

MINUTES OF THE MEETING  
BUSINESS & INDUSTRY COMMITTEE  
MONTANA STATE SENATE

January 21, 1987

The seventh meeting of the Business and Industry Committee met on Wednesday, January 21, 1987, in Room 410 of the Capitol at 10:03 a.m. The meeting was called to order by Chairman Allen C. Kolstad.

ROLL CALL: All committee members were present with the exception of Sen. McLane who was excused.

CONSIDERATION OF SENATE BILL NO. 115: Sen. Delwyn Gage, Senate District 5, Cut Bank, chief sponsor of the bill, stated that SB 115 is an act requiring that a life or disability insurance agent who continues his license to file an affidavit stating that he has completed continuing education requirements and that it amends section 33-17-203, MCA and provides an applicability date. He said the bill came about as a result of a request by the Montana Association of Life Underwriters. He said it is their opinion that when there are extensive changes in their industry and in laws affecting them and their clientele that continuing education is necessary in order to preserve and enhance the integrity of their profession. They feel it is also necessary in order that the insurance consumer will be better served. Sen. Gage noted that many other professions are already doing the same thing, such as attorneys, accountants, etc. He feels this is a good bill and commended the insurance industry for wanting to upgrade their industry. He said that one of the questions pertaining to this bill, at this point, is whether persons working in insurance offices answering questions, quoting rates or giving information but not selling insurance policies, would have to be licensed and then meet these continuing education requirements also. At the present time, it appears the insurance commissioner's office has indicated these persons may not have to be licensed and would not have to fulfill these requirements. He also indicated since the bill was drafted several other questions have come up and a few amendments will have to be made which will be explained by one of the proponents.

PROPONENTS:

Steve M. Daniel, representing the Montana Association of Life Underwriters, stated that the MALU has eight local associations and about 512 members in the State, and the successful agent has an average of about 500 active policyholders. Some of these agents are semi-retired or new in the business and each represent approximately 250 clients. The Association has two objectives which make them interested in SB 115. One is to increase the knowledge of life underwriters concerning the principles, functions and applications of legal reserve life insurance. The other objective is to promote legislation, regulation and practices which are in the best interests of the insurance industry and the insured public. It is with those two objectives in mind that

they strongly urge passage of SB 115, as amended. The pace of change in the industry is quick and in the last five years they have seen changes in products and tax legislation affecting both new and old products. They have also seen a move among agents to sell for more than one company and as a result of that many companies have found they can't justify having full education training classes like they could when they had a full force of captive agents. Therefore, at a time when there are more complex changes taking place, they have less education from the industry itself. They believe that the time for this bill on continuing education to be passed is now.

Mr. Kenneth L. Hassler, Clancy, representing the Montana Association of Life Underwriters and presently serving as their State Legislative Chairman, said he would like to cover two points regarding SB 115. According to Mr. Hassler, in order to sell life insurance in Montana, you purchase a manual or you have your general agent provide you with one, study the manual, pay a \$10 fee and take the test; if you pass the test, you are then licensed to sell insurance in Montana. There is also a \$10 renewal fee. They think that should be changed also. There are part-time agents that they feel are "messing up" some very good programs that career agents have been working on for years. They don't mind having part-time people in the industry but they want them to know what they are doing and they feel this bill will require them to do that. He said many of the career agents are already fulfilling their continuing education requirements, therefore, it would not be a burden on them. He also felt that the agents should understand the effects of the federal tax law on policyholders. Agents that don't keep up on what is going on in the industry are selling out-of-date programs, don't know about new products and new techniques that are available to help understand what their insurance is supposed to do for them. He urged a Do Pass on SB 115 as they want to upgrade their industry and this bill will help them do so.

Tom R. Hillier, Western Montana Association of Life Underwriters, Missoula, said Montana has about 6,000 licensed agents and they will have approximately 1 1/2 years to get the 10-12 credits to meet the continuing education requirements and they are trying to police their own people. He felt that SB 115 is a consumer's bill because if something happens to a consumer as a result of an agent's lack of knowledge, a consumer suffers. He urged the committee to give SB 115 a Do Pass recommendation.  
(EXHIBIT 1)

Mr. Guy C. Siegel, Montana Life Underwriters, Missoula, stated what they are basically asking is that the Insurance Commissioner be given the latitude to set between 10-20 hours of continuing education per agent. He noted that a log of programs already in place could qualify as continuing education. Some of those are Life Underwriter Training Counsel Courses in effect in every major city in Montana, Charter Life Underwriter Studies, various

classes sponsored by the universities and colleges and company courses. A great many of these are paid for by the companies. The bill is requiring the agents to take the continuing education courses but that it does not overburden the agent in cost or travel. He urged the Committee to give SB 115 a Do Pass recommendation. (EXHIBIT 2)

Jim Strickland, Mid-Montana Association of Life Underwriters and the State Association, Bozeman, stated that for three years he has been the education chairman for the counties of Madison, Gallatin, Meagher, Sweetgrass and Park and this year is education chairman for the state. One of the concerns regarding this bill is the access of rural area agents to continuing education. He said there are professional studies by the industry that are available on a demand basis for every agent to pursue advanced studies on the technical aspects of the business, as well as the skill levels of the business. The Charter Underwriter Life Program, the Million Dollar Round Table and the Life Underwriter Training Program all provide lengthy education programs. He noted they now have people driving from Bozeman to Billings on a weekly basis to continue their education. Mr. Strickland feels these people intend to stay in the business for a long while and that it would be to the State's advantage and to the consumers' advantage if the Committee would give a Do Pass recommendation to SB 115 as amended (as per proposed amendments). (EXHIBIT 3)

Klaas Tuininga, Mid-Montana Association of Life Underwriters, Bozeman, stated he has been in the business for 15 years, is with Farmers' Insurance Group and that the majority of his business is in property and casualty policies with over 3200 policies in force. He feels that when he got into the business, he was into something where he could be of help to people and took some education courses. He said with the liability position and errors and omissions, insurance professional liability has been increasing by leaps and bounds; partly due to the legal climate and part due to ignorance. Mr. Tuninga said the insurance industry expects to pay for the continuing education itself. He urged the Committee to support the bill as per the proposed amendments. (EXHIBIT 4)

Reggie Good, Great Falls, Montana Association of Life Underwriters, Northern Montana, and Secretary-Treasurer of the State Life Underwriters Association stated there are currently 20 states in the U.S. and Puerto Rico that have continuing education requirements for insurance agents. He said that SB 115 is the best of what is available because many of the other bills are extremely cumbersome to administer. He noted that one of the goals of this bill is to have as little administrative headaches and expense as possible. Senate Bill 115 applies equally to all licensed agents in Montana. According to Mr. Good there are agents in Montana who have never taken any continuing education courses, not because they have not

been available but because the agent had no incentive to take them. He also noted that SB 115 has a Statement of Intent giving guidance to the Insurance Commissioner's office on the rulemaking authority. Mr. Good informed the committee that agents deal with insurance purchasers in contracts with a lifespan of 50-100 years and providing contracts with that degree of durability requires a great deal of care and diligence which they hope SB 115 will assist in developing the knowledge to do this. He cited cases that he had seen which showed a blatant lack of knowledge. He feels that agents are dealing in insuring the most valuable assets that people will ever have and those clients deserve the best available agents possible. He urged a Do Pass recommendation of SB 115. (EXHIBITS 5 and 5a)

