tom Chell
Margee Aguirre
Robert J. Griggs
Sharon Dunfee
Shirley Prophet
Mary Jane Link
Sister J. Neumann
Mickie M.
Esther Cota

211 E Broadway
3129 Irene, Butte
1250 E. Platte
2201 Linhurst
102 Fleecer Butte
3301 Kerkela
1214 W. Alameda
1214 W. 3rd
3120 Ottawa St
2645 Linhurst
3000 State
1904 1st St
3 Peckham Peak Pkwy.

2/9/87

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NAME:

ADDRESS:

Donald G. H. Licht

Don H. Licht

Vilma K. Krawchuk

Lou L. Krawchuk

John J. Krawchuk

John J. Krawchuk

Kim Alexander

John E. Nelson

Mary Sandover

Mark H. Hecox

Paul J. Hecox

Lucille Fichte

Jack T. Krawchuk

W. O. W. Krawchuk

Louise Krawchuk

Pat Krawchuk

June M. Danavog

Alice J. Krawchuk

Carol Thompson

Shirley Perry

Ira M. Lutz

Richard H. Lutz

3130 Burlington St Butte

2001 Lincoln " "

1837 Oregon Ave " "

412 W. Park Butte " "

1618 Gaylord Ave. Butte " "

1835 Oregon Ave " "

721 W. Platinum St. " "

4015 2nd " "

1137 W. 1st St " "

2055 B. Hecox " "

2030 S. Arizona " "

12 N. Clark " "

124 E. 1st St " "

P.O. Box 4053 - Butte " "

1144 Lewis Ave Butte " "

2000 Carolina " "

740 S. Dakota Butte Mt. " "

1023 Nevada " "

1933 Carolina Butte " "

2035 Lafayette Butte " "

2035 Lafayette Butte " "

Mr. Chairman, members of the committee:

My name is Laura Brent, I am from Billings and I urge you to support HB519.

An entire class of women has been arbitrarily denied the lower insurance rates that would otherwise be theirs.

Instead of being treated as individuals in a low-risk group, these young women have been thrown into a much larger "unisex" category which forces them to subsidize the claims of high-risk drivers. This NEW SYSTEM constitutes a new form of arbitrary sex discrimination, which does not allow the insurance companies to treat women as female individuals who statically are a lower risk. How can this possibly be considered "fair" or "equitable"?

Who will speak for the interests of the women who must pay the price of this experiment?

~~NOT the insurance companies who are looking out for their balance sheets.~~

NOT the State Bureau with it's false pride in the new law.

NOT the feminists who sponsored the law and have betrayed the best interests of women time and time again.

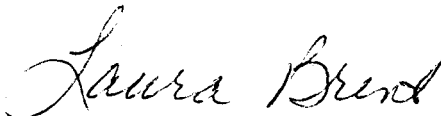
Then who will speak?

I WILL.

As a single, working mother of 2, I ask you to support HB519.

Thank you.

Respectfully,



Laura Brent
Billings, MT

NON-GENDER SURVEY

The Montana Insurance Department recently conducted a survey to determine the impact of the Non-gender legislation on Montana consumers. In order to obtain an accurate computation, a questionnaire was sent to the Life, Health and Auto insurance companies that write the majority of business in our state. These companies were asked to provide us with information about the rates they charged and the number of products they offered in Montana before and after the Non-gender law went into effect. The following are the results of this survey.

TABLE OF CONTENTS

Non-gender - Life Insurance	pg. 2
Non-gender - Health Insurance	pg. 8
Non-gender - Auto Insurance	pg. 11

NON-GENDER - LIFE INSURANCE

Term Life insurance premiums for a 30-year old female have increased between 1% to 110%. The average rate increase for a 30-year old female was 10%.

Term Life insurance premiums for a 30-year old male have increased between 0% to 47%. The average rate increase for a 30-year old male was 4%.

Whole Life insurance premiums for a 30-year old female have increased between 4% to 34%. The average rate increase for a 30-year old female was 15%.

Whole Life insurance premiums for a 30-year old male have decreased between 0% to 11%. The average rate decrease for a 30-year old male was 3%.

The number of Life Insurance products available in Montana has decreased approximately 37% since the passage of the Non-gender Legislation.

Information on Cash Value Proceeds and Benefit payments was not included in the survey. The main concern expressed by most Montana consumers was the increase in policy premiums. Our survey, therefore, was designed to address this issue.

LIFE INSURANCE RATES: As reported by the various companies.

Bankers Life Company	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	77.00	105.00	630.00	690.50
Man age 30	90.00	105.00	699.00	690.50
Woman age 50	289.00	386.50	1413.00	1576.00
Man age 50	356.50	386.50	1600.50	1576.00

Offered 6 Life products in Montana before the Non-gender Legislation.
Offered 6 Life products in Montana after the Non-gender Legislation.

Lincoln National Life Renewable Term	\$50,000 Annual		\$50,000 Whole	
	Life Policy		Before Non-gender	After Non-gender
	Before Non-gender	After Non-gender		
Woman age 30	82.50	92.50	48.00	78.00
Man age 30	92.50	92.50	78.00	78.00
Woman age 50	199.50	320.00	180.00	234.00
Man age 50	320.00	320.00	234.00	234.00

Offered 20 Life products in Montana before the Non-gender Legislation.
Offered 7 Life products in Montana after the Non-gender Legislation.

Northwestern National Life	\$50,000 Annual		\$50,000 Whole	
	Renewable Term		Before Non-gender	After Non-gender
	Before Non-gender	After Non-gender		
Woman age 30	105.50	00.00	325.00	369.00
Man age 30	108.00	00.00	398.00	369.00
Woman age 50	207.50	00.00	733.00	938.00
Man age 50	278.50	00.00	1006.00	938.00

Offered 14 Life products in Montana before the Non-gender Legislation.
Offered 4 Life products in Montana after the Non-gender Legislation.

United of Omaha	50,000 Annual		\$50,000 Whole	
	Renewable Term		Before Non-gender	After Non-gender
	Before Non-gender	After Non-gender		
Woman age 30	122.50	152.50	480.00	553.50
Man age 30	130.50	152.50	533.50	533.50
Woman age 50	298.00	495.00	1175.50	1392.00
Man age 50	387.50	495.00	1392.00	1392.00

Offered 10 Life products in Montana before the Non-gender Legislation.
Offered 8 Life products in Montana after the Non-gender Legislation.

Mutual of New York (MONY)	50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	99.50	101.00	448.50	468.50
Man age 30	101.00	101.00	456.00	468.50
Woman age 50	136.00	149.50	1026.50	1158.50
Man age 50	149.50	149.50	1146.00	1158.50

Offered 18 Life products in Montana before the Non-gender Legislation.
Offered 13 Life products in Montana after the Non-gender Legislation.

Northwestern Mutual Life	50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Women age 30	80.00	86.50	668.50	628.00
Men age 30	87.00	86.50	706.00	628.00
Women age 50	232.00	275.50	1499.50	1419.00
Men age 50	278.00	275.50	1632.00	1419.00

Offered 16 Life products in Montana before the Non-gender Legislation.
Offered 19 Life products in Montana after the Non-gender Legislation.

Western Life	50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	91.50	95.50	143.00	192.00
Man age 30	95.50	95.50	182.00	192.00
Woman age 50	146.00	187.00	448.90	649.80
Man age 50	187.00	187.00	685.00	649.80

Offered 3 Life products in Montana before the Non-gender Legislation.
Offered 4 Life products in Montana after the Non-gender Legislation.

Western States Life	50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	40.00	41.00		
Man age 30	41.00	41.00		
Woman age 50	78.50	103.50		
Man age 50	106.00	103.50		

Offered 5 Life products in Montana before the Non-gender Legislation.
Offered 8 Life products in Montana after the Non-gender Legislation.

Mutual Benefit Life	50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	85.00	88.00	545.00	571.00
Man age 30	88.00	88.00	571.00	571.00
Woman age 50	193.50	215.00	1313.50	1443.50
Man age 50	215.00	215.00	1443.50	1443.50

Offered 13 Life products before the Non-gender Legislation.
Offered 13 Life products after the Non-gender Legislation.

Massachusetts Mutual Life	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	121.00	123.50	628.00	653.00
Man age 30	123.50	123.50	653.00	653.00
Woman age 50	342.50	375.00	1341.50.	1463.00
Man age 50	375.00	375.00	1463.00	1463.00

Offered 12 Life products in Montana before the Non-gender Legislation.
Offered 11 Life products in Montana after the Non-gender Legislation.

Washington National	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	140.00	00.00	599.00	657.25
Man age 30	145.00	00.00	681.00	657.25
Woman age 50	313.75	00.00	1233.25	1422.75
Man age 50	417.75	00.00	1503.75	1422.75

Offered 47 Life products in Montana before the Non-gender Legislation.
Offered 5 Life products in Montana after the Non-gender Legislation.

Equitable Life Assurance Society	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	102.00	214.00	497.00	619.00
Man age 30	145.00	214.00	631.00	619.00
Woman age 50	249.00	440.00	991.00	1276.00
Man age 50	404.00	440.00	1311.00	1276.00

Offered 22 Life products in Montana before Non-gender Legislation.
Offered 22 Life products in Montana after Non-gender Legislation.

Equitable Variable Life	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	80.85	106.50	489.00	652.00
Man age 30	106.50	106.50	621.50	652.00
Woman age 50	205.50	299.55	1174.50	1608.00
Man age 50	299.55	299.55	1578.00	1608.00

Offered 9 Life products in Montana before the Non-gender Legislation.
Offered 10 Life products in Montana after the Non-gender Legislation.

State Farm Life	\$50,000 Annual Renewable Term		\$50,000 Whole Life Policy	
	Before Non-gender	After Non-gender	Before Non-gender	After Non-gender
Woman age 30	118.50	123.50	630.00	505.50
Man age 30	129.00	123.50	659.00	505.50
Woman age 50	373.50	323.00	1598.50	1454.00
Man age 50	426.00	323.00	1718.00	1454.00

Offered 23 Life products in Montana before the Non-gender Legislation.
Offered 13 Life products in Montana after the Non-gender Legislation.

NOTE: The renewable term and whole life policy premiums contained in this survey are not for identical products. Each companies policy contains a variety of possible options and this accounts in large for the difference in the premiums quoted in the survey.

NON-GENDER HEALTH INSURANCE - MAJOR MEDICAL

Individual Major Medical health insurance premiums for a 25-year old male have increased between 5% to 38%. The average rate increase for a 25-year old male was 22%.

Individual Major Medical health insurance premiums for a 25-year old female have decreased between 8% to 28%. The average rate decrease for a 25-year old female was 16%.

Individual Major Medical health insurance premiums for a 40-year old male have increased between 18% to 45%. The average rate increase for a 40-year old male was 28%.

Individual Major Medical health insurance premiums for a 40-year old female have decreased between 11% to 19%. The average rate decrease for a 40-year old female was 13%.

The above figures were compiled from six companies that write individual Health insurance business in Montana. The top 25 health writers were surveyed but either they do not write individual Major Medical policies in Montana or they are phasing individual Major Medical products out of their book of business.

HEALTH INSURANCE RATES: As reported by the various companies.

Major Medical \$500 deductible		
Mutual of Omaha	Before Non-gender	After Non-gender
Single Man 25	378.00	524.00
Single Woman 25	575.00	524.00
Single Man 40	492.00	715.00
Single Woman 40	809.00	715.00
Hospital		
	Before Non-gender	After Non-gender
Single Man 25	237.00	332.00
Single Woman 25	414.00	332.00
Single Man 40	376.00	495.00
Single Woman 40	613.00	495.00

Aetna Life Insurance Co.

All sales discontinued on October 1, 1985. Sales continue in 49 other states on sex-distinct basis.

**Major Medical
\$500 deductible**

Federal Home Life	Before Non-gender	After Non-gender
Single Man 25	418.00	517.00
Single Woman 25	585.00	517.00
Single Man 40	671.00	817.00
Single Woman 40	931.00	817.00

**Major Medical
\$500 deductible**

Bankers Life and Casualty	Before Non-gender	After Non-gender
Single Man 25	504.00	529.00
Single Woman 25	742.00	529.00
Single Man 40	738.00	874.00
Single Woman 40	1,031.00	874.00

**Major Medical
\$500 deductible**

State Farm Mutual	Before Non-gender	After Non-gender
Single Man 25	279.00	336.00
Single Woman 25	393.00	336.00
Single Man 40	391.00	491.00
Single Woman 40	592.00	491.00

Major Medical
\$500 deductible

Blue Cross of Montana	Before Non-gender	After Non-gender
Single Man 25	31.92	39.48
Single Woman 25	42.63	39.48
Single Man 40	46.20	56.07
Single Woman 40	56.91	56.07

Major Medical
\$500 deductible

Blue Shield of Montana	Before Non-gender	After Non-gender
Single Man 25	37.12	37.12
Single Woman 25	37.12	37.12
Single Man 40	51.12	51.12
Single Woman 40	51.12	51.12

NON-GENDER - AUTO INSURANCE

Individual Auto insurance premiums for a 20-year old male have decreased as much as 47% and increased as much as 20%. The average rate for a 20-year old male decreased 16%.

Individual Auto insurance premiums for a 20-year old female have increased between 4% to 91%. The average rate for a 20-year old female increased 49%.

Auto insurance premiums for a married couple with 16-year old male driver decreased as much as 31% and increased as much as 30%. The average rate for a married couple with a 16-year old male driver decreased 8%.

Auto insurance premiums for a married couple with a 16-year old female driver have decreased as much as 2% and increased as much as 107%. The average rate for a married couple with a 16-year old female driver increased 33%.

Economic factors other than the Non-gender Legislation have caused Auto premiums to decrease as much as 12% and increase as much as 38%. The average rate for Auto insurance has increased 12% due to factors other than Non-gender Legislation.

The people most affected by the Non-gender law were young women, young married couples, and married couples with young female drivers. These people were affected most because Non-gender did away with the standard discount for married couples and because young women overall experienced a substantial increase in their premium rates.

AUTO INSURANCE RATES: As reported by the various companies.

