

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

April 9, 1987

The forty-fifth meeting of the Business and Industry Committee was called to order by Chairman Allen C. Kolstad at 10:00 a.m. on Thursday, April 9, 1987, in Room 410 of the Capitol.

ROLL CALL: All committee members were present except Sen. Paul Boylan, Sen. Tom Hager, and Vice Chairman, Ted Neuman, who were excused.

CONSIDERATION OF HOUSE BILL NO. 849: Rep. Joe Quilici, House District 71, Butte, who is the chief sponsor of this bill stated that it authorizes repayment of loans from the Victims of Crime Account and the Junk Vehicle Account. He explained that in 1985 the Legislature authorized that the Centennial Committee could utilize funds of \$119,000 borrowed from those two accounts and that they could repay the funds only through the sale of license plates and the Centennial Inch of Land. The Committee wishes to pay the funds back through all sales of Centennial Products. This bill extends the repayment date from June 30, 1987 to January 1, of 1988. It does not add any more money to the account.

PROPONENTS: Mr. Ron Duda, Acting Coordinator of the Montana Statehood Centennial Office, stood in support of House Bill 849. (EXHIBIT 1)

OPPONENTS: There were no opponents to HB 849.

DISCUSSION OF HOUSE BILL NO. 849: Sen. Thayer asked Mr. Duda to tell the committee what income the committee had received to date and what the income was from. Mr. Duda explained that as of the last official report which was about a month ago, the Centennial Acre had netted \$20,000 which is the sale of 2,800 square inches, not contiguous. The license Plate Program had netted \$50,000 but there are costs to be paid to Deer Lodge for materials which will run about \$2 per plate. Sen. Walker wanted to know what the explanation was for the stricken part on page 3, line 17 and line 25. Mr. Duda and Ms. Mary McCue explained that it had to do with the new Section One. It also clarifies that there are no general funds appropriated.

The hearing on House Bill No. 849 was closed.

EXECUTIVE ACTION ON HOUSE BILL NO. 849: A MOTION by Sen. Mike Walker seconded by Sen. Darryl Meyer that HB 849 BE CONCURRED IN PASSED UNANIMOUSLY.

MONTANA INSURANCE ASSISTANCE PLAN, 1986 REPORT TO THE LEGISLATURE, MONTANA INSURANCE DEPARTMENT, STATE AUDITOR, ANDREA "ANDY" BENNETT, COMMISSIONER OF INSURANCE: A brief overview of the 1986 Report to the Legislature on the Montana Insurance Assistance Plan was presented by Mr. Randy Pugh, Administrative Assistant for the Montana Insurance Assistance Plan with the Montana Department of Insurance. (EXHIBIT 2) (EXHIBIT 3)

DISCUSSION OF THE 1986 REPORT TO THE LEGISLATURE, MONTANA INSURANCE ASSISTANCE PLAN: Chairman Kolstad called for questions from the committee. Sen. Walker asked if Mr. Pugh felt the rush for day care centers to purchase insurance was a reaction to the California day care scandal and if he felt it was becoming less difficult for day care centers to purchase insurance. Mr. Pugh answered "Yes," to both questions and that Montana Day Care Association is now securing insurance on its own for its members. Sen. Walker wanted to know if there had been a substantial increase in the cost of day care insurance, and Mr. Pugh stated that there had been some increase in premiums and it was probably as a result of recent lawsuits. Chairman Kolstad asked Mr. Pugh if he could foresee that the availability of liability insurance might improve in the future. Mr. Pugh answered that he felt that the market is softening and some companies are expanding their risks which they might not have underwritten a year ago. Chairman Kolstad then asked if some of the bills that were introduced and passed this session and tort reform would help the situation. Mr. Pugh stated that it was his perception that it will help, but that the impact would not be able to be seen immediately. Mr. Pugh deferred to Mr. Roger McGlenn who stated that he had had the opportunity to speak to several insurance companies within the last ten days, and they are very much encouraged by the improvement in the marketing and the Montana climate by the activities being taken in the 50th Legislature. Sen. Weeding wanted to know how the Insurance Assistance Plan would be set into action and Mr. Pugh explained that he has a detailed data base of about 90 companies who have specifically agreed to underwrite specific lines of insurance. When his office gets a request from someone, he reviews the application, then assigns it to one of the persons on the Agents' Committee who then in turn searches out a company that will consider the application. He noted that the process has worked very well and they have only had four that have not been placed through the Agents' Committee,