Ms. Bonnie Tippy, representing the Montana Association of Life Underwriters, Helena, distributed copies of the proposed amendments previously referred to and explained them. She stated that the bill as written now would require the Commissioner's office to automatically send out hearing notices to everyone who did not complete the education requirements. Under the proposed amendments (No. 1, 2 & 3) warning notices would be sent prior to that. Number 4 on line 25 is to remove the requirement that continuing education be a minimum of 10 hours; the insurance industry wants the Commissioner to have the latitude of setting between 10 and 20 hours; that is taken care of in Section 2, page 3. Number 5 gives the Commissioner the latitude of establishing rules; Number 6 codifies the fee at \$20. She felt the \$20 fee would balance any added expense for the administration and reiterated previous testimony to the effect that the industry is willing to pay for the cost of the program. The bill was ratified by their local associations by a large majority. She also stated that the Health Underwriters Association, although they couldn't be present for the hearing, supported the bill and wished to be on record as such. (EXHIBITS 6, 7, 8 and 9)

Ted Sokoloski, Great Falls, North Montana Association of Life Underwriters, testified he had been in the business for 30 years and presently serves as Vice-Chairman of the Field Practices Committee for the National Association. One thing that is continuing to surface is the potential hazard that exists to the untrained agent; the insurers of the professional liability plan are considering either raising the premium, decreasing coverage or not issuing coverage at all. They say they will reinstate all of these if certain educational requirements are met. Therefore, the State Association's continuing education program fits in with the plan of the National Association and he urged passage of SB 115. (EXHIBIT 10)

Tanya Ask, Insurance Commissioner's Office, said they neither supported or opposed the bill but did want to point out that the bill does impose some additional duties on their office. There has been no fiscal note requested but they estimated that SB 115 would require about 2 1/2 FTE's for administration. They would like the opportunity to draw up some figures for the Committee. She noted that the bill did include fees to help pay for administration and also pointed out that the amendments proposed by Ms. Tippy on behalf of the Association would be supported by their office. (EXHIBIT 11)

Mr. Dan Erving, Helena Association of Life Underwriters, gave a personal account of a suspected heart attack and looking for the most qualified cardiologist in Helena and likened it to people wanting the most qualified insurance agent they could find. He felt that SB 115 would help in situations where the consumer stands to lose so much and urged passage of SB 115.

OPPONENTS: There were no opponents to SB 115.

DISCUSSION OF SENATE BILL NO. 115: Chairman Kolstad called for questions from the Committee.

Sen. Walker asked Ms. Ask what the 2 1/2 FTE's would cost. She answered that would depend on the Grade and step, but roughly they are looking at a Grade 12, Grade 10 and 1/2 time Grade 8. The beginning salaries would be \$18,000 for 12 and \$15,000 for Grade 10. Ms. Tippy said this would affect at least 4,000 people. Mr. Good said it would be exactly 5,659 which is the number of those carrying a current life insurance license. This would affect anyone selling life and health insurance.

Chairman Kolstad inquired of Sen. Gage if he felt a fiscal note would be necessary. Sen. Gage replied that he felt a fiscal note would point out that the program would be self-supporting but they might be well-advised to request one.

Ms. Ask requested that she be able to address the question of the fiscal note and stated that their concern is that even though the \$20 fee goes to the dedicated funding fund, they would still need an appropriation to spend anything from the fund. She did not know what percentage of the program the fee would cover.

Sen. Weeding asked where the mail order insurance programs such as Sears and those through Bank Americard would fit into this program. Ms. Ask answered there are two different ways insurance is written in the state. One is agencies that market it directly to the public and the other is direct writers whereby policies are not sold through an agency and there is no contact with an agent. The direct policies usually have a toll free number and the insured corresponds directly with the company, therefore, they are not under this program

because no agent is involved.

Sen. Walker said he was concerned with passing a law that has no teeth, or enforcement. He asked what the affidavit would be comprised of and how enforcement would be accomplished. Bob Niebuhr, agent from Great Falls and President of the Great Falls Chapter of CLU's, said it would work much like the continuing education programs of the attorneys and CPA's.

Sen. Thayer asked how it would be policed and put forth a hypothetical question concerning an agent who had not met the continuing education requirements and wasn't currently licensed; what could be done? Mr. Niebuhr replied that he would be selling without a license and could be stopped. Sen. Thayer then asked why funeral directors are not permitted to sell insurance. Vern Sebens, Great Falls Chapter, CLU's said that about 30 years ago the funeral directors were going to initiate a plan but it was decided they could not come under the insurance department and it has been that way since that time. A funeral director can sell other kinds of insurance but not life because there is a conflict of interest.

Sen. Williams asked who would supply the 120,000 hours of instruction for the approximately 6,000 agents, where would they be held and who would pay the bill? Ms. Tippy replied the instruction will be given by private industry, there are classes available now and in many locations.

Mr. Niebuhr pointed out the CLU, LUTC, R&R, CHFC and CPF courses can be taken as correspondence courses, a test can be taken, receive a passing grade for credit for continuing education credits. One course could possibly give enough credits required for a year.

Sen. Williams asked if the projected cost of the FTE's would increase in two years would the industry be willing to increase their fees. Ms. Tippy replied the \$20 fee is more than what 2,000 attorneys are paying which funds one FTE. The industry believes there will be enough money to run this program and that should not be an issue. If so, they would look at \$25 or more if necessary.

In answer to a question from Sen. Thayer concerning the proposed amendments, Sen. Gage said he had no problem with them. Sen. Gage told the Committee members that he intended to request a fiscal note for SB 115.

In closing, Sen. Gage addressed the concern with the affidavit for the continuing education credits. He said there must be documentation for that affidavit when it is sent in. He felt SB 115 is a very good bill and urged the Committee's support.

The hearing on SB 115 was closed.

CONSIDERATION OF SENATE BILL NO. 110: Sen. Gene Thayer, District 19, Great Falls, chief sponsor of the bill, said it would allow the Montana Economic Development Board to purchase debentures sold by Montana Capital Corporations. He said the intent is simple and many groups will agree there is a definite need in the state to promote and enhance debenture capital. It will give the MED Board the opportunity, if they choose, to invest in Montana Capital Corporations. At the present time there is one very active corporation with at least five more actively being pursued and in the process of being established, one of them in Great Falls, as a result of monies being made available by the Economic Growth Council of Great Falls. In January, 1986, the MED Board adopted a rule authorizing the purchase of debentures issued by capital companies and it was agreed to seek statutory language authorizing the program. He said this program would provide a needed source of long-term bonding leverage for capital companies and will expand financing programs of the MED Board allowing it to become slightly more risk-oriented and also allow the MED Board to diversify its portfolio.