Policy Holder	1984 Ford Tempo - Helena, MT GL Four Door Sedan Standard Liability Limit (25/05/5) \$5000 Medical payment Comprehensive - \$100.00 Deductible Collision - \$100.00 Deductible
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All Nation Insurance Co.	Before Non-gender	After Non-gender
Man age 20	128.00	154.00
Woman age 20	90.00	154.00
Man age 40	80.00	97.00
Woman age 40	80.00	97.00

Man age 65	78.00	97.00
Woman age 65	78.00	97.00
M/F Couple -		
Boy age 16	135.00	166.00
M/F couple -		
Girl age 16	80.00	166.00

Guaranty National Insurance Co.	Before Non-gender	After Non-gender
Man age 20	2,124.00	2,460.00
Woman age 20	1,544.00	2,460.00
Man age 40	875.00	994.00
Woman age 40	875.00	994.00
Man age 65	875.00	983.00
Woman age 65	875.00	983.00
M/F Couple -		
Boy age 16	2,220.00	2,290.00
M/F Couple -		
Girl age 16	1,620.00	2,290.00

Mountain West Farm Bureau	Before Non-gender	After Non-gender
Man age 20	579.00	637.00
Woman age 20	371.00	637.00
Man age 40	199.00	226.00
Woman age 40	199.00	226.00
Man age 65	199.00	226.00
Woman age 65	199.00	226.00
M/F Couple -		
Boy age 16	488.00	586.00
M/F Couple -		
Girl age 16	307.00	586.00

National Farmers Union	Before Non-gender	After Non-gender
Man age 20	753.00	527.00
Woman age 20	401.00	527.00

Man age 40	220.00	221.00
Woman age 40	220.00	221.00
Man age 65	200.00	211.00
Woman age 65	200.00	211.00
M/F Couple - Boy age 16	411.00	327.00
M/F Couple - Girl age 16	291.00	327.00

Aetna Casualty	Before Non-gender	After Non-gender
Man age 20	528.00	519.00
Woman age 20	277.00	519.00
Man age 40	173.00	212.00
Woman age 40	156.00	212.00
Man age 65	138.00	169.00
Woman age 65	138.00	169.00
M/F Couple - Boy age 16	398.00	403.00
M/F Couple - Girl age 16	285.00	403.00

Auto Ins. Co. of Hartford CT	Before Non-gender	After Non-gender
Man age 20	656.00	654.00
Woman age 20	343.00	654.00
Man age 40	215.00	267.00
Woman age 40	194.00	267.00
Man age 65	172.00	213.00
Woman age 65	172.00	213.00
M/F Couple - Boy age 16	495.00	508.00
M/F Couple - Girl age 16	354.00	508.00

State Farm Mutual	Before Non-gender	After Non-gender
Man age 20	614.00	480.00
Woman age 20	331.00	480.00
Man age 40	173.00	188.00
Woman age 40	173.00	188.00
Man age 65	165.00	179.00
Woman age 65	165.00	179.00
M/F Couple - Boy age 16	378.00	351.00
M/F Couple - Girl age 16	259.00	351.00

State Farm Fire & Casualty	Before Non-gender	After Non-gender
Man age 20	805.00	677.00
Woman age 20	488.00	677.00
Man age 40	268.00	292.00
Woman age 40	268.00	292.00
Man age 65	256.00	278.00
Woman age 65	256.00	278.00
M/F Couple - Boy age 16	536.00	517.00
M/F Couple - Girl age 16	402.00	517.00

Mid-Century Insurance Co.	Before Non-gender	After Non-gender
Man age 20	1,014.00	829.00
Woman age 20	591.00	829.00
Man age 40	462.00	502.00
Woman age 40	462.00	502.00
Man age 65	451.00	489.00
Woman age 65	451.00	489.00
M/F Couple - Boy age 16	859.00	758.00

M/F Couple -		
Girl age 16	617.00	758.00

Safeco Insurance	Before	After
Co. of America	Non-gender	Non-gender
Man age 20	792.00	800.00
Woman age 20	616.00	800.00
Man age 40	352.00	400.00
Woman age 40	352.00	400.00
Man age 65	334.00	380.00
Woman age 65	334.00	380.00
M/F Couple -		
Boy age 16	792.00	800.00
M/F Couple -		
Girl age 16	616.00	800.00

United Services	Before	After
Auto Assc.	Non-gender	Non-gender
Man age 20	844.00	621.00
Woman age 20	514.00	621.00
Man age 40	337.00	328.00
Woman age 40	323.00	238.00
Man age 65	296.00	288.00
Woman age 65	296.00	288.00
M/F Couple -		
Boy age 16	666.00	568.00
M/F Couple -		
Girl age 16	501.00	568.00

Farmers Insurance	Before	After
Exchange	Non-gender	Non-gender
Man age 20	657.00	475.00
Woman age 20	324.00	475.00
Man age 40	233.00	281.00
Woman age 40	233.00	281.00

Man age 65	212.00	252.00
Woman age 65	212.00	252.00
M/F Couple -		
Boy age 16	489.00	487.00
M/F Couple -		
Girl age 16	354.00	487.00
Northwestern	Before	After
Natl. Casualty	Non-gender	Non-gender
Man age 20	437.00	230.00
Woman age 20	221.00	230.00
Man age 40	168.00	139.00
Woman age 40	152.00	139.00
Man age 65	142.00	111.00
Woman age 65	142.00	111.00
M/F Couple -		
Boy age 16	446.00	306.00
M/F Couple -		
Girl age 16	312.00	306.00

Dairyland Ins.	Before	After
Company	Non-gender	Non-gender
Man age 20	224.00	191.00
Woman age 20	126.00	191.00
Man age 40	101.00	95.00
Woman age 40	101.00	95.00
Man age 65	74.00	81.00
Woman age 65	74.00	81.00
M/F Couple -		
Boy age 16	224.00	191.00
M/F Couple -		
Girl age 16	126.00	191.00

Transamerica Ins.	Before	After
Company	Non-gender	Non-gender
Man age 20	501.00	477.00
Woman age 20	290.00	477.00
Man age 40	156.00	169.00

Woman age 40	156.00	169.00
Man age 65	135.00	146.00
Woman age 65	135.00	146.00
M/F Couple -		
Boy age 16	318.00	323.00
M/F Couple -		
Girl age 16	262.00	323.00

St. Paul Guardian Insurance Co.	Before Non-gender	After Non-gender
Man age 20	709.00	719.00
Woman age 20	544.00	719.00
Man age 40	330.00	369.00
Woman age 40	330.00	369.00
Man age 65	264.00	295.00
Woman age 65	264.00	295.00
M/F Couple -		
Boy age 16	561.00	608.00
M/F Couple -		
Girl age 16	496.00	608.00

Allstate Insurance Co.	Before Non-gender	After Non-gender
Man age 20	1464.00	1232.00
Woman age 20	840.00	1232.00
Man age 40	478.00	486.00
Woman age 40	444.00	486.00
Man age 65	444.00	486.00
Woman age 65	444.00	486.00
M/F Couple -		
Boy age 16	922.00	858.00
M/F Couple -		
Girl age 16	614.00	858.00

United Pacific Insurance Co.	Before Non-gender	After Non-gender
Man age 20	471.00	512.00
Woman age 20	309.00	512.00
Man age 40	223.00	222.00
Woman age 40	223.00	222.00
Man age 65	212.00	211.00
Woman age 65	212.00	211.00
M/F Couple - Boy age 16	493.00	437.00
M/F Couple - Girl age 16	385.00	437.00

The Home Insurance Co.	Before Non-gender	After Non-gender
Man age 20	911.00	839.00
Woman age 20	400.00	839.00
Man age 40	320.00	390.00
Woman age 40	288.00	390.00
Man age 65	288.00	312.00
Woman age 65	288.00	312.00
M/F Couple - Boy age 16	863.00	858.00
M/F Couple - Girl age 16	559.00	858.00

Horace Mann Insurance Co.	Before Non-gender	After Non-gender
Man age 20	548.00	473.00
Woman age 20	270.00	473.00
Man age 40	147.00	157.00
Woman age 40	147.00	157.00
Man age 65	147.00	157.00
Woman age 65	147.00	157.00
M/F Couple - Boy age 16	376.00	367.00

M/F Couple -		
Girl age 16	229.00	367.00

Western Ag Insurance Co.	Before Non-gender	After Non-gender
Man age 20	1,207.00	1,587.00
Woman age 20	693.00	1,587.00
Man age 40	514.00	759.00
Woman age 40	514.00	759.00
Man age 65	402.00	627.00
Woman age 65	402.00	627.00
M/F Couple -		
Boy age 16	1,207.00	1,587.00
M/F Couple -		
Girl age 16	693.00	1,587.00

American Economy Insurance Co.	Before Non-gender	After Non-gender
Man age 20	521.00	407.00
Woman age 20	272.00	407.00
Man age 40	182.00	192.00
Woman age 40	182.00	192.00
Man age 65	156.00	154.00
Woman age 65	156.00	154.00
M/F Couple -		
Boy age 16	521.00	416.00
M/F Couple -		
Girl age 16	443.00	416.00

Farmers Alliance Mutual Ins. Co.	Before Non-gender	After Non-gender
Man age 20	704.00	563.00
Woman age 20	472.00	563.00
Man age 40	298.00	344.00
Woman age 40	269.00	344.00
Man age 65	204.00	277.00
Woman age 65	204.00	277.00

M/F Couple -		
Boy age 16	515.00	579.00

M/F Couple -		
Girl age 16	414.00	579.00

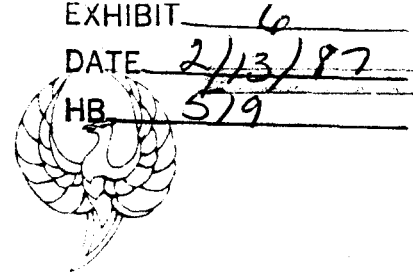
NOTE: The Auto Rates provided by the various companies were for Preferred Risks, Standard Risks, and Sub-Standard Risks. This accounts for the large difference in the premiums quoted in this survey. Also, the average Non-gender Auto Insurance premium decrease or increase was obtained from a weighted average with due consideration given to the companies writing the majority of business in Montana.

Two years ago when there was some sanity in the pricing of insurance I was able to sit down with a client and after determining what their needs were I was able to fit an insurance program into their budget using their circumstances. Now rather than being able to fit a certain product or combination of products around a clients needs I have to fit the client around an individual product. You see when unisex rates became effective I lost 31 life insurance products, three Major Medical Products, and thirteen Disability Income insurance products. Following is a quote from a letter dated Aug. 19, 1985 from my Home Office. "Traditional plans of life insurance are no longer available other than some contractual provisions. Health benefits no longer available include BMM with \$250 and \$500 deductible; BMT; CCA with zero day elimination period; CDA, CDC CDD and CDS with 14-day and one-month elimination periods; CBA: CDE: and CTA, CTB and CTS. Applications for new business written and dated after Sept. 30, 1985, for any of these products will not be accepted." I don't blame the company entirely for this decision. When you consider that two (2%) percent of the companies income comes from Montana it is amazing that they just didn't suspend doing business like many companies did. I feel quite fortunate that I still had a job after Oct. 1, 1985. I really have to question the mentality of someone who says we don't care if it costs us more we want equality. I have not had one client be they male or female say Unisex legislation has been a good thing. In fact they have all asked how in the world did it ever pass in the first place. Unisex has certainly hurt my business but more than that has limited my clients in their insurance programs because of lack of availability. Two examples of the difference between buying my products in Montana or buying them in Wyoming. These by the way are actual cases. Disability Income insurance for 34 year old male: Wyoming premium=\$286.20; Montana premium=\$479.40. Adjustable Life insurance for a 45 year old female: Wyoming premium=\$1,919.00; Montana premium=\$2,651.00. This goes hand in hand with the results from the insurance commissioners office survey. I and the clients who can not be here to speak for themselves will appreciate your favorable action on HB 519.

Kenneth L. Hassler FIC LUTCF

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



February 13, 1987

TESTIMONY IN OPPOSITION TO H.B. 519

to: the House Business and Labor Committee

by: Marcia Youngman, Insurance Project Director, Women's Lobbyist Fund

I represent the Women's Lobbyist Fund, a coalition of 39 organizations representing over 6,500 individuals from all over Montana who unite in support of Montana's non-gender insurance law. A dozen statewide groups are also on record in support of the law, including the Montana Federation of Teachers, the AFL-CIO, and other groups you'll hear from today.

I've passed out a fact sheet on Montana's non-gender law and charts that form the basis of my testimony. The fact sheet goes into greater detail than my testimony. The following are basic points I'd like to make:

What was my first exposure to the non-gender insurance law?

After the law went into effect in October, 1985, my auto insurance rates jumped. I went in to ask my agent why, since I'm a safe driver that has never had an accident or received a ticket. I was told that it was because of the non-gender law. I accepted this statement at the time because I was so ignorant about the law that I didn't know my company had already had non-gender rates for all of its customers above age 25 and that I hadn't been affected at all by the law. When I discovered this, I went back to discuss it, and this time I was told my increase was due to inflation and the company's loss ratio. I bring this up because my experience is typical of what happened to thousands of Montanans after the law went into effect.

There's been a campaign of misinformation about the law, which explains almost all of the opposition to the law among some Montanans to which you may have been exposed in your districts. Three of the top eight auto insurers sent misleading statements to their policy holders, incorrectly blaming rate increases on the law which for most people were due to other factors. At least five other auto, health, and life insurers issued such statements as well. And countless agents have used the law as a scapegoat. Consumers have naturally tended to believe what their companies have told them. The law has been blamed for almost everything but changes in the weather. One legislator was told his liability insurance went up because of the law. For another legislator, a homeowners policy increase was attributed to the law. One legislative candidate ran a campaign based on the claim that the woes of the workers compensation system were due to the law. None of the developments had anything to do with the law!

Added to this is the fact that companies have rarely given credit to the law for the many decreases it has caused. Furthermore, people are more likely to complain about rate increases than think to rejoice about decreases, especially if they've been exposed to the industry misinformation on the subject.

One thing I've discovered in recent months, though, is that Montana consumers recognize the truth when they hear it. There have been over 30 public information meetings on the subject all over Montana--from Havre to Hamilton--since the law went into effect. When bi-partisan audiences were able to examine the facts

and see the big picture of all the law's impacts, they've been convinced of its worth, almost without exception.

I ask you to keep all this in mind when you're judging the merits of the law, because it's necessary to look beneath the surface layer of misinformation to find the facts.

What is the purpose of the law?

From the beginning, we've had both civil rights and economic reasons for supporting the law. The relationship of the law to the Constitution will be addressed in later testimony. It can't be ignored. To repeal the law would be to allow the insurance industry to operate in violation of the Montana Constitution. The industry claims that it's justifiable to differentiate between men and women if there are actuarial grounds. We don't deny that insurance tables show differences between men and women. An even greater difference is shown between races, and it was used as a rate setting factor until it was clearly identified as socially unacceptable and illegal. Religious groups also show differences, and Vietnam veterans show a much higher risk profile than other peers. It is not considered acceptable to discriminate against any of these groups in rate setting. Sex discrimination is no different, but its use as a rate setting factor has been enormously profitable to the insurance industry, to the detriment of women financially.

Bill Bishop, an owner of an insurance agency in Polson and Ronan and former president of the Independent Insurance Agents of Montana, commented recently on the subject of actuarial tables vs. the Constitution and sex discrimination. "They're not equal criteria," he asserted. "Who could think that an actuarial statistic is as important as the Constitution?"

What has the law's impact been on rates?

We are tremendously encouraged by initial results. Some rates went up and some went down for both men and women, but the rate picture is generally much fairer than before.

We conducted a rate study to find out the impacts of the law on auto, health, and whole and term life insurance, plus annuity payments, and to a lesser degree, disability income insurance. In auto insurance, we surveyed the top eight insurers, representing 56% of the market. In health and life insurance, we also surveyed a large percentage of the market. We used policies typically carried by Montanans. Rates before and after the law went into effect were studied for both men and women, single and married. Rates were compared with changes in Wyoming, a state similar in geography and population distribution, during the same period to account for inflation and other factors unrelated to the law.

I ask you to look first at the chart on lifetime impacts of the law on women. Before the law was passed, it shows a Montana woman paying \$1443 less than a similarly situated man for auto insurance during her young driver years, \$5256 more for 34 years of major medical insurance, \$7100 more for disability income insurance, \$745 less for whole life insurance, and receiving \$6720 less for an annuity. This coverage cost her \$16,888 more in increased premiums and reduced benefits than a man carrying the same policies. Don't you find that shocking? Even if one only considers health and auto insurance, the extra cost is \$3,813. Any way you look at these numbers, they come out poorly for women. Women have much lower earning power in Montana than men. Affordable insurance is vital.

What's happened to rates since the law went into effect?

The health insurance chart on a major medical policy with one of the most common deductibles, \$500, is an excellent example. We considered age 30, 45, and 60, both single men and women and families. Note that the rates went down for everyone but 45-year-old single men. Women and families benefited considerably, and most single men saw slight decreases as well. Comparison with Wyoming's rates shows that Montana's average rates dropped 3.2% more during the same period. We also gathered data for three other deductibles--\$250, \$1000, and \$2000--which showed generally parallel results. Across all deductibles, single mothers with two children averaged a 16.6% decrease, a \$221.83 annual savings. That makes a big difference to a family budget.