and had to go to the Underwriters. He stated that they are expected to place one out of five applications with the underwriters. Sen. Williams wanted to know then if that meant that only about four out of 25 that have gone as far as the Underwriters' Committee, and Mr. Pugh answered, "Yes," and noted good cooperation from the companies through the Agents' Committee on the higher risks. Sen. Weeding wanted to know if a company was required ultimately to accept a client if they are a cooperating company, and Mr. Pugh answered that they deal with companies who have voluntarily placed their names on these lists, and they are generally quite cooperative. Sen. Williams asked how long the Plan has been in operation and Mr. Pugh answered that they have been operational only since the first of June, 1986. He cited the political subdivisions area (counties, cities and towns) as being the hardest to find general liability coverage for. Other areas are liquor and day care centers. He stated, however, that those areas are softening as well as a little softening in the political subdivision area. Sen. Thayer wanted to know if this plan gets involved with helping with bonding problems or if it is just dealing with the insurance area. Mr. Pugh answered that it is strictly insurance.

Wendy Curran, Executive Assistant to the Auditor, Andy Bennett, closed the report on the Montana Insurance Assistance Plan by thanking the members of the committee and Chairman Kolstad for the opportunity to present their report. Chairman Kolstad thanked Ms. Curran for the hard work in preparing the report and presenting it.

RECONSIDERATION OF HOUSE BILL NO. 905: A Motion by Sen. Cecil Weeding seconded by Sen. Harry McLane that the committee reconsider HB 905 passed unanimously. The general consensus of the committee was that this bill should not be passed out of the committee until the contingent bill HB 862 had progressed through its Senate hearing in another Senate committee since there is no funding for HB 905 if HB 862 does not pass.

A MOTION THAT HOUSE BILL NO. 905 be TABLED IN THIS COMMITTEE was made by Sen. Mike Walker and seconded by Sen. Gene Thayer. It PASSED Unanimously. Chairman Kolstad announced that the Secretary, Carolyn Linden will check on the status of HB 862 and this committee will reconsider its actions of today on HB 905 based on the status of HB 862.

Business and Industry Committee  
April 9, 1987  
Page 4

STATEMENT OF INTENT FOR HOUSE BILL NO. 863: It was noted by the Committee Researcher, Mary McCue and Committee Secretary, Carolyn Linden that HB 863 required a Statement of Intent which was not adopted when the bill was introduced in the House or when it was heard and then Concurred In by this committee on April 8, 1987. Ms. McCue presented a Statement of Intent which she had prepared. It was reviewed by the committee at this meeting and discussed. Sen. Darryl Meyer made a MOTION THAT THE STATEMENT OF INTENT FOR HOUSE BILL 863 BE ADOPTED. The MOTION was seconded by Sen. Harry McLane and PASSED UNANIMOUSLY. (EXHIBIT 4)

Chairman Kolstad announced that there were no further meetings scheduled for this committee but that a special meeting would be called to reconsider HB 905 if necessary.

The meeting was adjourned by Chairman Kolstad at 10:54 a.m.

  
SENATOR ALLEN C. KOLSTAD, CHAIRMAN

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ROLL CALL

*Business & Industry* COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 4/9/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN			✓
PAUL BOYLAN			✓
TOM HAGER			✓
HARRY H. MCLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.



Testimony of Ron Duda, Acting Coordinator  
of the Montana Statehood Centennial Office  
Before the Senate Business and Industry  
Committee  
concerning H.B. 849  
Thursday, April 9, 1987

For the record my name is Ron Duda, Acting Coordinator for the Montana Statehood Centennial Office.

I am here today to enlist your support of H.B. 849 which amends how and when we may borrow and repay loans for Centennial Office activity.

Let me place the importance of your granting us loan authority in perspective.

The Montana Centennial Office receives no state funds.

Instead you have authorized the office to borrow from the Junk Vehicle account and the Victims of Crime account until June 30th of this year.

To date we've borrowed \$38,000 from the Victims of Crime account and \$25,000 from the Junk Vehicle account.

This money currently must be repaid specifically from two sources of fundraising:

the Centennial Acre program,  
the Centennial License Plates program.

What we're asking with H.B. 849 is to:

- 1) Authorize us to use all Centennial revenue sources to repay our loans. This would include private donations and any of our other fundraising activities.
- 2) Reauthorize us to borrow through the 1989 biennium from the same accounts (Junk Vehicle and Victims of Crime) at the current level--\$119,110 from each account. The reauthorization will allow the Office to meet fiscal commitments during periods when cash flow is low.
- 3) Extend the repayment deadline 6 months (from June 30, 1987 to January 1, 1988.) Because the beginning of the license plate program was delayed, money from county treasurers will be late entering our office account.

The Montana Centennial Office has been frugal. In fact, we've received help and private donations of all kinds: office equipment, public service air time, and in-kind support from many sources including the Lt. Governor's Office.