PROPOSERS:

Jerry Sullivan, Vice Chairman of the Montana Economic Development Board, gave the history of the MED Board to the Committee, saying it was established in 1982 in response to Initiative 95. The Legislature then established the In-State Investment Fund from a portion of the permanent coal tax monies and at the present time that fund totals \$36 million. To date, they have loaned \$22 million of that to fund 76 firms in Montana, from a trucking firm to a furniture manufacturing firm. These have created several hundred new jobs and this has strengthened the abilities of these businesses to survive. This is tangible evidence of the State's willingness to help small business. The Board sees a need that can be met, to some degree, by its programs and that need is for risk capital to small but deserving projects. Senate Bill 110 will give them one more conduit through which they can help strengthen and diversify the state's economy. Providing risk capital to small but worthwhile companies who now have little or no access to risk capital is an area that needs attention. The MED Board recognizes there is a greater risk to the State, however, these will be first secured debentures in a net worth to the capital company and the Board may reach further into security such as patents and other collateral. Mr. Sullivan pointed out that at no time would these investments exceed 10% of the Board's portfolio which at the present time would amount to \$3.6 million. The Board requests the Committee to act favorably on SB 110. (EXHIBIT 13)

Dick Bourke, President of the Development Corporation of Montana, distributed a handout to members of the Committee and urged passage of SB 110. Please note that the amendments referred to in Mr. Bourke's written testimony are not amendments to SB 110, but refer to the fact that SB 110 amends the In-State Investment Act of 1983. (EXHIBIT 14)

Mr. Steve Brown, member of the Economic Development Board, said he supports the bill and would be glad to answer any questions from the Committee.

OPPONENTS: There were no opponents to Senate Bill 110.

DISCUSSION OF SENATE BILL NO. 110: Chairman Kolstad asked for questions from the Committee.

Sen. Walker asked if there had previously been a limit on the amount invested. Bob Pancich, MED Board, replied that 10% of the total portfolio is the limit on the amount that can be tied up in debentures. They would probably look at no more than 10-15% in any other industry in the state. The Board also has a 10% limitation they can loan to any one individual borrower or company and that is the previous allocation of coal trust dollars given to the Board. Assuming they would receive \$10 million, the maximum loan to one individual or company would be \$1 million. In the case of a capital company, it wouldn't be restricted under SB 110. They could feasibly put all the money into one company if their net worth, under the Board's rules, would allow it. The rules allow for no more than 100% of their net worth. However, if the capital was increased and it was the only business coming in, they could do debentures up to the net worth but never to exceed 10% of their total funds.

In answer to a question from Sen. Williams, Mr. Sullivan said the MED Board, to date, has not lost any money and he did not recall anything past due at the present.

Sen. Weeding asked if the Economic Development Funds that are in-state invested when invested in the Capital Corporations, are they still committed to Montana businesses. Mr. Bourke replied that the Capital Company Act under which the Development Corporation operates has requirements in the statute as to how they invest their funds. At this point in time, they are required to invest their funds in businesses in Montana.

The hearing on SB 110 was closed.



Business & Industry Committee  
January 21, 1987  
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DISPOSITION OF SENATE BILL NO. 110: Sen. Walker MOVED  
SB 110 DO PASS, seconded by Sen. Meyer. The MOTION PASSED  
UNANIMOUSLY.

The next meeting will be on Friday, January 23, 1987.

There being no further business, the meeting was adjourned  
at 11:19 a.m. by Chairman Kolstad.

  
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ALLEN C. KOLSTAD, CHAIRMAN

cal/ls

ROLL CALL

BUSINESS AND INDUSTRY

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 1/21/87

NAME	PRESENT	ABSENT	EXCUSED
Allen C. Kolstad, Chairman	✓		
Ted Neuman, Vice Chairman	✓		
Paul Boylan	✓		
Delwyn Gage	✓		
Harry H. "Doc" McLane			✓
Darryl Meyer	✓		
Mike Walker	✓		
Cecil Weeding	✓		
Bob Williams	✓		
Gene Thayer	✓		

Each day attach to minutes.

COMMITTEE ON

DATE

January 2, 1958

## VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Steven M. Daniel	Montana Assoc. of Life Underwriters	SB 115	X	
Guy C. Siegel	" " " " "	SB 115	X	
DARLYNN NICHOLAS	" " " " "	SB 115	X	
Nerna Abens	" " " " "	SB 115	X	
ROBERT NIEBUHR	" " " " "	SB 115	X	
Tom R. Hiller	" " " " "	SB 115	X	
Vickey Anderson	none	SB 115		X
JAT McKelvey	none	SB 110		
Kenneth L. Hassler	Mont. Assoc. Life Underwriters	SB 115		
Requening	none	SB 115		X
Thomas B. K.	Montana Ins. Dept.	SB 115		
Jerry Sullivan	Mont. Econ. Devel. Board	SB 110	X	
REGGIE GOOD	MONT. ASSN. OF LIFE UNDERWRITERS	SB 115	X	
NICK BOURKE	INS. CORP. OF MT	SB 110	X	
M Susan Good	Consumer	SB 115	X	
Steve Brown	Self	SB 110	X	
Bob Panchich	MEPB	SB 110	✓	
HEITH OLSON	MT. Logging Assn	SB 110	✓	
JIM STRICKLAND	MT. ASSOC. of Life Underwriters	SB 115	✓	
Jim Connole	Former Ins Group	SB 115	As Amended	
Ernest A. Keller	North Montana Assoc. of Life Underwriters	SB 115	As Amended	
KLAS TURNING	MALU	SB 115	AS AMENDED	
Dan Erving	MALU			
Keith Rob Evans	State Citizens			
Michael H. Peterson	MSCA			

NAME: Tom R. Hiller DATE: 1-21-87  
ADDRESS: 110 Rolling Green Place Missouri  
PHONE: 543 8089 SENATE BUSINESS & INDUSTRY  
EXHIBIT NO. 1  
REPRESENTING WHOM? W.M.A.L.U. DATE 1/21/87  
BILL NO. SB 115

APPEARING ON WHICH PROPOSAL: SB 115

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: Bill benefits consumer

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Guy C. Siegel DATE: 1-21-87

ADDRESS: 4 Wakonda CT Missoula MT 59803 SENATE BUSINESS & INDUS

PHONE: 406-251-2611 EXHIBIT NO. 2 DATE 1/21/87

REPRESENTING WHOM? Montana Association of Life Underwriters BILL NO. SB 115

APPEARING ON WHICH PROPOSAL: SB 115

DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Jim Strickland DATE: 1-21-87

ADDRESS: 303 W. Marshall Boreman mt 54715

PHONE: 587-4254

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 3

DATE 1/21/87

REPRESENTING WHOM? 127115-127115 Montana Association of Life Insurance BILL NO. SB115

APPEARING ON WHICH PROPOSAL: SR 115

DO YOU: SUPPORT? V AMEND?  OPPOSE?

COMMENTS: Support due to consumer protection.

more Professional Agents help consumer and education  
in the Hwy.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

DATE: 1-2-57

ADDRESS: 421 W. Mendocino, Eureka, N.Y. 59715

(B) 587-0765

EXHIBIT NO. 4

DATE 1/21/84

BILL NO. SB115

REPRESENTING WHOM? Modt Assoc of Life Underwriters

APPEARING ON WHICH PROPOSAL: 5B 115

DO YOU: SUPPORT? as amended AMEND? \_\_\_\_\_ OPPOSE?