Health insurance is a vital category of insurance to Montanans. Nationally-collected statistics show 66,000 women carrying individual health insurance and 25,000 carrying disability insurance. Only 37% of civilian workers in Montana are covered by employer health insurance, the lowest percentage in the country. In life insurance Montanans are the second lowest in the nation for employer coverage, 38%.

The chart on page 5 of the fact sheet shows changes for the \$50,000 and \$100,000 term insurance policies. The results are as expected, modest increases for women and moderate decreases for men. Our study showed term policies to be a better value for both men and women than the same policies in Wyoming. On \$50,000 term, Montana women received a \$9 increase on first year premiums, and men a \$2 decrease. That first year, women paid \$7 more than Wyoming women do, but by the 10th year they will pay \$28.75 less. For men, the gain is even greater. Any claim that Montana is losing women's insurance business to Wyoming does not make sense.

In whole life, premiums and cash values went up for both men and women, more for women. Page 5 shows these results for a \$50,000 policy. We also studied a \$100,000 policy. Montana's cash values were better than Wyoming's.

A significant change was discovered in annuities. Women have traditionally received much lower monthly payments than men. We looked at \$100,000 whole life policies converted to annuities. For 10-year annuities, women will receive \$49 more per month, and men \$7 less. For 20-year annuities, women's payments will be \$32 higher a month, and men's \$12 higher. There was a clear gain for three out of four groups.

Auto insurance rate changes are what people have generally heard the most about. For the 83.5% of Montanans in the adult driver category, any rate increases were due to other factors such as inflation. The attached pie chart shows the percentages of drivers in the young singles and young marrieds categories.

As the rate summary on page 4 of the fact sheet shows, the impacts on young marrieds have been serious, but several things need to be taken into account.

1. Less than 3.5% of Montana's drivers are young marrieds, and this percentage is dropping as the median age of first marriages rises. There are fewer young marrieds and young singles who experienced increases than people carrying health or disability insurance who experienced decreases.

2. When it was allowed, marital status was used by some auto insurance companies as a discriminatory factor to surcharge divorced men and women much higher rates. With 5 out of 9 Montana marriages ending in divorce, this is many more people potentially benefited by the elimination of marital status than the young marrieds who received rate increases.

3. Our study didn't show such factors such as good student discounts which reduce rates.

4. Both our study and the Insurance Commissioner's study show a tremendous range in rates and percentage of changes. [The market is varied, and by shopping around, even young marrieds can pay just minor increases over their old rates.

5. The rates didn't need to go up as they did. None of the four other states that have eliminated gender and marital status for auto insurance rate setting experienced the kinds of increases Montana young single women and young marrieds did, due to innovative company approaches such as redefining the adult driver category to include 23 and 24 year olds, which gave most young marrieds the same low rate as when marital status was considered, and safe driver programs involving rebates and reduced rates.

It must be recognized that Montana insurance companies did not introduce new rating factors when gender and marital status were eliminated. No direct causal relationship has been demonstrated between gender, marital status, and risk in auto, health, or life insurance. These factors have been substitutes for causal factors which will be discussed in later testimony. These factors allow pooling of risk but would base rates more accurately on performance and behavior rather than the uncontrollable factor of gender. We think this makes sense! It allows companies to set appealing rates for their lowest risk customers and rewards people for safe and healthy behaviors--both married and single, male and female--not one or the other.

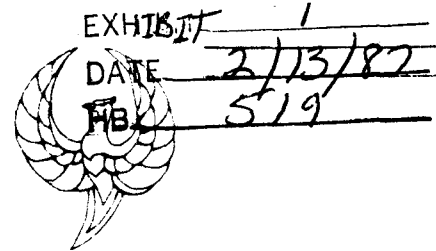
Have businesses and consumers been hurt?

According to the Montana Insurance Commissioner, only one business has left Montana claiming it was due to the law, and that company is again doing business in the state. A full range of quality products still exists for Montana consumers to choose from. If the rate studies show anything, it's that there's a huge variety in the Montana insurance market and that many good buys are available.

The law has only been in effect for 16 months. That's not long enough to judge long-term impacts in a field as complex as insurance, which is responsive to many market factors. Initial results show the law correcting a history of discrimination against women in insurance that cost them more dollars than men for the same policies. When the law and the market are given more time to work, we are confident that further benefits will emerge.

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



February 11, 1987

FACT SHEET ON THE NON-GENDER INSURANCE LAW

The law prohibiting gender and marital status discrimination in insurance went into effect October 1, 1985. At that time, the Women's Lobbyist Fund began a study to monitor the impacts of the law on auto, health, and life insurance rates and annuity payments. A summary of the results of our study is included in this fact sheet. We are very encouraged by the results. Even in the first transitional months of rate adjustment, a significant pattern of public benefit is apparent. When the facts are examined, the merit of the law becomes clear.

Our study was conducted by a University of Montana graduate student in economics, under the supervision of department professors. To identify rate changes due to factors unrelated to the non-gender law such as inflation, rates were also studied for Wyoming, a state similar in geography and population distribution, but without a non-gender insurance law.

In addition to reporting our study's results, this information sheet includes background on the law and its implications.

WHAT IS THE PURPOSE OF THE GENDER-FREE INSURANCE LAW?

There are vital civil rights and economic reasons for Montana's gender-free law. These reasons led the Women's Lobbyist Fund, (a coalition of 39 groups representing over 6,500 individuals), and over a dozen other state organizations to work for the law's passage in 1983 and to defend it from repeal in 1985.

The economic grounds for the law are made clear by the rate changes described in this report, showing substantial financial gains for women since the law went into effect.

The civil rights basis for the law is the Equal Rights Clause of the Montana Constitution, which specifically prohibits sex discrimination by private corporations as well as by government. When Chief Justice Jean Turnage was a state senator, he pointed out to the legislature the constitutional mandate for a non-gender insurance law:

"When the state made vehicle liability insurance mandatory, it elevated such coverage to a civil right, and the Montana Constitution prohibits discrimination on the basis of sex against any person in the exercise of his civil rights."

Sex discrimination in insurance is no different than discrimination in other areas such as employment or education, despite the fact that the industry hides behind actuarial tables in its attempt to justify this discrimination. No one disputes that there are statistical differences between men and women. Actuarial tables also show clear differences between races and members of religious groups and at one time race was used as a rate setting factor. Vietnam veterans show up in actuarial tables with a distinctly higher risk profile than other peers. All of these factors are socially unacceptable for rate setting.

There are strong grounds for prohibiting marital status discrimination as well. It is an outdated social stereotype to assume that married status equates with greater

list of the top companies available from the Montana Auditor's Office was 1984. It turned out that four of the companies were no longer writing individual policies in either state or no longer offering health insurance. Five of the seven active companies on the list responded.

Since the law went into effect, the survey showed over 84% of families, women, and men experiencing rate decreases in health insurance. Four main deductibles--\$250, 500, 1000, and 5000--and three age categories--30, 45, and 60--were studied. This decrease is partially due to other market factors for some people, but Montana's rates dropped 3.26% more than Wyoming's during the same period, showing the law decreased most rates. The principal beneficiaries of rate decreases have been single women and couples, with and without children. For instance, single mothers with two children average a 16.6% annual decrease (\$221.83) across all four deductibles.

In the common \$500 deductible category, the following average annual premium changes were seen, with decreases in all but one category:

Policy holder	April '85	April '86	\$ Change	% Change
AGE 30				
Single female	\$ 712.19	\$ 539.26	-\$172.95	-24.28%
Single male	563.60	539.26	- 24.34	- 4.32
Family	1756.33	1513.25	- 243.08	-13.84
AGE 45				
Single female	\$ 936.00	\$ 782.87	-\$153.13	-16.36%
Single male	725.03	782.87	57.84	7.98
Family	2191.25	1983.97	- 207.28	- 9.46
AGE 60				
Single female	\$1217.40	\$1195.21	-\$ 22.19	- 1.82%
Single male	1251.96	1195.21	- 56.73	- 4.53
Couple	2410.72	2333.16	- 77.56	- 3.22

This generally beneficial impact on the affordability of health insurance is very important to Montanans, especially women. Only 37% of civilian workers in Montana are covered by employer health plans--the smallest percentage in the country. Less than half of these workers with employer health coverage are women, because Montana women are concentrated in lower paying jobs less likely to provide benefits. Montana women earn 53 cents for every dollar men earn, compared to 60 cents per dollar nationally. Affordable individual health insurance is needed by a majority of Montanans, especially low and moderate-income single women and single mothers. Nationally, slightly over 50% of individual health policies are purchased by women. In 1984, 87,000 Montanans carried individual health insurance policies, according to the Health Insurance Association of America.

We did not survey companies on disability income insurance, but review of a major Montana insurer's typical policy showed women paying \$7100 more for 34 years of coverage than a similarly situated man before the law went into effect. A woman carrying both health insurance and disability insurance would have paid \$12,356 more than a man for the same coverage.

Automobile Insurance

Our study looked at the eight insurers representing the top 56% of the market in Montana. Over 90% of Montana's drivers experienced no rate increase due to the law or received a

decrease. Montana's 83.6% adult drivers (age 25 and older) already had rates that were gender-free.

Most Montanans received an increase due to factors unrelated to the law such as inflation and company loss ratios--an average of 5.4% for adult drivers and 10.23% for young drivers.

Rate changes for single men under 25 ranged from a semi-annual premium decrease of 20.4% to an increase of 3.2%, while young women saw increases ranging from 22.6 to 44.1%. It should be noted that women's percentages look larger because their rates were lower initially, so that their percentages are of a smaller dollar figure than men's percentages. Single men under 21 experienced an average 11.9% (\$56.43) decrease in semi-annual premiums, and men 21-25 averaged a 9.3% (\$36.36) drop. Single women under 21 averaged a 34.8% (\$79.80) increase, and women 21-25 a 27.5% (\$29.36) increase.

Young marrieds experienced the greatest rate increases. Young married women drivers experienced increases ranging from 19.9% to 186.6%. Married men's rate changes ranged from a decrease of 14.1% to a 48.2% increase.

Married principal female drivers under 21 averaged an increase of 150% (\$222), and 21-25 an increase of 76.5% (\$98.60).

Married principal male drivers under 21 averaged an increase of 29.5% (\$100.80), and 21-25 an increase of 21.3% (\$37.20).

For married occasional drivers, the impact was less drastic.

Occasional female drivers under 21 averaged an increase of 82.8% (\$119.55), and 21-25 a 37.4% (\$41.15) increase.

Occasional male drivers under 21 had a decrease of 5.63% (\$39.38), and 21-25 a decrease of 1.4% (\$10.47).

Some of these increases are dramatic, but it must be taken into account that young married drivers are less than 3.5% of the driving population. Furthermore, suggestions are made earlier in this report on ways companies could provide more desirable rates to safe young drivers regardless of gender or marital status. The increases seen by young single women and young marrieds are not the fault of the law, but rather of the unfortunate way insurers handled the adjustment to gender-free rates.

Four other states--Hawaii, Michigan, North Carolina, and Massachusetts--have eliminated gender and marital status for auto insurance rate setting. None of them experienced the magnitude of rate increases based on so many young Montana drivers. This difference was due in part to innovative approaches such as safe driver rebates and lowering the minimum adult driver age from 25 to 23 by many insurers.

Even for Montana young marrieds, there is a wide variation in rates, cleverly indicating that companies implemented the law in drastically different ways. Identical policies for young drivers vary by more than \$300 annually, depending on the company, and young marrieds can find policies only slightly more expensive than before by shopping around.

Total Life Insurance

Ten out of 12 life insurance companies doing at least \$1 million of business annually in Montana answered our survey on term policies with face amounts of \$50,000 and \$100,000 sold to 35-year-olds. Because one company had extremely atypical high rates, the average did not accurately reflect changes resulting from the non-gender law. Instead, the median

Let's Straighten Out The Law

There has been a huge amount of misinformation circulated about the law. Three of the top eight auto insurers sent misleading statements to their policy holders, incorrectly blaming rate increases on the no-gender law first, for most people, were due to other factors. At least five other auto, health, and life insurers issued such statements as well. In addition, many insurance agents verbally use the law as a scapegoat for increases. Consumers have naturally tended to believe what their companies have told them.

The gender-free law has been blamed for just about everything except changes in the weather! One over-30 male legislator was told by his auto insurance company that his rates went up because of the law. Another legislator was told by an agent that his farm liability rates had gone up because of the law. An unsuccessful candidate for the legislature ran her campaign this fall using the claim that the no-gender law was at least for the problems of the workers compensation system. The law had nothing to do with any of these developments, but such misstatements have been typical.

Furthermore, people are much more likely to complain about rate increases than price decreases, especially since companies have rarely given credit to the law for decreases it has caused.

Our organization has conducted 30 public information meetings since the no-gender law went into effect. We have found that with only a few exceptions, when people were given an opportunity to examine the facts about the law, they changed from opponents to supporters. This has included parents of young single women and young marrieds, who had not had the chance of seeing the big picture of decreases and increases and lifetime benefits.

Summary

Young women paid an average of \$1443 less than young men between the ages of 16 and 29 for auto insurance before the no-gender law was implemented. This was more than offset by the fact more women paid for 34 years of health insurance, the \$7100 more they paid for disability insurance over the same period, and the \$600 per year less they received in annuity payments. In health insurance in particular, the improved affordability of policies for women is significant, since only a minority of women are covered by employer health benefits and the rising costs of health care are making health insurance a practical necessity for more and more people. We haven't included whole life insurance in this list of lifetime rate differences, because cash values and dividends need to be considered. A simple comparison of premiums would be misleading.

Due to the gender-free law, some rates went down and others went up for both men and women. There was a wide range of price changes for all products, and consumers should be encouraged to shop around for the best values.

The no-gender insurance law promotes greater fairness in rate making and is the only alternative consistent with the American Constitution. By eliminating the discriminatory rating factors of gender and marital status, the law sets the stage for future use of more appropriate rating factors. This development would result in a substantial rate reduction for most of the young single women and young marrieds that have experienced the greatest increases due to the way companies restructured their rates. The positive impacts of the law already far outweigh its negative impacts on some rates. When the law and the market are given more time to work, we are confident that further benefits will emerge.

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3
1000

method of calculating the central tendency was used. At the median, men's rates dropped and women's rose slightly.

	Gender-based		Current	% Median Change	
	Men	Women		Men	Women
\$50,000 Term					
Premium Yr. 1	\$ 94.00	\$ 83.00	\$ 92.00	-2.13%	10.80%
Premium Yr. 10	162.50	146.00	155.00	-4.60	6.26
\$100,000 Term					
Premium Yr. 1	152.00	134.00	151.00	- .50	12.87
Premium Yr. 10	341.00	276.00	290.00	-14.74	5.34

Whole Life Insurance

The same companies were surveyed for term and whole life. Premiums, dividends, and cash values all rose on \$50,000 and \$100,000 face-value policies purchased by men and women at age 35. Women experienced greater increases in premiums and cash values than men when gender was eliminated as a rating factor. Both were lower under the gender-based system. For a \$50,00 policy, women's average annual premiums rose 8.33% and their cash value rose 8.81%. Men's premiums rose .67% and their cash value rose 8%.

Whole life premiums also increased in Wyoming for men and women, indicating that part of Montana's rate increase in whole life is due to factors other than the non-gender law. Also, it should be noted that when premium payments, dividends, and cash values are taken into account, Montana policies are on the average better values than the same policies in Wyoming, for women as well as men. This contradicts the claim made by some insurers that many Montanans are finding better buys by purchasing policies in Wyoming. To determine the true worth of a policy, cash values and dividends must be considered as well as premiums.

Annuities

Equalization of men's and women's monthly annuity payments has benefited women significantly. Before the non-gender law, women and men paid the same annuity premiums, but women received much less in monthly payments. Women were forced to live on less per month than men and the majority of women who did not live longer than men were discriminated against.