Unlike our five neighboring states, who are also celebrating centennials in 1989 and 1990, we are not appropriated state funds. As a result, the importance of our borrowing authority is magnified--it's our life blood.

I'm sure you agree with us that all Montanans deserve a birthday party to remember--a commemoration of which we can all be proud.

Please help us accomplish this by supporting H.B. 849.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

DATE

4/9/87

BILL NO.

H.B. 849



Mr. Chairman, members of the committee, my name is Randy Pugh and I am Administrative Assistant for the Montana Insurance Assistance Plan with the Montana Department of Insurance. On behalf of Insurance Commissioner Bennett, I am pleased to report to you today on the activities of the Montana Insurance Assistance Plan over the past year. However, before I begin today, Commissioner Bennett, the Department of Insurance, and I would first like to acknowledge those individuals who have volunteered their time and expertise to the Montana Insurance Assistance Plan. The Department is fortunate to have very qualified and dedicated appointees to the three committees directing this program. Members of the Advisory Committee are Chairman Carl Swanson of USF&G in Helena, John Tauer of St. Paul Companies in Great Falls, Roger McGlenn of the Independent Insurance Agents of Montana, Diane Schneider of CNA Insurance in Seattle, and the Deputy Insurance Commissioner. This committee spent a great deal of time drafting the plan of operation for each committee, committee structures, fee structures, and overall organization of the plan, as well as overseeing its day-to-day operations.

Members of the Agents Committee are Chairman Bruce Mihelish of Insurance Inc. in Helena, Jim Paffhausen of State Farm in Billings, Jim Smith of First West, Inc. in Bozeman, Bob Wuttke of Western States Insurance in Missoula, and Gordon McManus of the Flynn Agency in Great Falls. These individuals are responsible for negotiating extensions of coverage and exploring the market for available insurance sources.

Serving on the Underwriting Committee are Ed Judge of Rocky Mountain General Agency, Chuck Norman of Fireman's Fund, and John Korpela of Farmers Union, all in Great Falls, Chairman Kent McPhail of USF&G in Helena, and John Gettles with SAFECO Insurance in Redmond, Washington. The Underwriting Committee makes further placement efforts if the Agents Committee is unsuccessful in finding a market for an applicant. I would also like to thank those companies and their representatives who have supported the Plan by agreeing to underwrite those risks submitted to them through the Plan. Without the support of these individuals, Montana's insurance agents, and the insurance industry itself, the Montana Insurance Assistance Plan would not have been able to achieve the success that it has enjoyed during its limited time of operation.

As you all know, the insurance industry has faced a "crisis" during the past two to three years. During this time, the insurance consumer has faced insurance rate increases of 100% to 1000% with companies refusing to insure some businesses altogether. It was this market situation that led Commissioner Bennett to seek the creation of the Montana Insurance Assistance Plan during the March 1986 special session of the 49th legislature.

The Montana Insurance Assistance Plan, also known as the Plan, was formed to help consumers resolve problems in securing insurance coverage. Specifically, the Plan assists consumers in locating commercial liability insurance for Political Subdivisions, Day Care Homes and Centers, and Commercial Liquor establishments. A consumer who is having difficulty in

securing insurance coverage for one of these specific categories is encouraged to apply to the MIAP for market assistance.

The MIAP has been operational since June 1, 1986. Between June 1 of 1986 and April 1 of 1987, the Plan has received over 300 insurance related inquiries ranging from asbestos removal to vocational colleges as well as 35 applications for assistance in locating liability insurance. Of the 35 applications for assistance, 21 applications have come from Political subdivisions including 15 from counties and 6 from cities or towns. Two applications have been received for Day Care Homes and 2 for liquor establishments. The remaining 10 applications were either unqualified or were able to secure insurance on their own through the private market. Of the 25 qualified applications, we have successfully located liability insurance for 23 of 25 applicants for a success ratio of 92.0%. Although the Plan has been operational for only 9 months, it has succeeded in assisting Montana consumers to locate insurance when no such coverage could be found through private insurance markets. The Montana Insurance Assistance Plan has achieved success by helping consumers locate the Insurance they needed to function as a private business or a public entity.

Although this Plan has been successful, it now appears that the insurance crisis is easing somewhat and companies are once again actively underwriting risks which they would not have considered a year ago. As the insurance industry begins to expand its book of business, insurance consumers should find

insurance more available although costs may remain higher than in previous years. Thus, it is imperative that we help our insurance consumers find insurance coverage while allowing the market to correct its mistakes of previous years. The MIAP is the tool which will assure that insurance coverage is available to the consumer as well as sending a signal to the insurance industry that we will not allow a "insurance availability crisis" to resurface in the future.