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: REGGIE GOOD DATE: 21 JAN 87  
ADDRESS: P.O. BOX 709 GREAT FALLS 59403  
PHONE: 453-5143 SENATE BUSINESS & INDUSTRY  
EXHIBIT NO. 5  
DATE 1/21/87  
REPRESENTING WHOM? MONTANA ASSN OF LIFE UNDERWRITERS BILL NO. SB 115  
APPEARING ON WHICH PROPOSAL: S.B. 115

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: ENHANCE KNOWLEDGE, PROFESSIONALISM,  
BENEFIT CONSUMERS

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



50th Legislature

## STATEMENT OF INTENT

SB Bill No. 115

A statement of intent is required for this bill because section 2 grants rulemaking authority to the commissioner of insurance.

It is the intent of the legislature that the commissioner of insurance adopt rules to ensure that life and disability insurance agents complete appropriate courses in life and health insurance as a condition of renewal of their licenses. The rules of the Washington insurance commissioner (Washington Administrative Code 284-17-200 through 284-17-320) express principles which, to the extent that they cover life and health insurance, are consistent with this legislative intent.

In setting an additional renewal fee commensurate with costs, the commissioner should be guided by the policy in 37-1-134.

The Montana Association of  
Life Underwriters

CONTINUING EDUCATION FOR LIFE  
AND HEALTH INSURANCE AGENTS

A Fact Sheet for Legislators

The Montana Association of Life Underwriters is introducing, through Senator Delwyn Gage, a bill this session which will require that all individuals who are licensed life and health insurance agents in the state of Montana meet a minimum yearly educational requirement in their field in order to retain that license.

This legislation is necessary in order to preserve and enhance the integrity of our profession, and the real bottom line is that the Montana Consumer will be better served. Following are some common questions and answers which legislators may have about this bill.

QUESTION 1. What are the requirements to obtain and maintain a life and health insurance agent's license now?

Currently, in order to become licensed as an agent in Montana, one takes a test and pays a fee. As long as the annual fee is paid, then the license is automatically renewed, with no other requirements.

QUESTION 2. What kinds of problems is the current system causing?

The problem is that many individuals do not keep up with changes, and the life insurance industry is a dynamic, ever-changing one. Changes in tax laws, new products, and knowledge of customer needs are all areas that have to be brought current on a continual basis in order to adequately serve the consumer. Many professional agents solve problems consumers have found themselves with after dealing with unprofessional agents. However, if a consumer has bought the wrong product from the wrong company, it is sometimes too late to make it right with the families they have left behind.

QUESTION 3. How many people will this bill affect?

There are six thousand insurance agents in Montana who are licensed. More than half of those are licensed for life and health. Many of these people are inactive, only selling one or two policies a year, probably to family and friends. Many more are in the business part-

time, working at other full time jobs. It stands to reason that these individuals do not have the same knowledge of their product as the agents who work at the job full-time and keep themselves educated.

QUESTION 4. What does the bill require in the area of continuing education?

The goal of the Montana Association of Life Underwriters is to impose basic continuing education requirements without unnecessarily burdening insurance agents. The bill empowers the Insurance Commissioner to set regulations, and gives her the latitude to set the number of hours between ten and twenty per year, with some carry forward privileges. This number of hours does not unfairly burden anyone, either in time nor in dollars. Insurance education programs are already sponsored throughout the state of Montana all year round, and it is varied as well as salient. In other states where continuing education requirements are low, even more insurance education has become available.

QUESTION 5. Montana is a rural state. What about a rural agent's accessibility to education?

We feel that the kind of education programs which will qualify for credit are already available close to rural areas. We would like to see videotaped programs made available to rural agents, but also feel that some in-class hours are necessary. We believe that the Montana insurance consumer, be they in Helena or Helmsville, deserves to have the same level of service and knowledge from their agent.

QUESTION 6. Who is going to pay for the administration of this program?

Licensed life and health agents themselves. The bill provides that the Insurance Commissioner can set a separate fee for the administration of this continuing education program. We strongly support adequate administration so that the law can meet our goals.

QUESTION 7. How many other states have adopted this kind of legislation?

Twenty, including Puerto Rico. We have spent a great deal of time studying other state's laws and regulations, and feel that what we have come up with is the best of the lot.

QUESTION 8. Why is that?

Many other states make the requirements different for agents who have been in the business different amounts of time. Some also provide a

"grandfathering" clause either for all current agents, or for those who have been licensed agents for a certain number of years. This is a nightmare administratively, and is also blatantly unfair to new people coming into the business. Our bill applies equally to all agents who are licensed in the area of life and health insurance, no exceptions, no grandfathering.

QUESTION 8. Your bill has a statement of intent. What does that do?

Our statement of intent says that we favor the regulations adopted by the Insurance Commissioner of the State of Washington, and would like to see similar Montana regulations as far as they pertain to life and health licensees.

QUESTION 9. Who can I contact for more information about this bill or any other information about life and health insurance?

Following is a listing of MALU legislative committee members, located throughout the state, as well as our lobbyist, who will be in Helena throughout the session. Please feel free to contact any of these people for information of any kind in the area of life and health insurance.

MALU Lobbyist

Bonnie Tippy  
P.O. Box 6276  
Helena, Montana 59601  
442-2052-Office  
443-6342-Home

Southeastern Association

Sherry A. Daniels  
P.O. Box 30915  
Billings, Montana 59107  
252-8952

Chairman, MALU Legislative Committee

Kenneth L. Hassler  
Box 43 Blue Sky Heights  
Clancy, Montana 59634  
933-8201

Western Association

Tom R. Hillier  
1608 S. 3rd #260-B  
Missoula, Montana 59801  
728-0270

Eastern Association

A.J. Stephens  
P.O.Box 876  
Miles City, Montana 59301  
232-4376

Northwestern Association

Bill G. Redmond  
P.O. Box 999  
Kalispell, Montana 59901  
755-5418

Helena Association

Peter W. Sullivan  
111 North Last Chance Gulch  
Helena, Montana 59601  
443-6300

Southwestern Association

Richard A. Henningsen Sr.  
Box 3117  
Butte, Montana 59702  
723-4351

Mid Montana Association  
Klaus Tunings  
421 W. Mendenhall  
Bozeman, Montana 59715  
587-0763

North Montana Association  
Robert J. Raemaeker  
24 West Main  
Cut Bank, Montana 59427  
873-2218

Ex-Officio  
Mel Gillet  
P.O. Box 4003  
Missoula, Montana 59806  
543-8982

Ex-Officio  
Steven M. Daniel  
MALU President  
P.O. Box 430  
Butte, Montana 59701  
782-4251

Ex-Officio  
Marie Ceonier  
P.O. Box 31197-152  
Billings, Montana 59107  
245-7063

AMENDED SENATE BILL 115

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A LIFE OR DISABILITY AGENT WHO CONTINUES HIS LICENSE TO FILE AN AFFIDAVIT STATING THAT HE HAS COMPLETED CONTINUING EDUCATION REQUIREMENTS; AMENDING SECTION 33-17-203, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-17-203, MCA, is amended to read:

"33-17-203. General qualification for license as life or disability insurance agent. (1) For the protection of the people of this state, the commissioner may not issue, continue, or permit to exist any agent license as to life or disability insurance except in compliance with this chapter. In addition, the individual must qualify as follows:

- (1)(a) be 18 years of age or more;
- (1)(b) be a resident in and of this state or of another state if by reciprocal arrangements made by the commissioner with such other state similar privileges therein are granted to residents of this state;
- (1)(c) have been appointed as such an agent by an authorized insurer, subject to issuance of the license;
- (1)(d) be competent, trustworthy, and of good reputation;
- (1)(e) have had experience or training or be otherwise adequately qualified in the kind or kinds of insurance as to which he is to be licensed and be reasonably familiar with the provisions of this code governing his operations as such an agent and with the provisions of the policies and contracts he proposes to offer under the license;
- (1)(f) pass any written examination for the license required under this chapter;
- (1)(g) not use or intend to use the license principally for the writing of insurance on the lives or interests of himself or his relatives to the second degree;
- (1)(h) not be a funeral director, undertaker, or mortician operating in this state or an officer, employee, or representative thereof or hold an interest in such business.