We studied \$100,000 whole life policies converted to annuities. Due to the non-gender law, women will receive \$49 more a month for 10-year annuities, and men will receive \$7 less a month. For 20-year annuities, women will receive \$32 more a month, and men will receive \$12 more a month. These figures show a clear gain to three out of four groups studied.

WHAT HAS THE IMPACT BEEN ON INSURANCE BUSINESSES?

According to Montana's Insurance Commissioner Andrea Bennett, only one company ceased doing business in Montana claiming it was due to the non-gender law, and that company has already resumed doing business in the state. It is true that some product lines have been dropped in Montana. However, when one examines our rate study results and the rate survey recently completed by the Insurance Commissioner's Office, it is clear that a tremendous range of products and prices is currently available to Montana consumers. Also, some of the health insurance companies we surveyed reported a significant increase in policies sold since the law went into effect, another indicator of the market's vigor.

1986 YOUTHFUL DRIVERS

EXHIBIT 8
DATE 2/13/87
HB 519

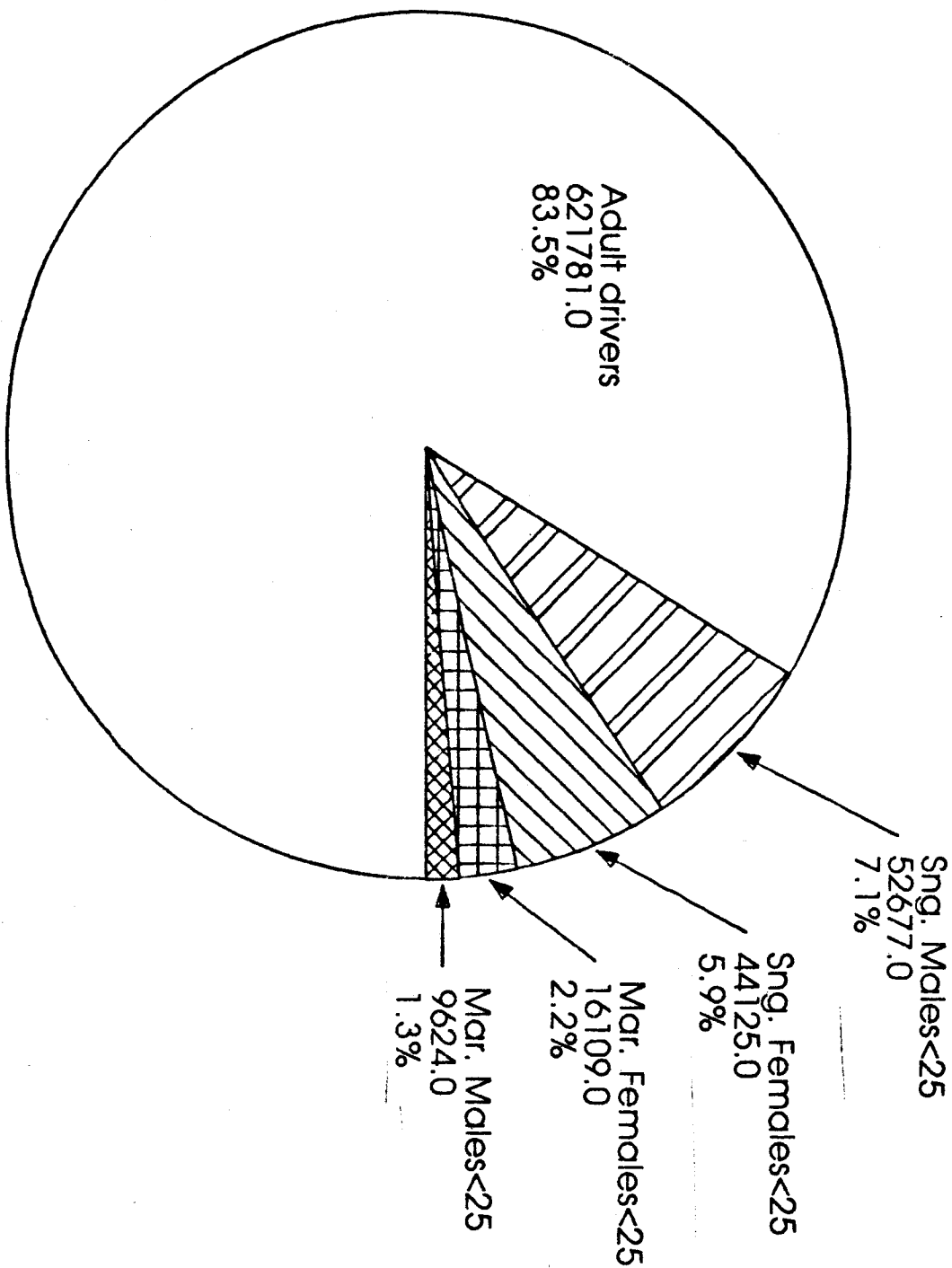
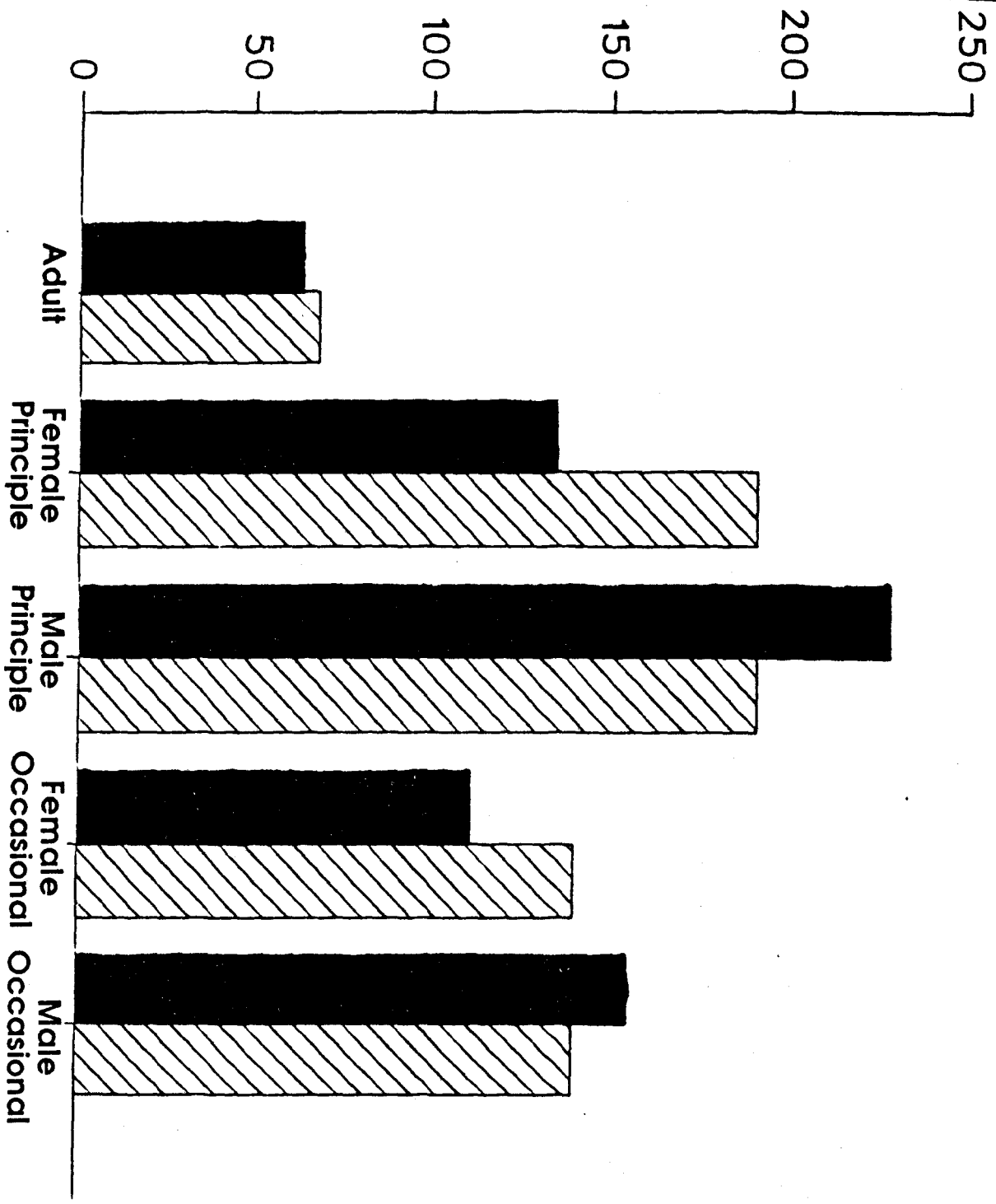


EXHIBIT 9
DATE 2/13/87
HB 519

AVERAGE SEMI-ANNUAL PREMIUM FOR YOUTH UNDER 21

Price in Dollars



Legend
■ July 1985
▨ Jan. 1986

Bodily Injury - Property Damage Basic Coverage

LIFETIME IMPACT OF THE NON-GENDER LAW ON WOMEN

Before the non-gender law went into effect, women paid on an average (using data from major Montana insurance companies on actual policies):

- \$ - 1443 less than men for auto insurance for the 9 years, ages 16-25
 - + 5256 more for 34 years of major medical insurance
 - + 7100 more for 34 years of disability income insurance
 - 745 less for \$100,000 whole life (counting premiums, dividends, and cash values); \$50,000 whole life comes out similarly, at \$600
 - + 6720 received this much less from a 10-year annuity converted from the \$100,000 whole life policy.
-
- \$ +16888 A lifetime of auto, health, disability, and annuity coverage cost women this much more than men in higher premiums and lower paybacks.
 - + 3813 Just auto and health insurance cost women this much more.

These numbers are conservative, not extremes. Calculations by national groups show whole life policies also in the more-expensive category, with women paying more for less due to larger cash value, dividend, and premium differences than our sample showed.

Insurance industry holds key to implementation of unisex

The Montana Human Rights Commission will probably have to tread lightly when it meets in Helena this week to discuss rules implementing the state's new unisex insurance law.

That's because the insurance industry holds the whip hand over state agencies. The industry just nine days ago appealed for more time to make adjustments of its kind in the nation. A spokesman said several companies may have to temporarily suspend operations in Montana if they are forced to abide by one rule that would prohibit across-the-board rate hikes.

Insurance officials also claimed some other reason for beyond legislative intent.

This hassle started in 1983 when the Legislature passed a bill prohibiting the use of gender in marital status in setting insurance rates. Implementation of the law was delayed until Oct. 1, 1985, to give the industry time to adjust to it.

There is every indication that insurance companies have spent little time preparing for the law. Instead they geared up a strong lobbying effort to repeal it in the 1985 Legislature. That effort nearly succeeded. Two repeal measures narrowly passed the House last spring.

Small margins in the Senate last spring.

The lobbying has continued. Why insurance companies could not utilize their computer capabilities to redesign rate structures in a 2 1/2 year period is a puzzle. One possible explanation is that the industry has a "puzzling" attitude even though the law has been in effect for over a year.

Insurance agents urged to stop fighting unisex



By PAUL J. HOLLEY
Of The Great Falls Tribune

A Minneapolis life insurance executive says the insurance industry should stop fighting unisex insurance rates.

"I see no reason to waste their money for agents to fight on," Robert MacDonald, ITT Insurance Corp. president, said last week.

MacDonald is a life insurance executive who has been in Montana for several years.

MacDonald, who is a life insurance executive, said the industry should stop fighting unisex insurance rates. He said the industry should focus on providing better service to customers.

The Montana Legislature passed a bill in 1983 that required insurance companies to use unisex rates. The bill was signed by Governor F. Lee Keefe.

MacDonald said the industry has been slow to adapt to the new law. He said the industry should focus on providing better service to customers.

Auditor warns against overstating unisex impact

By SUE O'CONNELL
Tribune Capital Bureau

HELENA — State Auditor Andrea Bennett has cautioned insurance companies against overstating the impact of the new unisex insurance law.

Bennett said the law, which took effect on Oct. 1, 1985, will have a significant impact on the insurance industry. She said the industry should focus on providing better service to customers.

Bennett said the law will have a significant impact on the insurance industry. She said the industry should focus on providing better service to customers.

And as we said, the industry holds the whip hand over state agencies. The industry just nine days ago appealed for more time to make adjustments of its kind in the nation. A spokesman said several companies may have to temporarily suspend operations in Montana if they are forced to abide by one rule that would prohibit across-the-board rate hikes.

Task forces of the National Association of Insurance Commissioners report: ... as rating characteristics, sex and marital status are seriously lacking in justification and ... should therefore be prohibited as classification factors.

"... unless the rates charged for the coverage are fair, the availability of coverage may be of only theoretical value."

But the principal effect would be that parents of young drivers would have to pay increased premiums for their daughters' auto insurance and not their sons'.

Can Smoking Explain Ultimate Gender Gap?

Considerable attention has been accorded a recent study suggesting that smoking is the chief factor responsible for the gap between male and female life expectancies. The study, by the American Lung Association, found that smokers have a significantly shorter life expectancy than non-smokers.

Washington Post

Montana Implements Policy of 'Unisex' Insurance

By T.R. Reid
Washington Post Staff Writer

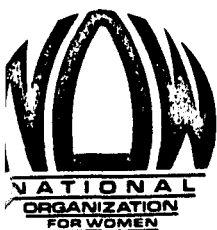
HELENA, Mont. — Montana initiates a practical test of a major policy goal of the feminist movement today when it becomes the first state to enact unisex insurance rates.

The law, which took effect on Oct. 1, 1985, requires insurance companies to use unisex rates for all policies. This means that men and women will pay the same rates for the same coverage.

The law is a significant step towards gender equality in insurance. It will help to ensure that men and women are treated fairly when it comes to insurance rates.

[Faint, mostly illegible handwritten text, possibly a letter or memo.]

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Testimony of Montana NOW
House Business and Labor Committee
Montana State Legislature
February 13, 1987

Montana NOW opposes House Bill 519 as it is nothing less than a repeal of the unisex insurance law passed in 1983. We believe that there have been significant gains for women under Montana's unisex insurance law and urge the Legislature not to repeal it.

I would like to share with you the results of Montana NOW's price survey that was conducted between September, 1985 and March, 1986.

AUTO INSURANCE

The auto insurance survey shows no change based on sex for adult drivers. But there was a general rate increase of up to 18%.

For younger drivers the survey shows rate increases of from 0-73% for young women and decreases of 2-30% for young men. What is most interesting in these numbers is the range of increases and decreases for the different companies. Not all young women driver's rates went up.

The real problem with auto insurance rates is that they are not based to any significant degree on mileage. Therefore women on average continue to be overcharged at every age for auto insurance as they drive on average about half the number of miles that men do. In the auto insurance survey data-Company B-you can see that before October 1, 1985 men age 45 were charged \$181 and women age 22 were charged \$287 or 59% more even though the young women's accident rates are lower. (The accident rate tables are attached.) After October 1, 1985 women age 22 had a premium increase to \$373 which is now 97% more than the \$189 charged men (and women) age 45.

The information packet entitled "Perspectives on Auto Insurance" provides more information on mileage and accident statistics that support our argument that women on average are being overcharged for auto insurance. Charts A and B show that women average about half the number of miles driven by men, at all ages. Chart D shows that on a per-mile basis, average accident involvement rates of women and men are virtually the same. Chart F puts the price factors together with the average annual mileage to show the nature of the overcharge to women that we have estimated at \$7 million per year in Montana.

What is the solution to this problem? It is not to repeal the law. The law needs some improvement and this can be done either through legislation or through administrative action of Montana state government.