At this time, I would like to point out a printing error in the Montana Insurance Assistance Plan Report to the Legislature. On page 27 of the Report, subparagraph 2, the words "Sections 1 through 13, 15, and 16 terminate July 1, 1987. Section 14" should be stricken and should now read "THIS ACT terminates July 1, 1989". Commissioner Bennett will continue to use the Montana Insurance Assistance Plan mechanism to help address the liability insurance problems faced by consumers in the State of Montana. Given the success of the Plan and the insurance industry's cooperation in helping to ease the present crisis, the Commissioner does not intend to implement the Joint Underwriting Authority authorized by this legislation. The continuation of the Montana Insurance Assistance Plan will allow the Department of Insurance to assist those consumers who encounter availability problems in finding insurance coverage in the private market.

I appreciate the time and interest of this committee in hearing this report. At this time, I will be happy to answer any questions you may have regarding the Montana Insurance Assistance Plan and/or its operations.

# MONTANA INSURANCE ASSISTANCE PLAN

## 1986 Report to the Legislature

Montana Insurance  
Department

Andrea "Andy" Bennett  
State Auditor  
Commissioner of Insurance



Original in Historical Society  
222 pgs

350 copies of this public document were published at an estimated cost \$6.43 per copy, for a total cost of \$2,250.00, which includes \$2,250.00 for printing and \$.00 for distribution.

# STANDING COMMITTEE REPORT

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 4

DATE 4/9/87

BILL NO. HB 863

APRIL 8, 1987

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 863

THIRD reading copy ( BLUE )  
color

WALLIN ( NEUMAN )

## NET INCOME TAX ON VIDEO POKER MACHINES

Respectfully report as follows: That HOUSE BILL No. 863

**be amended as follows:**

1. Page 2, line 8.  
Following: "means"  
Insert: " ;  
(a) with respect to the licensure of keno machines,"
2. Page 2, line 10.  
Following: "23-5-421"  
Insert: " ; and  
(b) with respect to the licensure of  
video draw poker machines, an establishment that is  
licensed to sell alcoholic beverages for consumption on  
the premises"
3. Page 2, following line 13.  
Insert: "or keno machines"
4. Page 3, line 13.  
Following: "poker"  
Insert: "or keno"
5. Page 3, line 15.  
Following: "poker"  
Insert: " , bingo, or keno"

~~DO NOT~~

~~DO NOT~~

(CONTINUED)

*Allen*  
.....  
SENATOR ALLEN C. KOLSTAD, Chairman.

..... APRIL 3, ..... 19..37..

- 6. Page 5, line 20 through line 2 on page 6.  
Following: "23-5-615." on line 20  
Strike: remainder of line 20 through "towns." on line 2 of  
page 6
- 7. Page 6, lines 3 through 7.  
Following: "year" on line 3  
Insert: ".  
Strike: remainder of line 3 through end of line 7
- 8. Page 15, line 17.  
Strike: subsection (ff) in its entirety  
Renumber: subsequent subsections

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 4

DATE 7/13 4/19/81

BILL NO. 718863

Amendments, HB 863  
9098a/C:JEANNE\WP:jj

AND AS AMENDED,

BE CONCURRED IN

STATEMENT OF INTENT ADOPTED AND ATTACHED

.....  
SENATOR ALLEN C. KOLSTAD, CHAIRMAN



April 9

19 87

SENATE BUSINESS & INDUSTRY

EXHIBIT NO.

4

DATE

4/9/87

BILL NO.

HB 863

MR. PRESIDENT:

WE, YOUR COMMITTEE ON BUSINESS AND INDUSTRY HAVING HAD UNDER  
CONSIDERATION HOUSE BILL NO. 863, ATTACH THE FOLLOWING STATEMENT  
OF INTENT:

STATEMENT OF INTENT

HOUSE BILL NO. 863

A statement of intent is required for this bill because section 3 gives the department the authority to adopt rules concerning the administration of the video draw poker and keno machine net income tax.

In promulgating rules the department should consider the procedures and policies of other states that have instituted a similar net income tax on video gaming machines. The rules should provide an orderly and efficient method for inspection by the department of licensee records and of collecting the tax.

# STANDING COMMITTEE REPORT

APRIL 9,

19 37

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 349

THIRD reading copy ( BLUE )  
color

QUILICI ( WALKER )

FUNDING FOR MONTANA STATEHOOD CENTENNIAL OFFICE

Respectfully report as follows: That HOUSE BILL No. 349

BE CONCURRED IN

~~XXXXXXXXXX~~  
~~DO PASS~~

~~XXXXXXXXXXXX~~  
~~DO NOT PASS~~

SENATOR ALLEN C. KOLSTAD,

Chairman.