(2) A licensee as to life or disability insurance must complete the minimum number of hours of continuing education and file with the commissioner, prior to May 1 each year, an affidavit stating that the agent has satisfied the continuing education requirement provided in (section 2)."

NEW SECTION. Section 2. Continuing education for life and disability agents. (1) The commissioner may not continue the appointment of a licensed life or disability insurance agent who has not completed the minimum number of hours of continuing education during the previous 12 months, as required by rule.

(2) The commissioner shall by rule require not less than 10 or more than 20 hours of continuing education a year for licensed life and disability insurance agents. The commissioner's rules must provide for:

(a) approval of individuals or organizations offering appropriate education in life and disability insurance;

(b) approval of specific courses offered by individuals or organizations not approved under subsection (2) (a);

(c) satisfaction of the requirement by a nonresident agent who has met an equivalent continuing education requirement in his state of residence ;and

(d) limited carryover privileges.

(3) Each licensed life and disability agent must pay an additional annual fee of \$20. to the commissioner for the administration of the continuing education requirement.

AMEND SB115, FIRST READING BILL, AS FOLLOWS:

1. Page 2, Line 17  
Following: Line 16  
Strike: Lines 17 and 18 in their entirety  
Insert: "(2) a licensee as to life or disability insurance must complete the minimum hours of continuing education and file with the "
2. Page 2, Line 23  
Following: (1)  
Strike: "An insurer"  
Insert: "The commissioner"  
*Ad: strike: "not continue"*  
*Insert: "discontinue"*
3. Page 2, Line 24  
Following: Line 23  
Strike: "Appointment"  
Insert: "License"  
Following: a  
Strike: "Licensed"
4. Page 2, Line 25  
Following: Completed  
Strike: "At least 10"  
Insert: "The minimum number of"
5. Page 3, line 1  
Following: "Months"  
Insert: "As required by rule"
6. Page 3, Line 15  
Following: line 14  
Strike: "e)"  
Insert: "(3) Each licensed life and disability agent must pay"  
Following: "additional"  
Strike: "Renewal"  
Insert: "Annual"  
Following: "fee"  
Strike: "commensurate with costs"  
Insert: "of \$20.00 to the commissioner for the administration of the continuing education requirement"



## Chapter 284-17 WAC

# LICENSING REQUIREMENTS AND PROCEDURES

## WAC

- 284-17-120 Examination procedures for agents, solicitors and adjusters.
- 284-17-200 Purpose.
- 284-17-210 Definitions.
- 284-17-220 Continuing education requirement.
- 284-17-230 Eligible courses—Advance approval required.
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- 284-17-320 License renewal requested—Continuing education requirement not satisfied.
- 284-17-400 Staggered licensing for insurance agents, brokers, solicitors and adjusters—Conversion of current licenses—Assignment of renewal date for new licenses.
- 284-17-410 Staggered appointment procedures for insurance agents.
- 284-17-420 Appointment procedures for licensed persons empowered to exercise the authority conferred to a corporate or firm licensee—Conversion to a staggered system of renewals.

### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

- 284-17-010 Application. [Order R-68-12, § 284-17-010, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-020 Definitions. [Order R-68-12, § 284-17-020, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-030 Prohibited actions. [Order R-68-12, § 284-17-030, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-040 Filings required. [Order R-68-12, § 284-17-040, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-045 Review not approval. [Order R-68-12, § 284-17-045, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-050 Filing precondition to solicitation. [Order R-68-12, § 284-17-050, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-060 Exclusions. [Order R-68-12, § 284-17-060, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-070 Examination powers not diminished. [Order R-68-12, § 284-17-070, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-080 Enforcement. [Order R-68-12, § 284-17-080, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-090 Severability. [Order R-68-12, § 284-17-090, filed 1/13/69.] Repealed by Order R77-4, filed 6/17/77.
- 284-17-100 Agent, solicitor or adjuster examination scheduling and fees. [Statutory Authority: RCW 48.02.060. 80-01-011 (Order R 79-6), § 284-17-100, filed 12/12/79.] Repealed by 82-10-016 (Order R 82-2), filed 4/28/82. Statutory Authority: RCW 48.02.060.
- 284-17-110 Reexamination after failure to pass examination. [Statutory Authority: RCW 48.02.060. 80-01-011 (Order R 79-6), § 284-17-110, filed 12/12/79.] Repealed by 82-10-016 (Order R 82-2), filed 4/28/82. Statutory Authority: RCW 48.02.060.

**WAC 284-17-120 Examination procedures for agents, solicitors and adjusters.** (1) The commissioner has contracted with an independent testing service for the administration of agents', solicitors', and adjusters' examinations. On and after June 1, 1982, any person desiring to take an examination for the type of license shown in subsection (2) of this section will be required to submit a registration form and the appropriate examination fee to educational testing service. Such fee is not refundable. Registration forms and information about examinations may be obtained from the office of insurance commissioner or from educational testing service.

(2) At least twice each month at predetermined locations, educational testing service will conduct the examinations required for the following types of licenses:

TYPE OF LICENSE	EXAMINATION(S) REQUIRED
Life Insurance Agent or Solicitor	Life
Disability Insurance Agent or Solicitor	Disability
Life and Disability Agent or Solicitor	Life, Disability
Property/Casualty Agent or Solicitor	Property, Casualty
General Lines Agent or Solicitor	Property, Casualty, Disability
All Lines Agent or Solicitor	Life, Disability, Property, Casualty
Vehicle Only Agent or Solicitor	Vehicle
Surety Only Agent or Solicitor	Surety
Credit Life & Disability Agent or Solicitor	Credit life and Disability
Independent Adjuster	Independent Adjuster
Public Adjuster	Public Adjuster

(3) If an applicant fails to take a scheduled examination, a new registration form and appropriate fees must be submitted for any later examination, unless a serious emergency prevented attendance.

(4) Tests for vehicle, surety, and credit insurance and for adjusters will be graded by the insurance commissioner's licensing department which will notify applicants of the results. Other tests will be graded by educational testing service which will provide each applicant with a score report, following examination. If the examination is passed, the score report must be forwarded to the insurance commissioner with a completed insurance license application, finger print card and the appropriate license fee.

(5) An applicant who fails to pass the insurance agent, solicitor or adjuster examination may request reexamination at such time as the applicant believes that he or she has completed sufficient additional study. Each reexamination request must be accompanied by a new registration form and the appropriate examination fee. [Statutory Authority: RCW 48.02.060. 82-10-016 (Order R 82-2), § 284-17-120, filed 4/28/82.]

**VAC 284-17-200 Purpose.** The purpose of this regulation is to implement the provisions of RCW 48.17.150 by establishing the minimum continuing education requirements that must be met prior to the renewal of an insurance agent, solicitor or brokers license. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-200, filed 3/20/80.]