DATE _____

HB _____

AUTO INSURANCE PRICES: INSURERS' RESPONSE TO THE LAW PROHIBITING
SEX AND MARITAL STATUS DISCRIMINATION
Survey by Montana NOW, October 1985

		ANNUAL PREMIUM *					
		Co. "A"		Co. "C"		Co. "K"	
BEFORE OCT 1, 1985	Age ¹	women	men	women	men	women	men
Unmarried, pleas. use**	18	\$ 358	\$ 526	\$ 367	\$ 476	\$ 200	\$ 387
Unmarr, 4 miles to work	22	287	455	277	394	182	285
Drive 4 miles to work	45	181	181	213	213	157	157
Pleasure use	68	163	163	177	177	157	157
PRICE CHANGE		women	men	women	men	women	men
Unmarried, pleas. use	18	+33%	-10%	+27%	-2%	+73%	-10%
Unmarr, 4 miles to work	22	+30%	-18%	0	-30%	+45%	-8%
Drive 4 miles to work	45	+4%	+4%	0	0	+18%	+8%
Pleasure use	68	+4%	+4%	0	0	+1%	+1%
General incr.		+8%		0%		0%	
AFTER OCT 1, 1985 ²		women & men		women & men		women & men	
Pleasure use**	18	\$ 475		\$ 467		\$ 347	
Drive 4 miles to work	22	373		277		263	
Drive 4 miles to work	45	189		213		185	
Pleasure use	68	170		177		158	

Only 2 companies of 11 asked for price information through their Montana offices cooperated with the survey. The out-of-state headquarters of a third company provided the survey information in response to a special request.

* For a 1982 Ford Escort with insurance coverage: 25/50/25 liability, \$5,000 medical expense, 25/50 uninsured motorist, full comprehensive, \$100 deductible collision. Little or no recognition in prices is given to mileage differences. Company "C" introduced an under/over 15 miles/day differential for insuring cars with any under age 25 drivers.

** Premium reflects a "good student" discount for a "B" grade or higher average. (This discount discriminates against lower-income households, and has been outlawed in Pennsylvania.)

1 For price calculations insurers use the age (and before October 1985 the sex and marital status) of the highest-rated driver in the household, who is not necessarily the driver who uses the car the most, as in driving to work.

2 Marital status as well as sex-based discrimination was outlawed.

Table B (Auto Insurance)



LIFE INSURANCE PRICES & PAYOUTS: INSURERS' RESPONSE TO THE LAW
PROHIBITING SEX AND MARITAL STATUS DISCRIMINATION

Survey by Montana NOW, October 1985

\$100,000 LIFE INSURANCE POLICY										
BEFORE OCT 1, 1985	Started at age 25									
	Co. "A"		Co. "C"		Co. "D"		Co. "F"		Co. "A"	
	women	men	women	men	women	men	women ¹	men	women	men
-----Whole Life-----										
Premium	\$ 861	\$ 971	\$ 793	\$ 880	\$1104	\$1164	\$ 904	\$1046	\$1138	\$1289
Dividends*										
Savings at 65	47734	54234	50600	54500	53598		49600	53600	43179	49466
Annuity at 65	248	311	287	309	295		284	332	225	283
-----Term Life-----										
Prem. 1st year	\$ 173	\$ 209	\$ 107	\$ 107	\$ 125	\$ 138	\$ 141	\$ 141	\$ 197	\$ 211
CHANGES	women	men	women	men	women	men	women	men	women	men
-----Whole Life-----										
Premium	+13%	0%	+11%	0%	+5%	0%	+16%	0%	+13%	0%
Dividends**	+		+				+		+	
Savings at 65	+2%	-10%	+8%	0%	-	-	+8%	0%	+2%	-11%
Annuity at 65	+2%	-18%	+8%	0%	+2%		+13%	-3%	+2%	-19%
-----Term Life-----										
Prem. 1st year	+21%		0%	0%	+10%		0%	0%	+7%	0%
AFTER OCT 1, 1985	women & men		women & men ²		women & men		women & men		women & men	
-----Whole Life-----										
Premium	\$ 971		\$ 880		\$ 1164		\$ 1046		\$ 1289	
Dividends*										
Savings at 65	48790		54500		53598		53600		44255	
Annuity at 65	254		309		?		321		230	
-----Term Life-----										
Prem. 1st year	\$ 209		\$ 107		\$ 138		\$ 141		\$ 211	

* Dividends increase with the age of the policy. For about half of the whole life policies sold, women's year end dividends are less than men's for the same amount of insurance.

** The policies that discount women's savings values also usually pay smaller dividends than paid for men's policies. Insurers generally equalize policies by increasing women's dividends to the levels of men's policies.

¹ Sex-based values for women and men from the industry handbook: 1986 Best's Flitcraft Compend.

² Assumes men's sex-based values used for unisex values.

Table C (Life Insurance)



EXHIBIT _____
DATE _____
HB _____

**MEDICAL EXPENSE INSURANCE PRICES: INSURERS' RESPONSE TO THE LAW
PROHIBITING SEX AND MARITAL STATUS DISCRIMINATION**

Survey by Montana NOW, October 1985

	ANNUAL PREMIUMS									
	Co. "A"		Co. "B"		Co. "D"		Co. "G"		Co. "J"	
BEFORE OCT 1, 1985	women	men	women	men	women	men	women	men	women	men
single age 25	\$ 409	\$ 409	\$ 638	481	\$ 474	\$ 367	\$ 551	327	\$ 578	\$ 399
single age 55	816	816	1121	1121	1104	1236	1127	1105	1058	1072
family *			\$ 2172		\$ 1600		\$ 1858		\$ 2050	
pregnancy coverage?	yes		yes		yes		no		no	
PRICE CHANGE	women	men	women	men	women	men	women	men	women	men
single 25	0%	0%	-6%	+24%	-13%	+13%	-20%	+34%	-16%	+23%
single 55	0%	0%	-4%	-4%	+6%	-5%	-1%	+1%	+1%	-1%
general incr.	0		?		?		+		0	
AFTER OCT 1, 1985	women & men		women & men		women & men		women & men		women & men	
single 25	\$ 409		\$ 597		\$ 414		\$ 439		\$ 489	
single 55	816		1076		1170		1116		1065	
family *			2328		1593		1859		2050	
pregnancy coverage?	yes		yes		yes		no		no	

* Family consisting of 2 children and 2 age 35 adults.

Note: In the price survey form, the basic policy was specified as a major medical expense plan, \$100 deductible, 20% co-payment up to \$1,500, \$1 million lifetime maximum for person in good health. The prices in the table generally apply to the specifications except that the deductible amounts vary from \$150 to \$500.

Table D (Med. Expense Insurance)

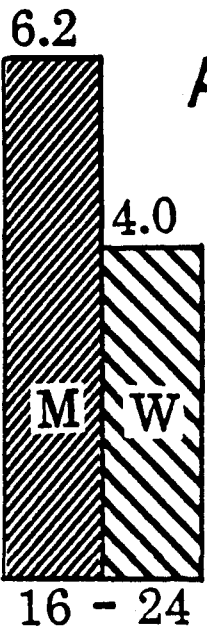
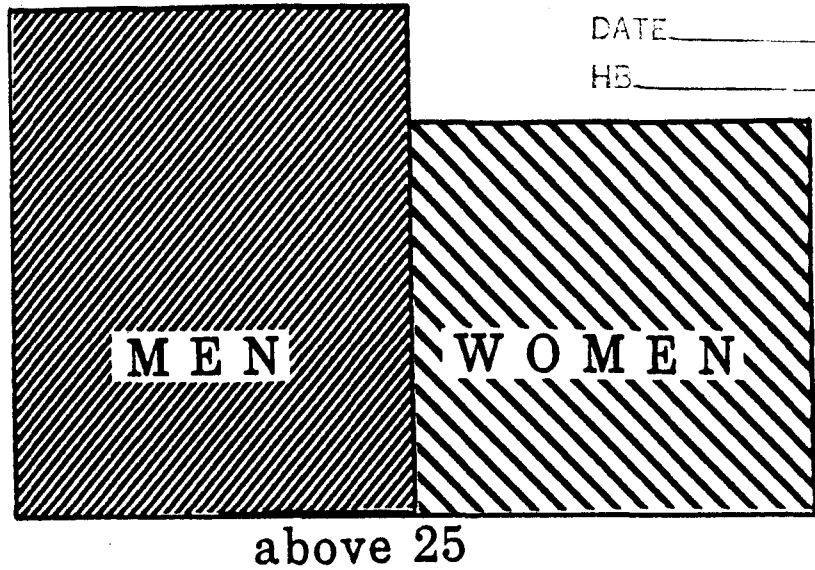
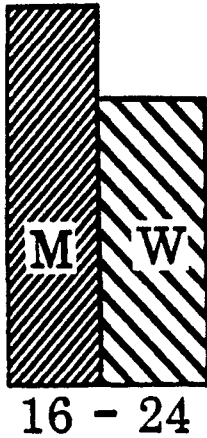
AUTO INSURANCE NOT COST-BASED

EXHIBIT _____

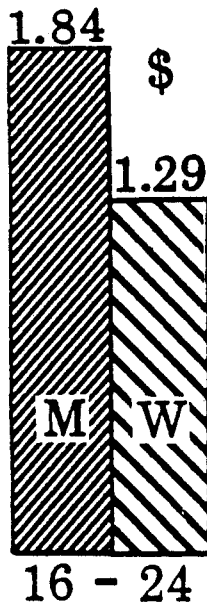
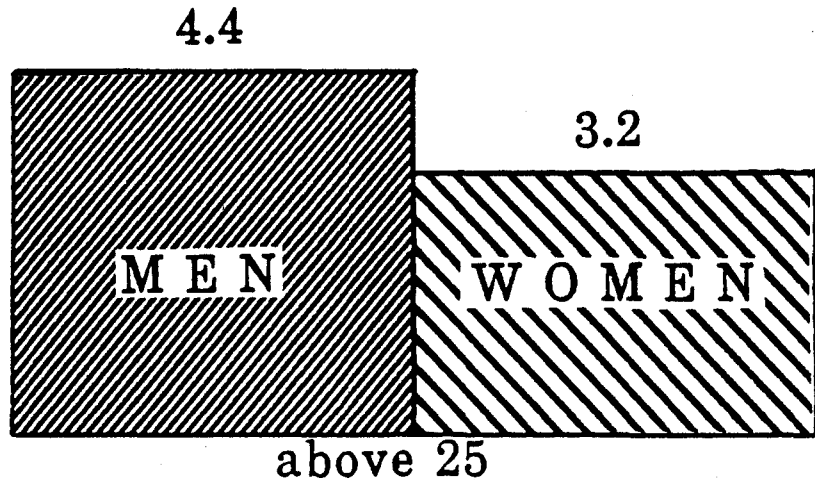
DATE _____

HB _____

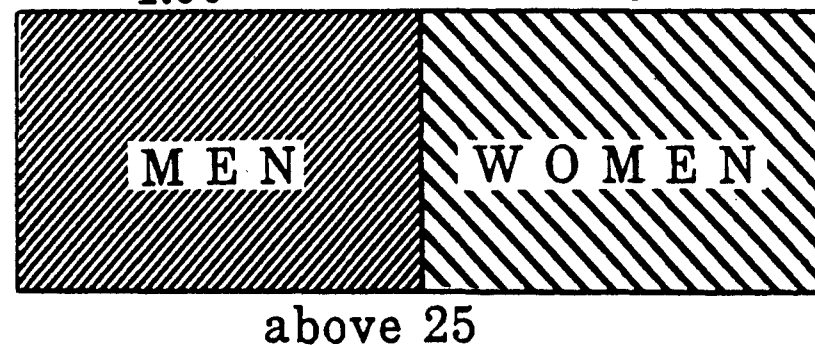
MILEAGE



ACCIDENTS PER 100 DRIVERS



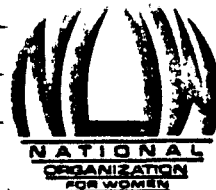
INSURANCE PRICE LEVELS \$



SOURCES see accompanying diagram

CHART B





PERSPECTIVES ON AUTO INSURANCE:
MILEAGE AND ACCIDENTS

DRIVERS

Both male and female drivers have increased the average mileage driven annually. Men still drive approximately twice as many miles a year as do women. However, the percentage of total VMT driven by women has risen over time. A factor contributing to this trend could be the greater number of women working and their increased access to automobiles.

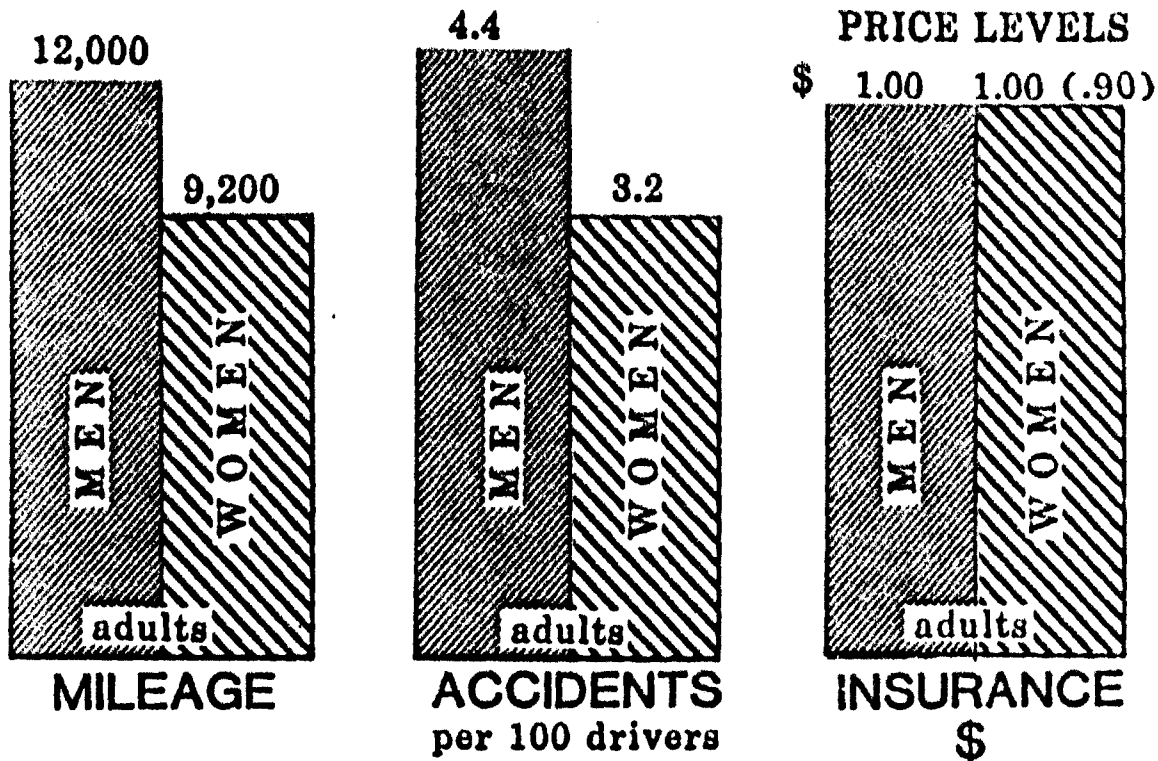
AVERAGE ESTIMATED ANNUAL MILES DRIVEN PER LICENSED DRIVER
BY DRIVER AGE AND SEX

	Age	1969	1977	1983
Male	16-19	5,461	7,045	5,908
	20-34	13,133	15,222	15,844
	35-54	12,841	16,097	17,808
	55-64	10,696	12,455	13,431
	65+	5,919	6,795	7,198
	Average	11,352	13,575	14,480
Female	16-19	3,586	4,038	3,874
	20-34	5,512	6,571	7,121
	35-54	6,003	6,534	7,347
	55-64	5,375	5,097	5,432
	65+	3,664	3,572	3,308
	Average	5,411	5,940	6,382

Copy of part of page 20, Summary of Travel Trends, 1983 - 1984
Nationwide Personal Transportation Study, Federal Highway
Administration, November, 1985. DOT-P36-85-2. (Underlining added.)

