#### MINUTES OF THE MEETING JUDICIARY COMMITTEE 50TH LEGISLATIVE SESSION HOUSE OF REPRESENTATIVES

March 5, 1987

The meeting of the Judiciary Committee was called to order by Chairman Earl Lory on March 5, 1987, at 8:00 a.m. in Room 312-D of the State Capitol.

ROLL CALL: All members were present with the exception of Rep. Hannah and Rep. Brown who were absent.

SENATE BILL NO. 88: Senator Van Valkenburg, District No. 30, stated this was a straight forward bill that did two things. It changed the definition of aggravated burglary and extends the maximum prison term for the commission of the offense of burglary. The definition of aggravated burglary as it currently exists in the law, requires not only that the individual committed the offense of burglary but also the intent of the individual in breaking into a home or business was to commit a felony within. He must also have a weapon in his possession or injure someone in the course of the entry or flight from the occupied struc-He explained the County Attorney's Association prepared the bill in response to some specific requests from the Flathead area. The requirement of having to prove the intent to commit a felony upon entry was a requirement that the law should not have. The real problem associated with an aggravated burglary was the fact that the individual had a weapon or hurt someone in the course of committing the offense and not what their intent was in terms of going into He also pointed out the maximum term of a residence. burglary was increased in the bill. The term was amended from 10 to 20 years. A person convicted of the offense of aggravated burglary shall be imprisoned in the state prison for any term not to exceed 40 years or be fined an amount not to exceed \$50,000.00, or both.

PROPONENTS: Mark Roscoe, representing the Attorney General's Office and the County Attorney's Association, stated they were in support of the bill primarily because their experience left them to conclude that actually the burglars are the point men in the entire cycle that takes place in stolen property. He pointed out they also supported the bill because it should not make any difference if a person intended to commit a misdemeanor theft or felony theft when they break into someone's home and do harm with a weapon.

There were no further proponents and no opponents.

Senator Van Valkenburg closed the hearing by saying the prison population may have a minimal impact but the Department of Institutions estimated there would not be a serious problem. He felt the bill would provide a more consistent and fair application of the criminal laws that apply to burglary and that they would actually have a sentence in line with the gravity of that criminal activity.

SENATE BILL NO. 48: Senator Brown, District No. 2, sponsor, stated he was carrying the bill by the request of the Joint Interim Subcommittee on liability issues. The bill provides for the periodic payment of future damages in an action for personal injury, property damage, or wrongful death if the amount of future damages awarded equaled or exceeded \$50,000.00 and if periodic payment was in the best interest of the claimant. The justification for the bill is basically that the lump sum awards tend to be pretty costly especially if they were large lump sum awards. They were expensive for the insurer because it was cheaper to pay out in installments. The bill was designed to improve the chances for self insurers to remain viable and solvent since they would not have to take the hits of those lump sum awards. He pointed out there was also some tax advantages to the person awarded the damages and the advantage of a reliable source of income the person would receive over a period of time. Structured payments were not anything new. What was new in the bill was that the judge could order periodic payments at the request of either party in the law suit if he deemed them in the best interest of the claimant. Section 3, allowed for flexibility that was not available in the existing law. Section 6, limited the recipient of payments from assigning or committing installments to secure payment of alimony, maintenance, or child support, for the costs of products, services or accommodations provided by the assignee for medical or health care or attorney fees in litigation expenses.

PROPONENTS: Gerald J. Neely, representing the Montana Medical Association, stated the bill's major provisions were for periodic payment of future damages by annuity, and the payments were payable until the death of the injured party, even if beyond the anticipated life expectancy. If an annuity was not involved, the injured party when the normal life expectancy was exceeded, may request additional payments for added future economic damages arising out of the injury. He submitted written testimony. (Exhibit A). He stated the Montana Liability Coalition also supported the measure.

Don Houen, Attorney, representing the Montana Municipal Insurance Authority which is the insurance authority created by the various leagues of cities and towns in Montana,

stated that SB 48, and the structured settlement provisions, make economic sense to the leagues self-insured pool and enhanced the economic viability of that pool.

Kay Foster, speaking on behalf of the Governor's Council for Economic Development and the Billings Area Chamber of Commerce, stated she had served for nine months as the chairman of the insurance subcommittee of the Governor's Council. One of the six legislative recommendations approved by the full council was the authority be granted to the court to mandate structured damage awards.

Kathy Irigoin, representing the State Auditor's Office, went on record as supporting the bill.

Lorna Frank, representing the Montana Farm Bureau Federation, submitted written testimony in support of the bill. (Exhibit B).