**WAC 284-17-210 Definitions.** As used in this continuing education regulation, unless the context requires otherwise:

(1) "Course" includes courses, programs of instructions, correspondence courses and seminars.

(2) "Hours" means the time assigned by the commissioner as recognition for the satisfactory completion of an approved course. For college level work entirely on approved subjects:

a) Twelve hours will be assigned for each quarter credit hour.

b) Sixteen hours will be assigned for each semester credit hour. The number of hours assigned for other programs will normally be based upon the number of classroom contact hours or their equivalent. However, based upon the evaluation of the course content, the number of hours assigned may be less than the total amount of time spent by the student in the course.

(3) "Licensee" means each natural person licensed as an insurance agent, solicitor or broker to sell life, disability, property, or casualty insurance. A credit insurance licensee is not included.

(4) "Certificate of completion" means a document signed by the course instructor or other responsible officer which shall signify satisfactory completion of the course and shall reflect hours of credit earned. Such certificates shall be in standard form as prescribed by the insurance commissioner. [Statutory Authority: RCW 48.02.060. 82-10-016 (Order R 82-2), § 284-17-210, filed 4/28/82. Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-210, filed 3/20/80.]

**WAC 284-17-220 Continuing education requirement.** (1) The number of hours course work required to be presented annually as a prerequisite to license renewal or reissuance shall be 12 hours.

New licensees that have been licensed for less than 6 months at the time of renewal will not be required to complete the continuing education, however anyone licensed 6 months or more at time of renewal must have completed the entire 12 hours.

The commissioner may accept licensed sales experience in another state, as comparable experience for the purpose of calculating the number of years licensed and for determining the number of continuing education hours required for each annual renewal or reissuance.

Each course to be applied toward satisfaction of the continuing education requirement must have been completed within the twenty four month period immediately preceding the licensee's assigned license renewal date

and hours applied cannot have been applied in a previous year toward satisfaction of the continuing education requirement.

(2) The courses participated in and for which credit is received shall be reported to the commissioner as part of the application for license renewal and shall be subject to verification.

(3) If the home state of a nonresident agent is determined to have a continuing education program substantially comparable to that of Washington, satisfaction of the continuing education requirement of the home state may be accepted as meeting Washington's requirement. [Statutory Authority: RCW 48.02.060 and 48.17.150. 81-18-049 (Order R 81-5), § 284-17-220, filed 8/31/81. Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-220, filed 3/20/80.]

**WAC 284-17-230 Eligible courses—Advance approval required.** (1) Courses eligible for approval for the continuing education program shall be those courses related to insurance. General education courses and sales motivation courses shall not be eligible for approval.

(2) All courses must be approved prior to the beginning of study in order to be applied toward the satisfaction of the continuing education requirement: **PROVIDED**, That licensees who have attended and seek credit for completion of courses organized by, and conducted under the supervision of industry trade associations, national associations of agents or brokers or such other national organizations as are accepted by the commissioner, may, within 60 days of course completion, submit supporting course materials and a request for approval of course content and hours credit to the commissioner. The licensee seeking course and hours credit approval shall have the responsibility for providing:

(a) sufficient supporting materials regarding course content and hours to permit the commissioner to make a determination, and

(b) a "Certificate of Completion" signed by the instructor or person in charge of the course signifying licensee attendance at, and completion of, the course. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-230, filed 3/20/80.]

**WAC 284-17-240 Courses specifically approved.** (1) The following courses are approved as they exist on the date this regulation is adopted, for the credit hours stated:

(a) Any part of the Life Underwriter Training Council Life Course Curriculum (50 hours credit) or Health Course Curriculum (25 hours credit).

(b) Any part of the American College "CLU" Diploma Curriculum (30 hours credit), and its advanced study programs; Chartered Life Underwriter Institutes conducted by the American Society of CLU.

(c) Any part of the Insurance Institute of America's program of insurance (20 hours credit).

(d) Any part of the American Institute for Property and Liability Underwriter's Chartered Property Casualty Underwriter (CPCU) professional designation program (30 hours credit).

(e) Any part of the Certified Insurance Counselor program (25 hours credit).

(f) Insurance related courses taught by a college or university that is accredited by the Northwest Association of Schools and Colleges, for which credit is granted.

(2) Changes in the above identified courses shall be presumed to be approved by the commissioner unless the sponsoring organization is advised of disapproval.

(3) Programs for which credit hours are not shown shall receive such credit hours as are approved by the commissioner. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-240, filed 3/20/80.]

**WAC 284-17-250 Courses conducted by authorized organizations.** (1) Insurance companies, insurance trade associations and statewide associations of agents or brokers that have an existing formal, and demonstrable, training program may, upon request to and approval by the commissioner, be authorized to develop course content and conduct courses without the requirement for prior individual course review and approval by the commissioner.

(2) Local chapters of such an authorized statewide association of agents or brokers may submit proposed courses to the statewide organization and, upon a determination by the statewide organization that the local chapter's course meets the standards of the organization and complies with this continuing education regulation, such local chapter's course shall be considered to be a course of the statewide association of agents or brokers and shall be presumed to be approved by the commissioner.

(3) It is the intent of this section that only organizations with a formal, full-time training program be approved to develop and conduct courses without prior individual course approval. Courses of other organizations are to be reviewed and acted on by the commissioner on a prior and individual basis.

(4) Requests for training program review, and authority to develop course content and to conduct courses without prior individual course approval must include the following information:

(a) The name of the organization.

(b) A description of the existing training program of the organization including:

(i) The titles or description of courses taught during the previous year.

(ii) The number of students taught, by course, during the previous year.

(iii) The name of the person in charge of the training program, years of full-time training program experience and years with the present organization.

(iv) Budget of the training program for the current year.

(c) A description of the manner in which courses will be developed and reviewed prior to course conduct.

(d) A statement by the responsible employee or officer of the organization agreeing to comply with regulations in developing courses and attributing hours to courses.

(e) An agreement to offer to provide, and to provide when requested, a certificate of completion and hours earned to each successful student.

(f) An agreement to maintain records of student course completion for three years.

(5) The granting of authority to an organization to develop course content and conduct courses without prior individual course approval shall be for an indefinite period, or until revoked by the commissioner. The actual conduct and performance of the training program shall be subject to review by the commissioner.

(6) Organizations that have been authorized to develop course content and conduct courses without prior individual course approval shall file a course outline for each course with the commissioner. The course outline shall include:

(a) A description of the subject matter to be taught.

(b) The method of teaching or presentation.

(c) The number of classroom contact hours.

(d) An explanation of the criteria to be applied in determining whether the course is satisfactorily completed.

(e) The number of continuing education hours credit assigned.

(f) Other relevant information.

(7) Assignment of hours to courses by organizations that have been authorized to develop course content and conduct courses without prior individual approval shall be subject to review and revision by the commissioner as necessary to ensure consistency in continuing education hours assigned to comparable courses. [Statutory Authority: RCW 48.02.060 and 48.17.150. 81-18-049 (Order R 81-5), § 284-17-250, filed 8/31/81. Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-250, filed 3/20/80.]

**WAC 284-17-260 Courses individually approved.** Organizations or individuals not included in WAC 284-17-240 or 284-17-250 that desire to have courses approved may submit their request for individual course approval to the commissioner.