- AVERAGE MILEAGE DEPENDS ON AGE AND SEX.

WOMEN PAY MORE PER MILE



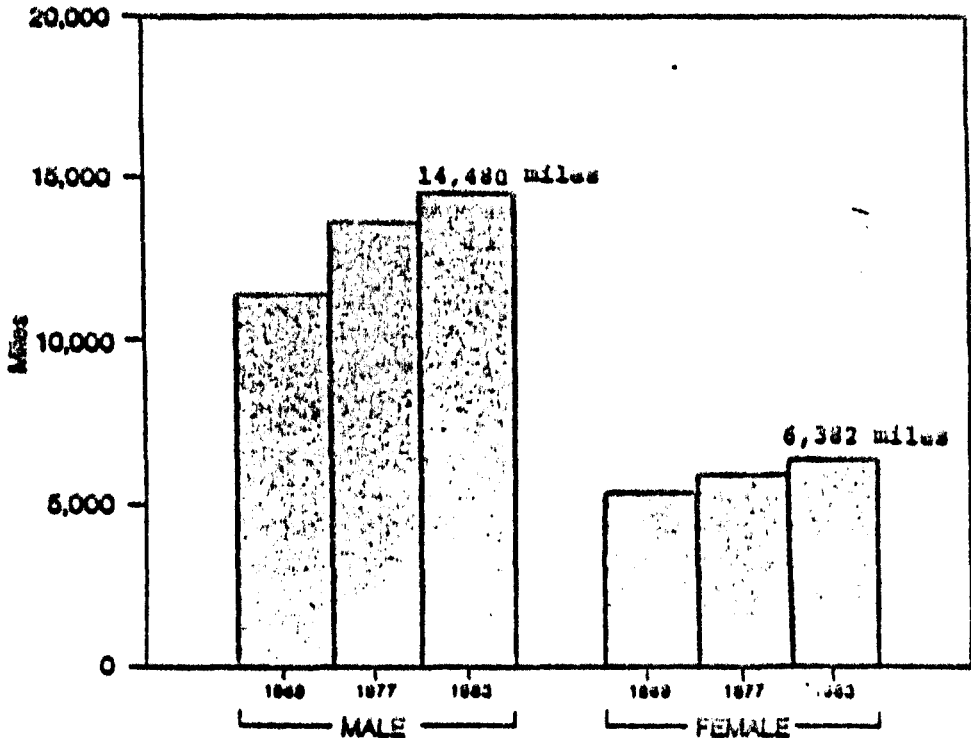
SOURCES: MILEAGE and ACCIDENTS Alliance of Amer. Insurers, Cong. Test 1983

PRICE The Insurance Industry's Insurance Services Office, Personal Auto Manual, 1980



DRIVERS

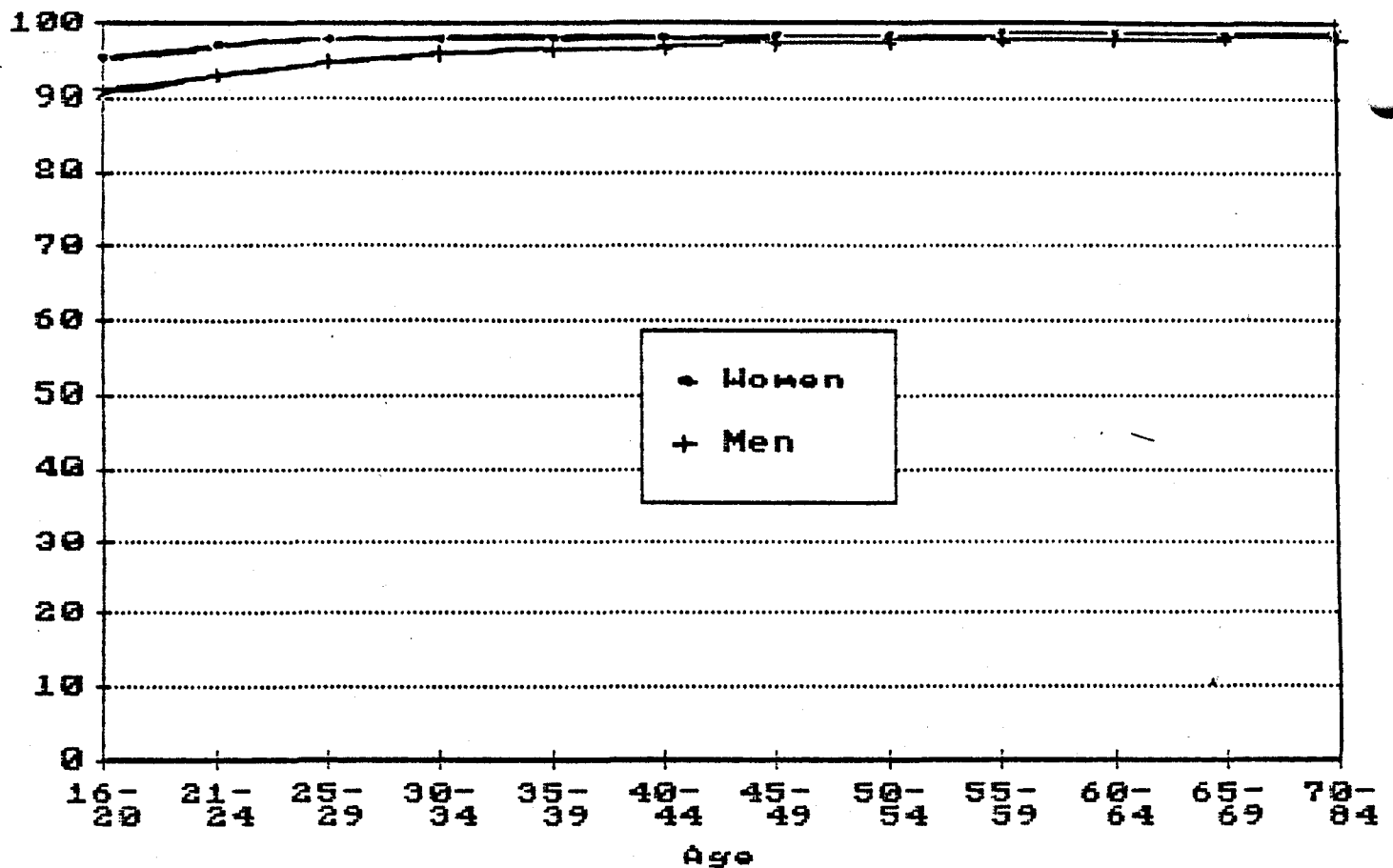
Changes in Average Estimated Annual Miles Driven by Sex



Copy of part of page 21, Bureau of Census, 1984 - 1985
 Statistical Personal Transportation Study, Federal Highway
 Administration, Bureau, 1985. DOT-700-00-2. (1985 mileage
 from table on page 28 added to column.)

• WOMEN'S AVERAGE (SELF-ESTIMATED) MILEAGE IS ABOUT HALF OF MEN'S.

PENNSYLVANIA DRIVERS WITH NO ACCIDENT IN 1984

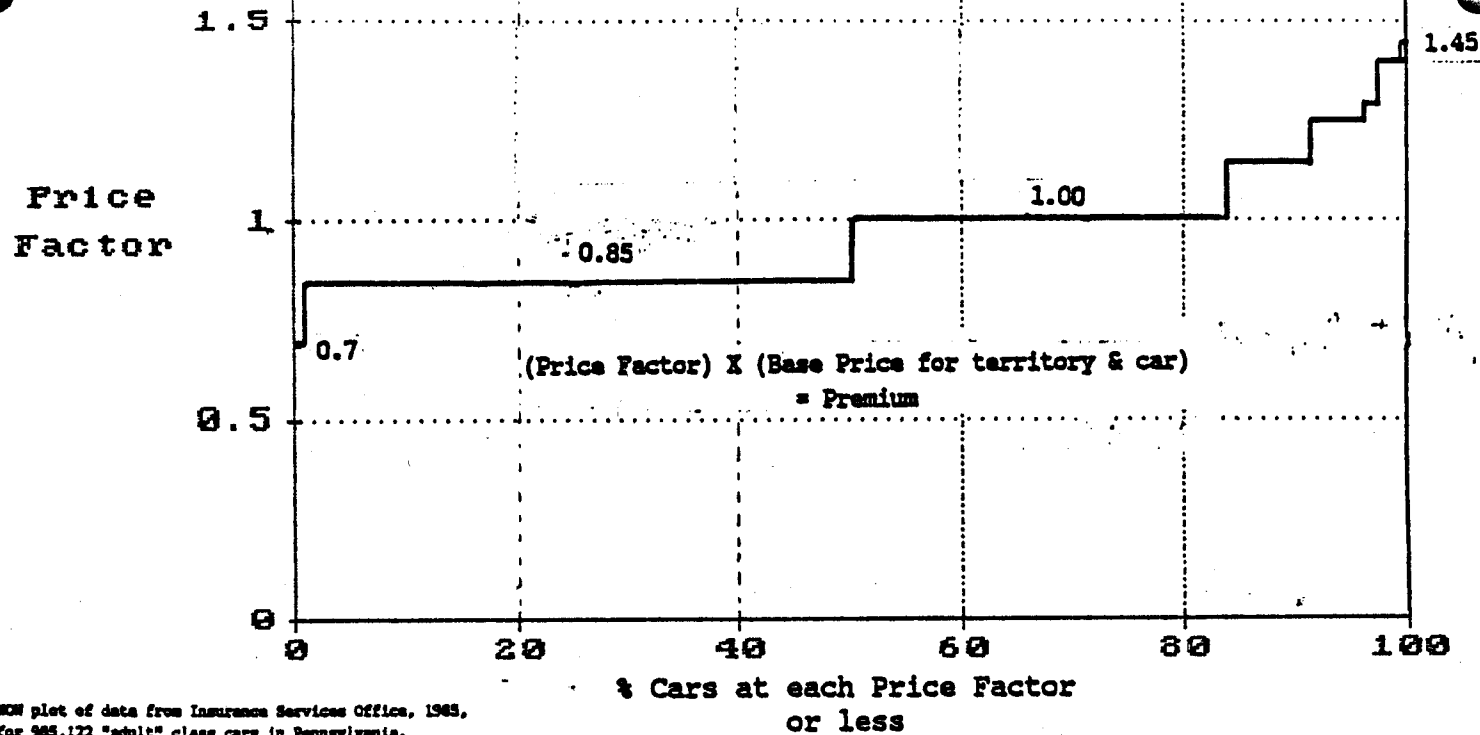


Plotted by National Organization for Women from Pennsylvania
Dept. Transportation statistics on licensed drivers and
accident involvements in 1984.

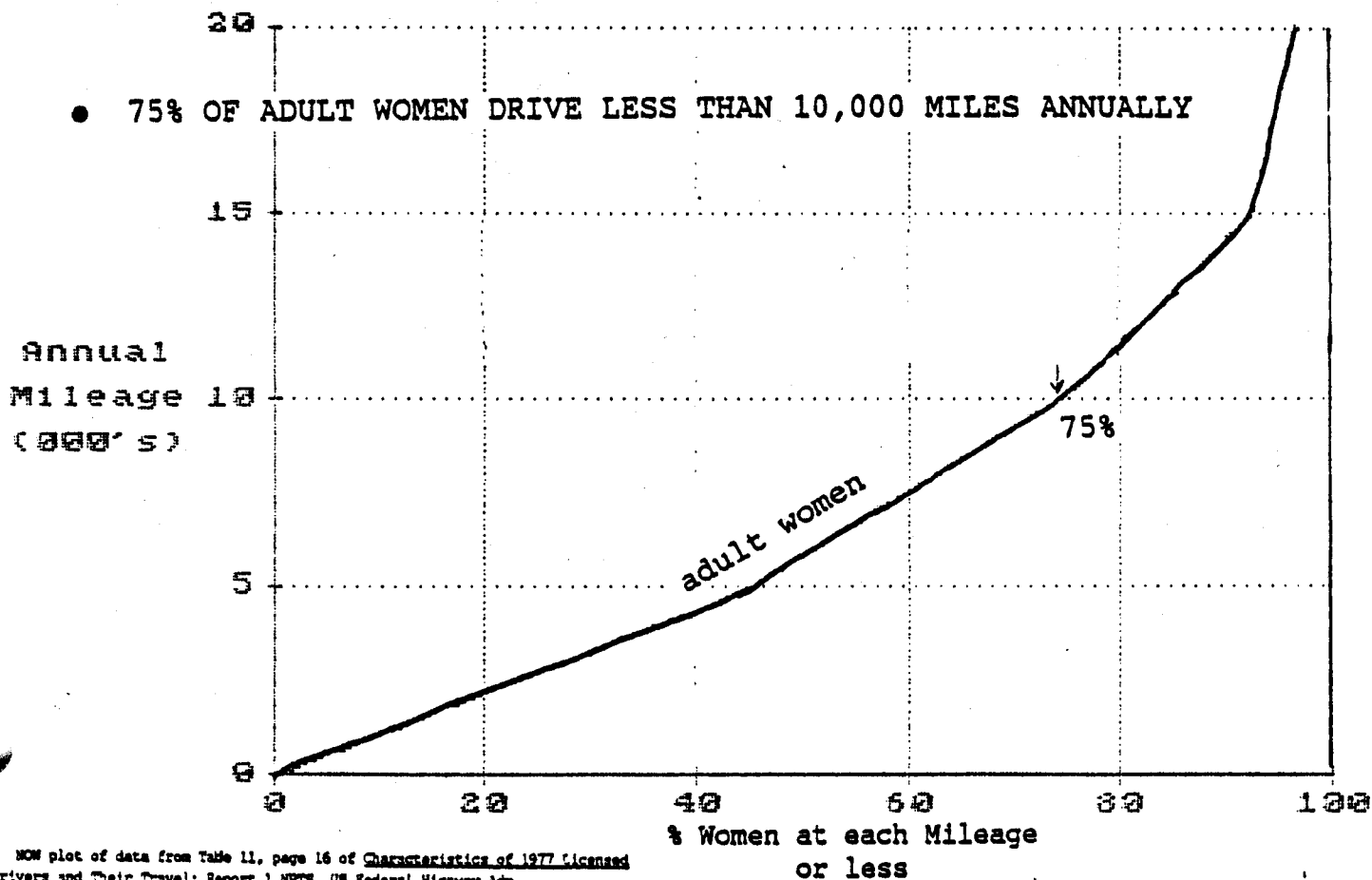
- MOST DRIVERS DO NOT HAVE AN ACCIDENT DURING A YEAR.
- JUST A FEW PERCENT OF DRIVERS HAVE AN ACCIDENT DURING A YEAR:
2% OF WOMEN DRIVERS, 4% OF MEN DRIVERS IN 1984.
- GREATER ON-THE-ROAD EXPOSURE, MEASURED BY MILEAGE, MEANS
GREATER PROBABILITY OF HAVING AN ACCIDENT.