OPPONENTS: Karl England, representing the Montana Trial Lawyers Association, opposed the bill because of policy reasons. He stated the bill did have some advantage for the insurance industry and a structure settlement could, at times, have some advantages for the plaintiffs. That is why they negotiate structured settlements. Structured settlements are being done now but it was not being done with final judgments because once a person had a right to a judgment, he had the right to it all. There is too much additional work that the judge must do as a result of the bill and there must be an automatic cost of living put into the bill.

QUESTIONS (OR DISCUSSION) ON SENATE BILL NO. 48: Rep. Rapp-Svrcek told Senator Brown he was concerned with the provision that periodic payments were in the best interest of the claimant and questioned how the court determined that. Senator Brown stated the judge would have to determine the extent and nature of the injury, the age of the person and life expectancy and whether or not periodic payments would appeal the judge's decision if an error were made.

Rep. Rapp-Svrcek asked Karl England about the lump sum being reduced at the end and then the payments being reduced as well. If the payments were spread out over a period of years, why would a lump sum be reduced to present value if they were going to go into structured settlements. Mr. England pointed out that is something being done right now in the present law.

Rep. Mercer asked Mr. Neely who drafted the bill. He stated it was drafted by himself for the Montana Medical Association and for the Interim Committee and then amended by the

Interim Committee and submitted to the Senate as amended. It was further amended by the Senate Judiciary Committee. Rep. Mercer commented he just did not see how the bill would work, especially when a jury was suppose to figure out what the damages are and this forces the parties to ask the judge to do this in advance. If the judge starts directing the jury in certain ways, would not that prejudice the liability question. Mr. Neely pointed out that in section 2, the matter does not come up until after there has been an award by the jury.

Rep. Miles asked Mr. England why they need this bill and Mr. England stated this bill would allow the court to order, even though one party did not want it, and would allow a structuring of a judgment and the potential to eliminate some tax problems from a structured judgment. When a judgment is structured, there is worry about who had control over the corpus and interest. Once there is a final judgment, it can not be structured and save taxes.

Senator Brown closed the hearing on SB 48 stating the concept of the bill was sound and with the legislation, the judge has to make the decision what is the best interest of the plaintiffs.

SENATE BILL NO. 77: Senator Pinsoneault, District No. 27, explained the bill did not open any new doors to the death penalty. It was an act making aggravated kidnapping that results in the death by direct action of the defendant of a person who rescues or attempts to rescue the victim, an aggravating circumstance for purposes of deciding whether to impose the death penalty.

There were no proponents.

OPPONENTS: Eleanor Wend, Lobbyist for the Peace Legislative Coalition, presented written testimony. (Exhibit A). She stated there was much unresolved debate as to the efficacy of capital punishment as a deterrence to violent crime. She quoted from Oliver Wendell Holmes' thoughts on the issue. "The judicial system makes mistakes and the death penalty is one you can not undo".

John Ortwein, representing the Montana Catholic Conference, stated the Catholic Church believed in a consistent life ethic and that all life had value from the moment of conception to the moment of death. Although the Catholic Church recognizes the responsibility of society to protect its citizens and have affirmed that those who commit harm to persons must be held accountable for their actions, they oppose capital punishment. He submitted written testimony.

(Exhibit B). The Montana Association of Churches asked Mr. Ortwein to present their written testimony. (Exhibit C).

Rick Duncan, representing Amnesty International, submitted a booklet titled, <u>USA THE DEATH PENALTY</u>. (Exhibit D) He stated the death penalty was racially biased and unfair; it was too often used on the poor, juveniles and the mentally ill.

QUESTIONS (OR DISCUSSION) ON SENATE BILL NO. 77: Rep. Addy asked Senator Pinsoneault what social good was advanced by the death penalty. Senator Pinsoneault answered he had yet to find some civilized crime in which the death penalty could be imposed. He felt the death penalty did provide deterrence to crime. Rep. Addy stated one of the inalienable rights, was the right to life. When we as a society say that someone no longer has the right to live, we seem to contradict that right and perhaps we have not elevated society to a point higher than the activity of the criminal. Perhaps we have lowered society to the level of the person we are seeking to punish. Senator Pinsoneault stated he was not so sure we had lowered society by imposing the death penalty. He felt the criminal had forfeited his right to live.

Senator Pinsoneault closed the hearing on Senate Bill No. 77.