(1) The request for course approval shall include:

(a) A copy of the course material that is requested to be approved.

(b) An explanation of the method of teaching or presentation.

(c) The number of classroom contract hours.

(d) An explanation of the criteria to be applied in determining whether the course is satisfactorily completed.

(e) The number of continuing education hours for which approval is requested.

(f) An agreement to offer to provide, and to provide when requested, a certificate of completion and continuing education hours earned, to each successful student.

(g) An agreement by the responsible official to comply with regulations in conducting courses.

(2) A specific determination of course and hours approval will be made by the commissioner. No course for

individual course approval is required may be entered as being approved prior to actual approval. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 7-260, filed 3/20/80.]

**WAC 284-17-270 Credit for courses.** (1) No course shall be established for less than one hour of continuing education credit. Courses conducted in conjunction with other meetings must have a separate continuing education course component.

(2) The instructor of a course must maintain a positive attendance record, consisting of a sign in - sign out register, in order to qualify the course for continuing education credit.

(3) The instructor of a course shall receive twice the number of hours credit for teaching a course as is allowed for a student taking the course. [Statutory Authority: RCW 48.02.060 and 48.17.150. 81-18-049 (Order R 81-5), § 284-17-270, filed 8/31/81. Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-270, filed 3/20/80.]

**WAC 284-17-280 Approved courses or organizations—Loss of approval.** (1) The approval of a course, or of an organization to develop and conduct courses without prior individual course approval, may be suspended or revoked by the commissioner if he determines that:

(a) The course content has been significantly changed without notice to the commissioner and the change affects the number of hours assigned to the course.

(b) A certificate of participation and hours earned is not issued to any individual who did not complete the course.

(c) Certificates of participation and hours earned were not offered, or were not given when requested to individuals who have satisfactorily completed the course.

(d) The actual instruction of the course is determined by the commissioner to be inadequate.

(e) In the commissioner's discretion, the course or courses offered fail to meet the objectives of the statutes requiring continuing education for insurance agents and brokers.

(2) Reinstatement of a suspended or revoked approval shall be at the discretion of the commissioner after receipt of satisfactory proof that the conditions responsible for the suspension have been corrected. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-280, filed 3/20/80.]

**WAC 284-17-290 Waiver of continuing education requirement.** Any licensee, who believes that good cause exists, may request a waiver of the continuing education requirement. Requests shall be in writing, received prior to expiration of the licensee's existing license and shall set forth in substantive detail the reason or reasons why the licensee believes a waiver of the continuing education requirement for the current license renewal is merited. [Statutory Authority: RCW 48.17.150 as amended by

1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-290, filed 3/20/80.]

**WAC 284-17-300 Continuing education advisory committee.** There is hereby created a continuing education advisory committee to be made up of five members appointed for staggered terms by the commissioner. The advisory committee shall, as requested by the commissioner, provide assistance and advice in the implementation of the continuing education regulation. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-300, filed 3/20/80.]

**WAC 284-17-310 When continuing education requirement must be met.** Each licensee, as defined in WAC 284-17-210(3), shall be required to present evidence of completing the continuing education requirement, prior to license renewal, beginning with those license renewals falling due on or after October 1, 1981. [Statutory Authority: RCW 48.02.060. 82-10-016 (Order R 82-2), § 284-17-310, filed 4/28/82. Statutory Authority: RCW 48.02.060 and 48.17.150. 81-18-049 (Order R 81-5), § 284-17-310, filed 8/31/81. Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-310, filed 3/20/80.]

**WAC 284-17-320 License renewal requested—Continuing education requirement not satisfied.** In the event that a licensed insurance agent or broker requests license renewal and fails to present evidence of completion of the continuing education requirement, the licensee shall be notified by mail of the apparent deficiency and provided with reasonable opportunity to show compliance. [Statutory Authority: RCW 48.17.150 as amended by 1979 ex.s. c 269 §§ 7,10. 80-04-042 (Order R 80-3), § 284-17-320, filed 3/20/80.]

**WAC 284-17-400 Staggered licensing for insurance agents, brokers, solicitors and adjusters—Conversion of current licenses—Assignment of renewal date for new licenses.** The licensing of insurance agents, brokers, solicitors and adjusters in Washington shall be converted to a staggered licensing system as follows:

(1) Those licenses expiring on March 31, 1980 shall be renewable for six months and shall expire on September 30, 1980.

(2) New licenses issued on or after April 1, 1980 and before October 1, 1980 shall be valid until September 30, 1980.

(3) All licenses then outstanding will expire on September 30, 1980, as provided by subsections 1 and 2 above. In the case of licenses issued to individuals, such licenses will be renewed for a period ending with the individual licensee's second birthday anniversary occurring after September 30, 1980. In the case of firms or corporations, the license will be renewed for a period ending with the firm or corporation's second renewal date occurring after September 30, 1980. Such renewal dates

Two members for one year; two members for two years shall constitute a quorum for the transaction of business by the board or a committee of the board.

(7) The board shall have the advisory power:

(a) To recommend general policy concerning the scope, contents, procedure and conduct of examinations to be given for respective licenses as agent, broker and solicitor.

(b) To recommend the questions comprising each particular such examination and from time to time to change such questions as the board deems advisable, and where examinations are composed by the board results of these examinations shall be evaluated by the board.

(c) To review other state insurance examination papers and the grading thereof.

(d) To recommend the scope and contents of material furnished agent, broker or solicitor examination applicants by the commissioner under RCW 48.17.120 for the purpose of preparing for any such examination.

(e) To recommend rules and regulations for the procedure to be followed in the conduct of such examinations, including, but not limited to, application for examination, frequency and place of examinations, minimum waiting period before reexamination, monitoring, and the safeguarding of examination questions and papers. The board shall file copies of all such rules and regulations, and of all amendments or modifications thereof, with the commissioner and with the code reviser for public inspection and information.

(f) To make such recommendations to the commissioner in regard to the administration of the examination requirement as the board from time to time deems appropriate.

(8) Members may be removed by the commissioner for any cause which unreasonably interferes with the proper discharge of the responsibilities of the board or any member thereof. Any vacancy shall be filled by the commissioner within ninety days after it occurs by appointment for the remainder of the unexpired term.

(9) Appointed members of the examining board shall be reimbursed for their travel expenses incurred in the actual performance of their duties in accordance with RCW 43.03.050 and 43.03.060.

(10) The powers and recommendations of the examining board shall be advisory only. [1984 c 287 § 96; 1975-'76 2nd ex.s. c 34 § 142; 1967 c 150 § 14.]

**Legislative findings—Severability—Effective date—**1984 c 287: See notes following RCW 43.03.220.

**Effective date—Severability—**1975-'76 2nd ex.s. c 34: See notes following RCW 2.08.115.

and 43.03.060 as now existing or hereafter amended.

(10) The powers and recommendations of the examining board shall be advisory only. [1975-'76 2nd ex.s. c 34 § 142; 1967 c 150 § 14.]