2

- INSURANCE PRICE FACTORS
- MOST CARS IN THE "ADULT" CLASS ARE 0.85 TO 1.00

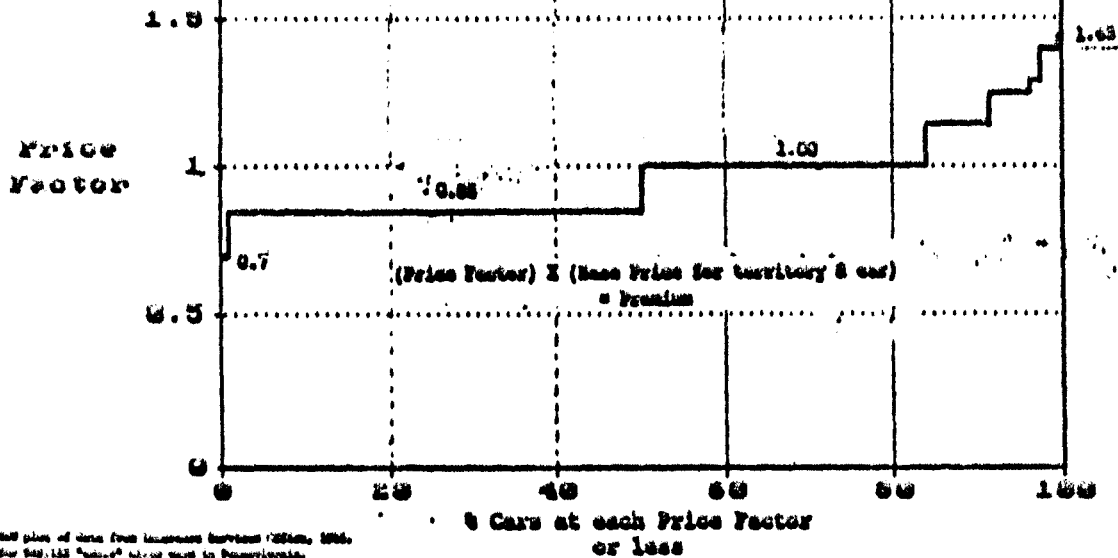


- 75% OF ADULT WOMEN DRIVE LESS THAN 10,000 MILES ANNUALLY

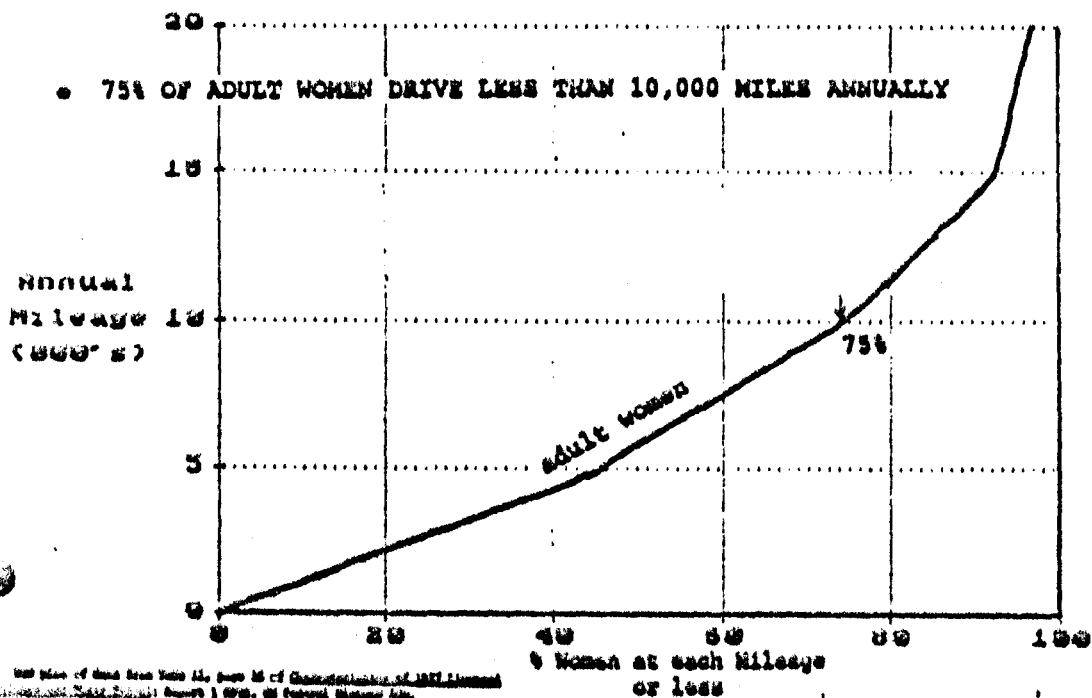


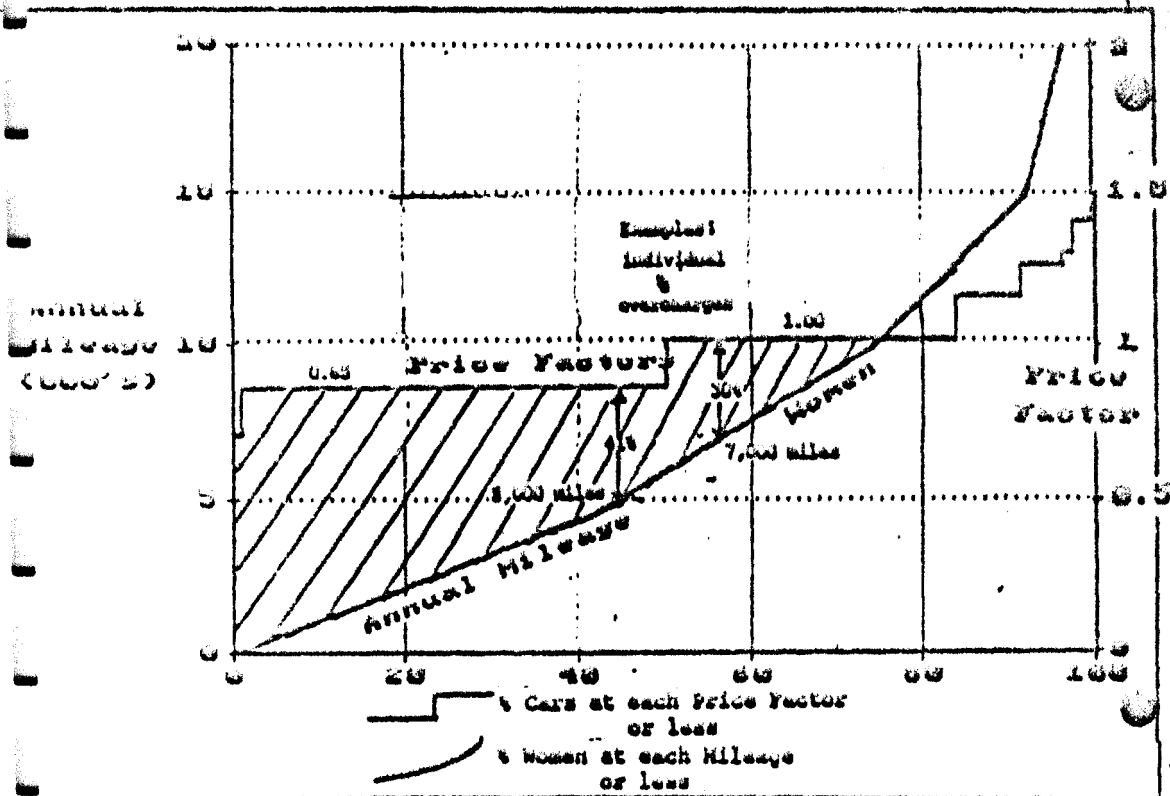
• **INSURANCE PRICE FACTORS**

• **MOST CARS IN THE "ADULT" CLASS ARE 0.85 TO 1.00**



• **75% OF ADULT WOMEN DRIVE LESS THAN 10,000 MILES ANNUALLY**





See previous charts continued.

- COMBINED CHARTS: CAR PRICE FACTOR & DRIVER ANNUAL MILEAGE
- AVERAGES ALIGNED: PRICE FACTOR 1.00 PUT AT 10,000 MILES.
- PRICE - MILEAGE "GAP" SHOWS OVERCHARGE
- SHADED AREA ESTIMATES TOTAL OVERCHARGES TO WOMEN
- INDIVIDUAL OVERCHARGE DEPENDS ON GAP BETWEEN ACTUAL:
(1) CAR MILEAGE & (2) PRICE FACTOR USED FOR CAR

EXHIBIT 13
DATE 2/13/87
HB 519

WITNESS STATEMENT

NAME Colleen Robbins BILL NO. HB 519
ADDRESS 532 Spencer Helena DATE _____
WHOM DO YOU REPRESENT? Montana Livestock Assoc
SUPPORT _____ OPPOSE X AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Attached testimony provided.



Montana Nurses' Association

2001 ELEVENTH AVENUE

(406) 442-6710

P.O. BOX 5718 • HELENA, MONTANA 59604

HB 519

The Montana Nurses' Association, a labor organization which represents over 1400 registered nurses in Montana, strongly opposes HB 519, the repeal of our landmark non-gender insurance law.

One of MNA's three major goals is to "promote the economic and general welfare of nurses". Our legislative platform includes continued:

- . "elimination of sex based discrimination in pension plans, social security, and health insurance programs", and
- . "equal rights for all individuals"...

House Bill 519, if passed, would allow Montana insurance companies to discriminate against some purchasers (probably many of our members) of insurance based on sex and marital status. It would tell the citizens of Montana that the legislature, one year after ending discrimination in insurance, decided to revert back to discriminating against women. It makes no sense for the legislature to allow discrimination in insurance rates, especially when Montana law explicitly rejects it in most other areas. Why should women — some single mothers, some divorced -- suffer an excessive economic burden in order to obtain insurance coverage?

The MNA urges that insurance rates be set according to objective criteria with a direct relationship to the risk involved in the insurance. For example: mileage driven; driving records; health practices such as smoking, exercise habits, obesity; etc.

A recent survey clearly showed the effect of the 1983 law on reducing past discrimination in health insurance benefits. For a single 30 year old non-smoker, who buys major medial insurance with a \$250. deductible; prior to non-gender legislation a woman would have paid \$912. for the same policy a man could purchase for \$639. After October 1, 1985, both a man and woman would pay the same rate of \$753. for the insurance.¹ Although the male insurance rate increased, it is only fair that on the basis of sex, both males and females pay the same rate for the same coverage.

There are no valid reasons for reinstituting discrimination against women in insurance.

I urge you to give this bill a DO NOT PASS recommendation.

Respectfully submitted,
Eileen C. Robbins, R.N.
February 13, 1987

1 Health and Disability Income Insurance brochure, published by the Montana Public Interest Research Group and the Women's Lobbyist Fund.

EXHIBIT 16.
DATE 2/13/87
HB 519



MONTANA LEAGUE OF WOMEN VOTERS

The League of Women Voters supports equal rights for all.
The League supports laws which eliminate sex discrimination
in pensions and insurance. For these reasons we oppose HB519.

Kathy Karp

11/13/58

League of Women Voters

Supports HB 358. The League has always supported equal rights for all & believes that everyone should be free from discrimination for reasons of race, color, national origin, sex & religion. For this reason the League supports HB 358. The present language & religious plans are in accordance with the equal rights provisions of the Montana Constitution. For these reasons the League supports HB 358.

INTRODUCED BILL

11/13/58

NAME _____
LEAGUE LOBBYIST/OR OBSERVER _____
HEARING COMMITTEE _____
DATE _____

LEAGUE POSITION
SUPPORT _____ OPPOSE X _____ NEUTRAL _____

BRIEFLY DESCRIBE OUR SUPPORT OR OPPOSITION
The League of Women Voters supports HB 358, which states that no person shall be discriminated against on the basis of race, color, national origin, sex, or religion. This bill seeks to give our people equal rights.

OTHER PROPONENTS AND REASONS FOR SUPPORT

HB 519
2/13/87



**GREAT
FALLS AREA
CHAMBER OF COMMERCE**

P.O. BOX 2127
926 CENTRAL AVENUE
GREAT FALLS, MONTANA 59403
(406) 761-4434

February 12, 1987

TO: House Business and Labor Committee
Cascade County Legislative Delegation

FROM: Roger W. Young, President

SUBJECT: UNISEX INSURANCE REPEAL

The Executive Committee of the Great Falls Area Chamber of Commerce supports the passage of HB-519 to repeal unisex insurance provisions. The Chamber reiterates the following elements of a policy position adopted in previous legislative sessions:

A) The Great Falls Area Chamber of Commerce supports the legitimate consideration of gender as a method of rating insurance risks and/or premiums.

B) We regard the work of an actuary as "the art of discrimination...of being able to accurately predict on the basis of distinction".

C) The distinction of gender is appropriately one of the distinctions which have a relevant bearing on the cost of insurance to the purchaser.

As a business organization we believe it is unreasonable to disregard these principles. We believe that insurance costs for both men and women, especially young women, have risen as a result of Montana's unisex laws. Since Montana is one of the only states with these provisions, many companies and insurance products have been withdrawn from the state. While we are wholeheartedly in accord with efforts to eradicate unwarranted sex discrimination in society we seriously doubt that the unisex legislation passed last legislative session has resulted in the overall benefits promised. Accordingly we urge the passage of HB-519 introduced by Representative Helen O'Connell of Great Falls.

HB 519
2/13/87

2110 Woody Drive
Billings, Montana
10 February 1987

To Members of the Montana Legislature:

Last September I purchased a Medicare Supplement policy from American National Insurance Co. of Galveston, Texas. The original quarterly rate quoted me was \$122.12. However, because of our Unisex law in Montana and the fact that I am a woman, I was required to pay the male rate for the policy, which was \$148.09.

I have thus been disadvantaged to the extent of \$103.88 in the policy's first year, just because I am a woman. I think this is a terrible imposition, and I would urge you therefore to repeal our Unisex law by passing HB 519.

Eva M. Pettigrew
EVA M. PETTIGREW

HB 519
2/13/87

WITNESS STATEMENT

NAME MARILYN MANEY BILL NO. 519
ADDRESS 842 Lexington, Butte, Mt. DATE 2/13/87
WHOM DO YOU REPRESENT? myself
SUPPORT yes OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

HB 519.
2/13/87

WITNESS STATEMENT

NAME 1241245 LU DAVIS BILL NO. 519
ADDRESS COUNTRY CLUB MANOR #102 - BUTTE DATE 2/13/87
WHOM DO YOU REPRESENT? NEW YORK LIFE
SUPPORT YES OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

HB 519
2/13/87

WITNESS STATEMENT

NAME Berita Wheeler BILL NO. 519
ADDRESS 1804 16 Ave S Great Falls MT DATE 2-13-87
WHOM DO YOU REPRESENT? BPA
SUPPORT _____ OPPOSE XXX AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The argument of buying insurance out of state does not hold up. There are only 2 companies based in Montana. I am sure you must realize that the remainder of the insurance companies have their home offices in other states. I pay my car insurance to an out of state company and have for years. That money does not remain in Montana.

Increases in insurance rates have reflected in truth a change in the economy relating to interest rates. We are paying for the insurance companies decline in income from investments not our change in law.

HB 519.
2/13/87

WITNESS STATEMENT

NAME Carol Farris BILL NO. 519
ADDRESS PO Box 7212 Great Falls 59406 DATE 2-13-87
WHOM DO YOU REPRESENT? myself as an insurance consumer
SUPPORT OPPOSE ~~XXXXXXX~~ AMEND _____
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Discrimination exists because it is profitable.
It is not profitable for the buyers of
insurance coverage.

Discrimination comes out of MY pocket and
I don't like it!

When the Legislature allows discrimination
to continue despite Constitutional
guarantees, it fails to protect my right of
from freedom from discrimination.

EXHIBIT 17
DATE 2/13/87
HB 669

WITNESS STATEMENT

NAME DEN GILLINGHART BILL NO. HB 669
ADDRESS P.O. Box 101, HELEN, MT 59724 DATE 2/12/87
WHOM DO YOU REPRESENT? NORTHERN LIGHTS Co-op
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Please help keep Montana
assets here at home!

Testimony attached.