SENATE BILL NO. 112: Senator Mazurek, District No. 23, had John Maynard, Tort Claims Division, present the bill. He explained the tort claims division handled all of the claims and law suits that are filled against the state of Montana. Major claims were few and far between and those claims resulted in some concern on the part of the people who set up the tort claims division. They asked that a provision be put into the law that all of the settlements made from self-insurance reserve fund be first reviewed by the district court involved and approved. Most of the cases were very small cases. The Department of Administration may compromise and settle and claim allowed by parts 1 through 3 of the chapter, subject to the terms of insurance, if any. A settlement from the self-insurance reserve fund or deductible reserve fund exceeding \$10,000.00 must be approved by the district court of the first judicial district except when the suit had been filed in another judicial district, in which case the presiding judge must approve the compromise settlement.

There were no further proponents and no opponents.

QUESTIONS (OR DISCUSSION) ON SENATE BILL NO. 112: Rep. Miles asked Mr. Maynard what was the purpose of having the

district court review those cases and he explained it arose as a result of Mike Young and John Nordy who use to be in the Attorney General's office during a Workmans' Compensation scandal as a response to that. Rep. Giacometto asked Mr. Maynard who in the department made the decision whether the award is \$10,000.00 or \$5,000.00 and he stated that it was his decision.

Senator Mazurek closed the hearing on Senate Bill No. 112.

#### EXECUTIVE SESSION:

ACTION ON SENATE BILL NO. 112: Rep. Cobb moved that SB 112 Be Concurred In. Question was called and a voice vote was taken. The motion carried unanimously. SB 112, BE CONCURRED IN.

ACTION ON SENATE BILL NO. 88: Rep. Mercer moved that SB 88 Be Concurred In. Question was called and a voice vote was taken. All members voted in favor of the motion with the exception of Rep. Cobb. SB 88 BE CONCURRED IN.

ACTION ON SENATE BILL 144: Rep. Bulger moved the Attorney General's Office amendments. Question was called and a voice vote was taken. The motion unanimously carried in favor of the amendments. Question was called on the bill that it be Concurred In As Amended. A voice vote was taken and the motion carried unanimously. SB 144 BE CONCURRED IN AS AMENDED.

ACTION ON SENATE BILL NO. 77: Rep. Daily moved that SB 77 Be Concurred In. Question was called and a voice vote was taken. Ten members voted in favor of the motion. SB 77 BE CONCURRED IN.

ADJOURNMENT: There being no further business to come before this committee, the hearing was adjourned at 10:45 a.m.

Earl Lory, Chairman

#### DAILY ROLL CALL

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COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date march 5, 1987

NAME	PRESENT	ABSENT	EXCUSED
JOHN MERCER (R)	V		
LEO GIACOMETTO (R)			
BUDD GOULD (R)			
AL MEYERS (R)			
JOHN COBB (R)			
ED GRADY (R)			
PAUL RAPP-SVRCEK (D)			
VERNON KELLER (R)			
RALPH EUDAILY (R)			
TOM BULGER (D)			
JOAN MILES (D)			
FRITZ DAILY (D)			
TOM HANNAH (R)			
BILL STRIZICH (D)	V		
PAULA DARKO (D)			
KELLY ADDY (D)			
DAVE BROWN (D)			
EARL LORY (R)			

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#### PERIODIC PAYMENT OF FUTURE DAMAGES

#### A. SUMMARY - PERIODIC PAYMENTS LEGISLATION - SB 48

The bill's major provisions are for:

- PERIODIC PAYMENT OF FUTURE DAMAGES PAID BY ANNUITY. After a trial award of more than \$50,000 in <u>future</u> damages (such as medical treatment, loss of earnings, pain and suffering, etc.), the judge may if requested and if in the best interests of the injured party order that an inflation-indexed annuity be purchased for payment of the future damages in installments. The court can also use a properly-secured trust fund.
- PAYABLE UNTIL DEATH, OR UNTIL END OF PERIODS SET UNLESS EXTENDED BY COURT. The payments would be payable until the death of the injured party, even if beyond the anticipated life expectancy, if an inflation-indexed annuity is used, or at the expiration of the periods set by the court if other than by an annuity. If an annuity is not involved, the injured party, when the normal life expectancy is exceeded, may request additional payments for added future economic damages arising out of the injury.

#### B. POLICY REASONS FOR LEGISLATIVE PROPOSAL

The general objectives of the legislation are to:

- provide mutual tax benefits to both claimant and carrier;
- provide a method of payment of future damages reflective of what will actually occur in the injured party's life, rather than the current speculative method, much like disability plus life insurance;
- allow the carrier to not have to maintain as much reserves and treduce the amount necessary for reinsurance, thus further assuring the affordability and availability of medical malpractice insurance

#### C. SCIENTIFIC EVIDENCE OF LINK WITH DOWNWARD IMPACT ON PREMIUMS

The legislation has been shown to have a "downward impact" on premiums, i.e. the savings could be realized in the form of increases which are not as large as previously, and would not necessarily result in lower premiums, which no form of legislation can assure.