**Effective date—Severability—**1975-'76 2nd ex.s. c 34: See notes following RCW 2.08.115.

**RCW 48.17.150 Agent's and broker's qualifications—Continuing education requirements.** (1) To

qualify for an agent's or broker's license an applicant must otherwise comply with this code therefor and must

(a) be eighteen years of age or over, if an individual;

(b) be a bona fide resident of and actually reside in this state, or if a corporation, be other than an insurer and maintain a lawfully established place of business in this state, except as provided in RCW 48.17.330;

(c) be empowered to be an agent or broker, as the case may be, under its members' agreement, if a firm, or by its articles of incorporation, if a corporation;

(d) complete such minimum educational requirements for the issuance of an agent's license for the kinds of insurance specified in RCW 48.17.210 as may be required by regulation issued by the commissioner;

(e) successfully pass any examination as required under RCW 48.17.110;

(f) be a trustworthy person;

(g) not intend to use or use the license for the purpose principally of writing controlled business, as defined in RCW 48.17.080;

(h) if for an agent's license, be appointed as its agent by one or more authorized insurers, subject to issuance of the license; and

(i) if for broker's license, have had at least two years experience either as an agent, solicitor, adjuster, general agent, broker, or as an employee of insurers or representatives of insurers, and special education or training of sufficient duration and extent reasonably to satisfy the commissioner that he possesses the competence necessary to fulfill the responsibilities of broker.

(2) The commissioner shall by regulation establish minimum continuing education requirements for the renewal or reissuance of a license to an agent or a broker: *Provided*, That the commissioner shall require that continuing education courses will be made available on a state-wide basis in order to ensure that persons residing in all geographical areas of this state will have a reasonable opportunity to attend such courses. The continuing education requirements shall be appropriate to the license for the kinds of insurance specified in RCW 48.17.210: *Provided further*, That the continuing education requirements may be waived by the commissioner for good cause shown.

(3) If the commissioner finds that the applicant is so qualified and that the license fee has been paid, he shall issue the license. Otherwise, the commissioner shall refuse to issue the license. [1979 ex.s. c 269 § 7; 1971 ex.s. c 292 § 47; 1967 c 150 § 19; 1961 c 194 § 4; 1947 c 79 § 17.15; Rem. Supp. 1947 § 45.17.15.]

**Effective date, implementation—**1979 ex.s. c 269: See note following RCW 48.14.010.

**Severability—**1971 ex.s. c 292: See note following RCW 26.28.010.

**RCW 48.17.160 Appointment of agents—Revocation—Expiration—Renewal.** (1) Each insurer on appointing an agent in this state shall file written notice thereof with the commissioner on forms as prescribed and furnished by the commissioner, and shall pay the filing fee therefor as provided in RCW 48.14.010. The commissioner shall return the appointment of agent

NAME: Ted Sokolowski DATE: 1/21/87

ADDRESS: 601 Beta Dr. CT Fall

SENATE BUSINESS & INDUSTRY

PHONE: 4525767

EXHIBIT NO. 10

DATE 1/21/87

REPRESENTING WHOM? N M LV

BILL NO. SB 115

APPEARING ON WHICH PROPOSAL: SB 115

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENTS: As per professional Ltr plan  
Continuing Education would reduce rate

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Tanya Ask DATE: 1/21/87  
ADDRESS: Montana Ins. Dept. P.O. Box 4009 Helena  
PHONE: 444-2040 SENATE BUSINESS & INDUSTRY  
REPRESENTING WHOM? MT. Ins. Dept EXHIBIT NO. 11  
DATE 1/21/87  
BILL NO. SB 115

APPEARING ON WHICH PROPOSAL: SB 115  
Neither support nor oppose  
DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: wish to point out Fiscal impact  
of implementation of increase of  
rates to Insurance Department  
\_\_\_\_\_  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: Dan Erving DATE: 1-21-87  
ADDRESS: Arcade Bldg 111 North Last Chance Gulch 3-C  
Helena MT  
PHONE: 406-443-6300  
REPRESENTING WHOM? Helena Assoc Life Underwriters  
APPEARING ON WHICH PROPOSAL: Continuing Education SB115  
DO YOU: SUPPORT? X AMEND? \_\_\_\_\_ OPPOSE? \_\_\_\_\_

COMMENTS: Support Continuing Education

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 12

DATE 1/21/87

BILL NO. SB 115

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



DATE: 1-21-87

## SENATE BUSINESS & INDUSTRY

DATE 1/21/87

APPEARING ON WHICH PROPOSAL: SB 110

OPPOSE? \_\_\_\_\_

COMMENTS: \_\_\_\_\_

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.



# DEVELOPMENT CORPORATION OF MONTANA

350 North East Chance Gulch • Post Office Box 916 • Helena, Montana 59624 • Telephone (406) 442-3850

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Kalispell, Montana

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Helena, Montana

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Glasgow, Montana

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Farmers State Bank  
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Montana Bank of Billings  
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Montana Power Company  
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## SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 14

DATE 1/21/87

BILL NO. SB110

## TESTIMONY IN SUPPORT OF

### SENATE BILL 110

## OBJECTIVE

To allow the Montana Economic Development Board (MEDB) to purchase debentures sold by Montana Capital Companies.

## DEFINITIONS

Montana Economic Development Board - The board established to implement I-95, and the resulting In-State Investment Act. Currently manages \$34 million in assets.

Debenture - A secured promissory note, with interest only payments until maturity, and full principal repayment at maturity.

Montana Capital Company - A Montana-based venture capital company created pursuant to Title 90, Chapter 8.

## BACKGROUND

In January, 1986, the MEDB adopted a rule authorizing a program allowing for purchase of debentures issued by Capital Companies.

Upon further review, it was agreed to seek specific statutory language authorizing the program.

DCM counsel and MEDB have jointly developed the bill, consistent with state laws governing investment and the programs of the in-state investment fund.

The MEDB endorses the bill.

## REASONS FOR THE PROPOSED BILL

1. The debenture program will provide a needed source of long term, fixed-rate leverage for capital companies.
2. It will expand the financing programs of the MEDB, and allow it to become slightly more risk-oriented.
3. It will allow the MEDB to diversify its portfolio.
4. The original sponsors of the In-State Investment Fund, Dan Kemmis and Tom Towe, supported this debenture proposal during administrative hearings held by the MEDB.

## THE AMENDMENTS

1. P.1, lines 16-17  
Definition of capital companies
2. P.2, lines 8-10  
Clearly states that purchase of a debenture is not a "loan participation".
3. P.3, lines 10-11  
Clearly states that the purchase of a debenture issued by a capital company is not a direct loan.
4. P.4, lines 2-3  
Allows for a single capital company to issue a total amount of debentures exceeding 10% of the prior years coal severance tax deposits into the In-State Investment Fund.
5. P.4, lines 3-6  
Sets upper limit on total amount of capital company debentures MEDB may purchase.
6. P.4, lines 20, 23-24  
Provides that capital companies are treated in the same manner as financial institutions.

# STANDING COMMITTEE REPORT

JANUARY 21,

1987

MR. PRESIDENT

We, your committee on **BUSINESS AND INDUSTRY**

having had under consideration **SENATE BILL** No. **110**

**FIRST** reading copy ( **WHITE** )  
color

## INVESTMENT OF IN-STATE INVESTMENT FUND IN MONTANA CAPITAL COMPANIES

Respectfully report as follows: That **SENATE BILL** No. **110**

DO PASS

~~XXXXXXXXXX~~

**SENATOR KOLSTAD**

Chairman.