EXHIBIT 17
DATE 2/13/87
HB 669
2/13/87

HOUSE COMMITTEE
BUSINESS AND LABOR
HEARING
HB 669

Mr. Chairman and members of the Committee, I am DON GILLINGHAM representing Northern Lights Electric Cooperative. I live in Heron, Montana and speak for the 2000 Montana consumers served by our cooperative. As a member of our consumer-owned cooperative I serve on the Board of Directors. I want to emphasize with HB 669 we are merely asking that the democratic process be extended to include the approval of at least $\frac{2}{3}$ of the membership in deciding whether their cooperative and its assets, be sold or not. In this manner the consumer-owners would be assured of having a voice on the disposition of their property, and protection from a minority action that does not represent interests of the entire membership. As a Director for Northern Lights

I, and my fellow Directors can
see the value in letting the
democratic process take place
where the consumer-owners
themselves can be heard.

With in mind I respectfully
ask for your support of
HB 669.

Thank you

DON GILLINGHAM
P.O. BOX 101
HERON, MT 59844



HB 648
2/13/87

P. O. Box 1679
Helena, Montana 59624
(406) 442-3420

NAME Carolyn Moshier BILL NO. HR 648
ADDRESS P.O. Box 1679, Helena DATE 2-13-87
WHOM DO YOU REPRESENT Montana Cattle Women
SUPPORT X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

I am very much in support of this bill
because we do raise money from our Cattlewomen
to help finance our non-profit organizations
in our herd areas. These are great leaders
who we have excellent - they are a moral
force as well. The hope you will vote
favorably on this bill.

WITNESS STATEMENT

NAME JAMES R. Eskridge BILL NO. HB6
ADDRESS P.O. Box 217 Fairfield MT. DATE 2/13/87
WHOM DO YOU REPRESENT? SUN RIVER ELECTRIC Cooperative
SUPPORT ☒ OPPOSE ☐ AMEND ☐

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Mr. Chairman, members of the Business and Labor Committee:

My NAME is Jim Eskridge and I am General Manager of Sun River Electric Cooperative. As such, I am here representing the interests of some 4,000 rural Montanans and would like to go on record in support of HB 669 and Amendment.

THE GOVERNOR OF OUR STATE has been leading the charge to ^{Build a better business climate in Montana} ~~to~~; for more than 50 years the cooperatives of this state have been doing just that through stable employment.

The cooperatives of Montana employ literally 1,000's of Montanans in good, clean, high paying jobs. Jobs that with your help and support will stay in Montana ~~by~~ ~~passing~~ ~~for this~~ ~~to~~ ~~the~~ ~~state~~ ~~by~~ ~~protecting~~ the assets of our cooperatives.

In recent years we have seen what happens to jobs created by large corporate entities residing outside of Montana. Like Maize when the profit illusion diminishes, large corporations vanish and with them any jobs they may have temporarily created

(over)

Examples of this can be seen in ~~the~~ ^{the} ~~oil~~ ^{oil} ~~industry~~ ^{industry} ~~Phillips~~ ^{Phillips} ~~petroleum~~ ^{petroleum}, ~~the~~ ^{the} ~~oil~~ ^{oil} ~~industry~~ ^{industry} and ~~the~~ ^{the} ~~oil~~ ^{oil} ~~industry~~ ^{industry} ~~when~~ ^{when} ~~they~~ ^{they} ~~were~~ ^{were} ~~here~~ ^{here}.

But where are they now? where are those jobs for now?

Members of this committee, I point out our ~~cooperatives~~ ^{cooperatives} have been ~~been~~ ^{been} ~~creating~~ ^{creating} jobs for over 50 years ~~building~~ ^{strengthening} ~~the~~ ^{the} ~~permanent~~ ^{permanent} ~~montana~~ ^{montana}.

on behalf of my membership, my directors and my employees I urge your support of H.R. 668. Help us protect one of Montana's most valuable assets, our jobs. Let's keep Montana permanently employed through continued cooperation.

Thank you

James L. Schlegel.

I am Doug Hardy, an employee and member of Park Electric Corporation Incorporated, serving parts of Park Sweet Grass, Gallatin and Meagher Counties. I am speaking in favor of HB 669 and want to point out its impact on "Competition by Comparison."

In our industry with service territories eliminating some forms of competition, ~~and~~ utilities get tagged with the term "Monopoly." "Competition by Comparison" loop to loop and loop to Investor Owned utilities has benefited all Montana consumers in areas of Rate, Line Costs and many more the most important being Service.

My Mother tells of wanting near by electrical service west of Big Timber. They were refused until ~~near~~ neighbors brought ⁱⁿ co-op lines. But that was years ago.

Today in our service area "Competition by Comparison" is a two way street. Our ~~relationship~~ relationship with Montana Power is a good one that allows our ~~with~~ management to compare costs not on such things as line construction costs, helping both of us keep costs in line. In many remote areas where MPC and Coops have lines near each other "Competition by Comparison" is evident even with

linemen who when Mother Nature tears
lines down all try to get their consumers
back in service ~~first~~ before the other.

ECM "Competition by comparison" and
its benefits to all Montanans relate directly
to HB669, a bill that insures that if this
"Competition by comparison" is eliminated, it
will be by the choice of ~~the~~ an informed
membership. Not by a few Trustees or a
minority of the membership running
something by an uninformed or misinformed
majority.

I thank you for your time
and request that the committee support
HB 669 as written in the interest of
all Montana consumers.

DOUGLAS R HARDY

PARK ELECTRIC COOPERATIVE INC.

BOX 908

LIVINGSTON, MONTANA 59047

EXHIBIT 30
DATE 2/13/87
FIS 66-91

(3)

Certainly have profound respect
for the Egyptian people. After
all they the Muslims have a
great deal invested also they
are being the even more
imprisoned and oppressed
and are being treated
the Egyptian people
in the same manner as
the Jews from being their
involvement they have been
for a long time and large
support of France

WITNESS STATEMENT

NAME _____ BILL NO. _____

ADDRESS _____ DATE _____

WHOM DO YOU REPRESENT? _____

SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

**BEST COPY
AVAILABLE**

CS-34

DATE 2/13/87
HB 669

WITNESS STATEMENT

NAME John L. Brown BILL NO. 441
ADDRESS 15th St. N. W. DATE 2/13/87
WHOM DO YOU REPRESENT? Porter & Co. Insurance Co.
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

The Porter & Co. Insurance Co. has
~~been~~ a member of the Texas State Corporation
and is now being sold to the Department of
Insurance. The sale is being done and is
being done.

The sale is being done and is being done.

BEST COPY
AVAILABLE

House Committee
Business and Labor
Hearing
H.B. 669

2-13-87

Mr. Chairman and members of the Committee, my name is Wilbur Anderson I am General Manager of Vigilante Electric Cooperative with headquarters at Dillon, Montana.

I very strongly support House Bill #669 and feel that it is good legislation for the Consumer - Owners of Cooperatives in Montana. Many of our systems have provided service here in the rural areas and small towns for over 50 years. Our systems provide electric and telephone service in areas where no other company would extend their lines. We plan to continue to serve in these areas we have developed.

House Bill #669 provides that:

1. Two thirds ($\frac{2}{3}$) of the membership would have to approve the sale of these systems before a large out-of-state Corporation could buy out one of these service areas.
2. A realistic appraisal would have to be made of a system would be required before a sell-out could be made.

3. Three such appraisals would have to be made before the assets of the Cooperative could be sold.
4. Alternative proposals for the disposition of the Cooperative assets could be proposed by the members on each system including merger or consolidation of Cooperatives rather than just a sell-out by a small minority of members.

Mr. Chairman and members of the Committee, this is good legislation to protect the assets of our consumer owners of our systems and we ask for your support of H.B. 669.

Our rural areas have had very difficult times these past few years, and the loss of additional assets in Montana as has taken place in other states, to large out-of-state Corporations, can only further hurt our Montana economy. Thank you for your consideration.

Wilbur Anderson, General Manager
Vigilante Electric Cooperative
P.O. Box 71
Dillon, Mont. 59725

WITNESS STATEMENT

NAME William Miller BILL NO. H366
ADDRESS Box 428 Eureka Mont. 59917 DATE _____
WHOM DO YOU REPRESENT? Lincoln Elec. Coop. Inc.
SUPPORT X X X X OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: - a Real Factor to remember, is the fact that the Rural people in Montana organized their Elec & Telephone Coops as a last resort when refused service by Profit companies.

The reason given by these companies, was it was either too costly, to serve the Rural Area, or the Farmers & Ranchers did not need Electricity in the first place.

Now that the job is done, ~~that~~ Profit & Power Systems are in operation, Profit interests would like to take the control away from the people.

The cooperative method of doing business, has ~~for~~ contributed greatly in holding Electric Rates down.

The Profit Power & Telephone companies are no longer the only guide line or yard stick available to the public, in measuring the true cost applicable to energy. the coop Membership (over)

BUSINESS AND LABOR COMMITTEE
HEARING ON HB669
- RURAL ASSET PROTECTION BILL -

Testimony of Larry L. Nelson,
Shelby, Montana

I would like to thank the Business and Labor Committee for allowing me to testify this morning. I know you are busy and I'll be brief.

My name is Larry Nelson. I am the General Manager of Marias River Electric Cooperative, Inc. and Shelby Gas Association in Shelby, Montana.

HB669 is very important to the citizens and residents of Toole County, the majority of whom are members of Marias River Electric and Shelby Gas. The passage of HB669 would protect them against the involuntary loss of an asset that they have worked year after year to develop. I'm talking about their consumer-owned cooperative.

HB669 would insure that before their assets could be sold or disposed of, a majority of 2/3 of the members would have to agree. A misdirected Board of Trustees could not then sell them out---nor could a small minority of dissident members sell them out.

HB669 would offer them protection against a well organized minority, who might conspire to sell the assets of the cooperative for a quick one time profit for a few at the expense of long term benefits for many---it hasn't happened in Montana, but it has in other states.

HB669 would strengthen the hand of those who own the cooperative and it's assets, the members themselves, and take away the risk of losing their cooperative, unless, of course, that is what the majority of members desired.

HB669 is a people bill. It gives the people who own their cooperative the controlling hand to keep their business or sell it--whichever they desire--it protects the majority without infringements on the minority.

I have been an employee of a rural electric cooperative for over 18 years and can testify that rural electrics in Montana are vulnerable to take overs by large cash-rich, multi-national corporations. The passage of HB669 without amendments would tighten up this vulnerability and assure that Montana cooperatives could only be taken over if indeed that is what the majority of the members wanted.

I support the passage of HB669 without amendments and ask for the committee's endorsement.

Respectfully submitted,

Larry L. Nelson

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 519DATE Feb. 13, 1987SPONSOR Rep. Helen O'Connell

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
RONALD D. JARANDA	NEW YORK LIFE	✓	
Jim L. Brown	NEW YORK LIFE	✓	
John J. Tompich Jr.	NEW YORK LIFE	✓	
Judith E. Trapp	Consumer	X	
DON R. KNIEVAL	NORTHWESTERN NATURAL	✓	
CAROL MOSHER	MT. CATTLE WOMEN and MT. STOCKGROWERS ASSOC. OF STATE FARMING	✓	
LORNA FRANK	MT. FARM BUREAU	✓	
BRUCE EVANS	NEW YORK LIFE	✓	
Chuck Phillips	NEW YORK LIFE	✓	
Ed Zimmerman	ACLI	✓	
Judith Minkel	State Farm	✓	
ROBERT J. STEIL	HEALTH INS ASSN OF AMERICA	✓	
TRACY MIRANOD	AAA SHOPPING CENTERS	✓	
Diana Brent	Montana State Farm	✓	
John Jennings	Montana State Farm	✓	
Bonnie Tippy	Montana State Farm	✓	
Mark Fajal	Montana State Farm	✓	
John Fajal	Montana State Farm	✓	
Sharon Fajal	Montana State Farm	✓	

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

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 519

DATE Feb 13, 1987

SPONSOR Rep. Helen O'Connell

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
BEVITA WHEELER	EPW		✓
Bob Murphy	BFW		✓
Carol Davis	NOW		✓
Doris Jones	WLF		X
Alma Boudreau	WLF		X
Jan. Bell	Health Task Force	X	
Diane C. Edchart	Prudential my clients	X	
John G. Gorman	CCF	X	
Kenneth L. Fossler	MACT Legislative Chairman	X	
William D. Gorman	MACT		X
John Gorman		X	
John Gorman	Prudential	X	
John Gorman	MACT		X
Annell Keller	Prudential	X	
John Gorman	MACT		X
John Gorman	MACT		X
John Gorman	MACT		X
John Gorman	MACT		X
John Gorman	MACT		X

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 519

DATE February 13, 1987

SPONSOR Rep. Helen G. O'Connell

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
Eileen Butler	People's Union Party		X
Jim Retman	ACLU of Minnesota		X
Betty Johnson	City, State, & County	✓	
Mike Murray	Self	✓	
William J. Butler	New York City	✓	
James L. L. L.	Self		✓
John F. L. L.	Harvard U.	✓	
William J. L. L.	Harvard U.	✓	
Dr. J. L. L.	Harvard U.	✓	
Sherry Daniels	Billings	✓	
Harvey L. L.	Butte	✓	
Sandra K. Bruin	Butte	✓	
Glenn L. L.	Self		✓
William J. L.	Harvard U.	✓	
James L. L.	Self		✓
Billings	Harvard U.		✓
Andy L. L.	Harvard U.		✓
William J. L.	Harvard U.	✓	
William J. L.	Harvard U.		✓

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BUSINESS AND LABOR

BILL NO. HB 519

SPONSOR Rep. Helen O'Connell

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BUSINESS AND LABOR COMMITTEE

DATE Feb. 13, 1987

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 648

DATE Feb. 13, 1987

SPONSOR Rep. Gay Holliday

[illegible]

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 669DATE Feb. 13, 1987SPONSOR Rep. John G. Harp

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
<i>Joe Brown</i>	<i>RAVALLI COUNTY ELECTRIC</i>	X	
<i>Donald F. Bank</i>	<i>" " "</i>	X	
<i>Doug Hardy</i>	<i>PARK ELECTRIC COOP INC.</i>	X	
<i>GARY D. IMASON</i>	<i>RAVALLI COUNTY ELECTRIC</i>	X	
<i>Bill Chapin</i>	<i>Glacier Elec. Coop</i>	X	
<i>Wilbur Anderson</i>	<i>Vigilante Elec. Coop</i>	X	
<i>Roberto Richer</i>	<i>Sun River Elec. Coop</i>	X	
<i>DON GILLINGHAM</i>	<i>NORTHERN LIGHTS COOP</i>	X	
<i>James R. Eskridge</i>	<i>Sun River Elect. Coop</i>	X	
<i>David Bigler</i>	<i>Park Electric Coop</i>	X	
<i>William Miller</i>	<i>LINCOLN-ELEC. COOP</i>	X	
<i>JOE KELGESON</i>	<i>FLATHEAD Elec. Coop</i>	X	
<i>Joy Nelson</i>	<i>Vigilante Elec. Coop</i>	X	
<i>LARRY NELSON</i>	<i>MILLERS RIVER ELECT</i>	X	
<i>Edgar Boust</i>	<i>Flathead Elec. Coop</i>	X	
<i>Jay Downen</i>	<i>MONTANA'S Elec. Co-ops</i>	X	
<i>Jim Brunner</i>	<i>Mont. Water Util.</i>	X	
<i>Kerry Brunner</i>	<i>Mt. Farmers LI</i>	X	
<i>Harold Ude</i>	<i>CENEX</i>	X	

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BUSINESS AND LABOR

COMMITTEE

BILL NO.

#B669

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VISITORS' REGISTER

BUSINESS AND LABOR

COMMITTEE

BILL NO. House Bill No. 694DATE Feb. 13, 1987SPONSOR Rep. Fred Thomas

NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
<i>Sandy Gray</i>	<i>St. Louis 10/1/71</i>		

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