Danzon and Lillard tested, among other matters, the effect of periodic payments. Their findings were as follows: States which instituted periodic payments lowered awards by 30% on average. 1

Danzon, Patricia M. and Lee A. Lillard, "Settlement Out of Court: The Disposition of Medical Malpractice Claims," Journal of Legal Studies, Vol. 1, No. 2, June, 1983, pp. 345-77.

An actuarie; survey undertaken by an independent natuerial firs indicated a tetal sevinge of 5% of the presius dollar where there are periodic payments for future designs in excess of \$100,000. 2

A aperial committee of the American Bar Association endorsed the idea of periodic payment logislation:

"\*\*\* one other tort law change which could have noticeable impact on premiume, if used frequently in cases involving large future demages, is the pariodic payment settlement or judgment." 3

#### D. SEMENT'S TO INJURED PARTY AND INSUREDS

In addition to post savings to defendants, there are other edventages to periodic payments for both the cisisent and the insurence carrier (automatically general on to insured in self-insurence progress)

- 1. Claiment: Lifetine Payment. With an inflation-indexed annuity (thus eliminating the ravegue of inflation), these payments continue for the lifetine, which can if a person lives longer than appeared result in even more securits paid out then were swarded at court, thus providing for future demogram set enticipated by the court.
- 2. Carrier: Reduction of Holyaner Problems. Periodic payments can also be used by an insurer to avoid insolvency, which can occur if too pany large awards come due in a short period of time.

#### E. CONSTITUTIONALITY OF LEGISLATION

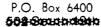
Twenty-four states have pessed statutes persisting or requiring pariodic payments of designs over the lifetime of the plaintiff.

We state has held the concept of periodic payment of danges unconstitutional. Even the mendatory form of periodic payments has been upheld as being constitutional. Where specific statutes have been declared unconstitutional - which has occurred in 3 instances - the specific problems of these statutes have not been incorporated into the proposed logislation. Initiative 30 further insulates the law from challenge.

Propaged by the Hentana Sedical Association. PERIODIC 2021-11th Ave., Heisma, Mantana 39601, G. Brian PAYMENT OF Time, Executive Director, 406-443-4000. DAMAGES 1/37

Asselson Assless Maye, p. 19, 11/22/85. ANA General Counsel's Office considerion of actuaries survey by Milliana & Robertson, Inc., New York, September, 1988.

<sup>3 1977</sup> Report Of the Consission On Redical Professional Liability, 1977, Apprican Sar Association, pp. 35 - 58.





Phone (406) 587-3

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FARM	BUREAU FEDERATION
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TESTIMONY BY:	Lorna Frank
BILL # SB-48	DATE March 5, 1987
SUPPORT XXX	OPPOSE

Mr. Chairman, members of the committee, for the record my name is Lorna Frank, representing Montana Farm Bureau.

We support legislation that encourages structured settlements and disburses payments over time. This will help the party required to make the payment, to do so over a period of time rather than be forced to come up with a single lump sum payment.

We urge this committee to recommend a do pass. Thank you.

=== FARMERS AND RANCHERS UNITED =

## Peace Legislative Coalition

P.O. Box 61 Butte, MT 59703 406-443-7322 406-549-9679

For the Record: I am Eleanor Wend, lobbyist for the Peace Legislative Coalition.

We are a statewide coalition committed to furthering issues of peace and justice through legislation. We speak here in opposition to SB77. We find there are implications involved in Montana's capitol punishment code which warrent a reduction and finally a repeal rather than an expansion of its clauses.

First of all there is much unresolved debate as to the efficacy of capitol punishment as a deterrence to violent crime. The acceptance of capitol punishment acknowledges a futility and curtails consideration of all other avenues of rehabilitation as possible.

Another way of putting capitol punishment is in the phrase, 'legalized murder'. It gives whoever is in authority the option to perpetuate violence for violence rather than seeking more civilized and humane solutions.

Statistically nationwide, we find the recipients of the death penalty to be overwhelmingly members of minority groups. Ironically, the economics of operating the judicial system with a death penalty is much more costly than sentences such as life imprisonment.

We urge members of this committee to say no to this expansion of the death penalty in Montana and further question the existence of the entire code. I will leave you with Oliver Wendell Holmes' thoughts on this issue. The judicial system makes mistakes and the death penalty is one you can't undo.

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## Montana Catholic Confer

March 5, 1987

CHAIRMAN LORY AND MEMBERS OF THE HOUSE JUDICIARY COMMITTEE:

I am John Ortwein representing the Montana Catholic Conference.

The Catholic Church believes in a consistent life ethic. In other words, all of life has value from the moment of conception to the moment of death. At the same time the Bishops recognize the responsibility of society to protect its citizens and have affirmed that those who commit harm to persons or property must be held accountable for their actions.

After much prayerful consideration, the U.S. Catholic Bishops with the respect of all human life as a foundation based their opposition to capital punishment on three factors: (1) The death penalty will not deter crime; (2) the death penalty is inequitably administered; and, (3) the death penality may execute innocent people.

We are concerned that the death penalty will further advance an anti-life attitude that is so prevalent in our country today. We must assert that violence is not an honest or workable solution to the problem of violence.

**530 N. EWING** 

We would urge a "no" vote on S.B. 77.





March 5, 1987

EXHIBIT

DATE 3-5-87

48 58# 77

MR. CHAIRMAN AND MEMBERS OF THE HOUSE JUDICIARY COMMITTEE:

WORKING TOGETHER:

American Baptist Churches
of the Northwest

American Lutheran Church Rocky Mountain District

> Christian Church (Disciples of Christ) in Montana

Episcopal Church
Diocese of Montana

Lutheran Church in America

Pacific Northwest Synod

Roman Catholic Diocese

of Creat Falls-Billings

Roman Catholic Diocese of Helena

United Church of Christ MT-N.WY Conference

United Methodist Church Yellowstone Conference

Presbyterian Church (U.S.A.)
Glacier Presbytery

Presbyterian Church (U.S.A.)
Yellowstone Presbytery

I am Mignon Waterman of Helena, representing the Montana Association of Churches.

We are opposed to SB77 because we are opposed to capital punishment.

We do not wish to ignore violent crime, nor condone it, but we believe that capital punishment may mask a desire for retribution and retribution is not necessarily justice.

Society drafts laws to protect its values and capital punishment undermines those values. Laws enacted to protect society from killing should not approve more killing.

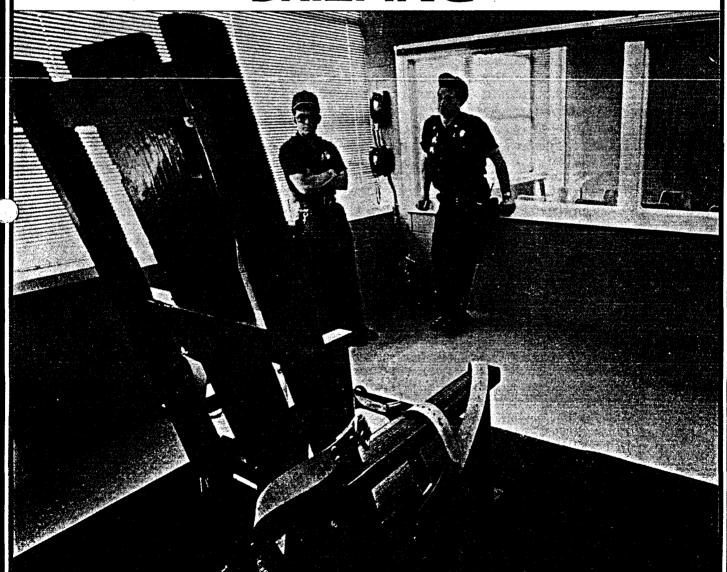
There is no conclusive evidence to show that the death penalty is a deterrent to crime.

The Montana Association of Churches is opposed to SB77 because we oppose capital punishment.

## amnesty international

# USA DATE 3-5-87 DATE 3-5-87

BRIEFING



Racially biased and unfair & Juvenile offenders and the mentally ill executed & International treaties violated & Cruel deaths by electrocution, gassing, poison & Record number of prisoners on death row

#### VISITORS' REGISTER

JUDICIARY COMMITTEE

BILL NO. 48	DATE MARCH	03, 1	987
SPONSOR		•	
NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
LORNA FRANK	MT. FARM Bureau	X	
Gemis J. Nacing	Mor ned. Asse.	X	
KATHY IRIGOIN	State Auditor's Office	X	
Kay Foster	Cou Council on Develor		
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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

#### VISITORS' REGISTER

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NAME (please print)	REPRESENTING	SUPPORT	OPPOSE
John Ortenen	mt ath Cong		X
Myrian Waterna	mt Ass of Churches		X
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