

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION
COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By Chairman Gene Thayer, on March 3, 1989,
at 10:00 a.m., room 410.

ROLL CALL

Members Present: Chairman Thayer, Vice Chairman Meyer,
Senator Boylan, Senator Noble, Senator Williams,
Senator Hager, Senator Weeding, Senator Lynch

Members Excused: Senator McLane

Members Absent: None

Staff Present: Mary McCue, Legislative Council

Announcements/Discussion: Chairman Thayer said, "Members of
the committee, all three of these bills deal with the
same subject, they just involve different entities that
will implement it. Because of that, we will hear all
three bills at the same time."

HEARING ON HOUSE BILL 429, 430, 431

Presentation and Opening Statement by Sponsor:

Representative Grady, House District 47, said he was
introducing HB 429, 430, and 431 which were companion
bills. He said turned the presentation over to Ron
Waterman to explain, and said he was not reserving the
right to close. He said there was an amendment being
proposed, and he supported that amendment.

List of Testifying Proponents and What Group They Represent:

Ron Waterman - Federal Cash Management
Bruce Moerer - Montana School Board Association
Don Short - Vice President, First Trust Montana
Beverly Gibson - Montana Association of Counties

List of Testifying Opponents and What Group They Represent:

None

Testimony: Ron Waterman said the legislation had two goals; to clarify the law, and to allow an entity to invest indirectly in government obligations through a mutual fund where an entity was now authorized by state law to invest indirectly in government obligations. He followed Exhibit #1 for his testimony. He presented Exhibit #2, as the amendments needed for HB 431.

Exhibit #3 is the bill summary prepared by Mary McCue, which reiterates the outline of what the bills do.

Bruce Moerer said they supported HB 431 which dealt with schools in particular. He said it was another option for increasing the interest earnings on their investments. He said there were a number of school districts who could take advantage of the bill, which seemed to be a safe investment, and the companies which managed those investments seemed well regulated. He said they thought it was a good idea.

Don Short said they supported the legislation because it had several advantages for their customers. He said they viewed this sort of investment in this type of fund, as a low risk investment which was good for their customers. He termed it a high liquid investment, and a cost efficient investment for their customers.

Beverly Gibson said they supported the bill because it provided greater flexibility for local governments to make safe investments.

Questions From Committee Members: Chairman Thayer if there was some reason why this type of investments hadn't been possible in the past? Ron Waterman said he thought there had been a long standing belief that entities being discussed here had this power to make indirect investments. He said the Attorney General had suggested a couple of years ago, that the law needed clarification in that area. He said his clients had been working throughout all fifty states to clarify the law.

Ron Waterman told Senator Weeding there were existing limitations in all the statutes they were proposing to amend, to clarify the law. He said there was already a list of what were considered to be safe and prudent investments, and all this did was extend the flexibility a little.

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said the idea was to have the investment highly liquid, not of a long range nature which could impair financial integrity. He said a city or county could not tax for something more than what it anticipates spending for a given year, and this would limit them on the type of investments they became involved in.

Mr. Flanders of the Department of Commerce told Chairman Thayer they thought this was good legislation. He said they had helped work with Mr. Waterman on the concerns they had.

Ron Waterman told Senator Williams the bill basically allowed cities, counties, and school districts to have a slate government opportunity to funds that they could not invest before, because of a shortage of the minimum amount for the investment, or the need to keep the funds available in a short period of time.

Closing by Sponsor: None reserved.

DISPOSITION OF HOUSE BILL 429

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Lynch made a motion HB 429 BE CONCURRED IN. Senator Williams seconded the motion. The motion Carried Unanimously. Senator Blaylock carried the bill on the Senate floor.

DISPOSITION OF HOUSE BILL 430

Discussion: None

Amendments and Votes: None

Recommendation and Vote: Senator Lynch made a motion HB 430 BE CONCURRED IN. Senator Williams seconded the motion. The motion Carried Unanimously. Senator Blaylock carried the bill on the Senate floor.

DISPOSITION OF HOUSE BILL 431

Discussion: None

Amendments and Votes: Senator Lynch moved HB 431 be amended as suggested in the amendments presented in exhibit #2. Senator Williams seconded the motion. The motion Carried Unanimously.

Recommendation and Vote: Senator Lynch made a motion HB 431 BE CONCURRED IN AS AMENDED. Senator Williams seconded the motion. The motion Carried Unanimously. Senator Blaylock carried the bill on the Senate floor.

HEARING ON SENATE BILL 453

Presentation and Opening Statement by Sponsor: Senator Gage, Senate District 5, said SB 453 had been requested by the State Auditor's Office, and was a fairly lengthy bill. He said the bill was largely composed of language cleanup that was needed, but there were some sections which were a bit controversial to some people. He said the reason SB 453 was before the committee at this time, was because the bill came very late in the first session of legislature. He stated they had decided that if the bill wasn't good enough to merit suspension of the rules, it probably wasn't going to make it anyway. He said they hadn't wanted the bill to get tangled up in the machinery of the final hearings at transmittal, and be scheduled when there was a short time element.

List of Testifying Proponents and What Group They Represent:

Susan Witte - Attorney, State Auditor's Office

List of Testifying Opponents and What Group They Represent:

Steve Brown - Blue Cross-Blue Shield
Tom Hopgood - Health Insurance Association of America
Jacqueline Terrell - American Insurance Association
Gene Phillips - National Association of Independent Insurers
Bonny Tippy - Alliance of American Insurers
Kathy Anderson - Independent Insurance Agents Association of Montana
Larry Akey - Montana Association of Insurance Underwriters

Testimony: Susan Witte said she was a staff attorney with the State Auditor's Office. She said she had a brief section by section analysis of the seventy-seven page bill. (See Exhibit #4) She said the bill represented the Montana Insurance Department's housekeeping bill,

and cleaned up some outdated language, but there were also substantive provisions. She said she would briefly go through the changes, and she followed exhibit #4 for her testimony.

Steve Brown said he wanted to emphasize their appearance as an opponent, and said their primary concern had to do with section 4. He said he would like to comment on how you should treat a "housekeeping" bill. He said he had first come to the Senate at the time everything in statute was being recodified. He said that he could assure them that the terms housekeeping or recodification measure should not be taken at face value, because when you made codification changes there may be a substantive affect that no one had thought about. He said that historically this type of bill was put in a subcommittee to be studied section by section, with the insurance department and those who had testified on the bill, and tried to determine whether it was simply a housekeeping or non-substantive change in the law. He said he suggested that procedure with this bill.

He said their concern about section 4 was simply that legislature had never given the State Auditor the authority to control and regulate rates. He said section 4 would state that a disability insurer could not raise or change its' rates more than once per twelve month period, unless they could show violation of the code or that it would leave financial impairment of the insurer. He said they were concerned this was a back door attempt to impose state regulations. He said their greater concern was for the lack of definition in SB 453 itself. He asked what financial impairment was, and who approved of financial impairment? He said none of the procedures were spelled out, and it wasn't clear whether the commissioner was granted general rule making authority with SB 453.

He said the bill contained provisions that were more than housekeeping measures. He cited section 8, on page 8, as a public policy change. He said the bill reversed the 1987 legislature's decision, that a fraudulent or false statement was a misdemeanor, to a felony. He suggested these types of things be considered when the committee deliberated the bill.

Tom Hopgood said they thought SB 453 was largely a good bill, but there were a few sections they felt needed changed. He passed out Exhibit #5 which contained the amendments they wished to propose. He said he echoed the remarks made by Mr. Brown, and directed attention

to the proposed amendments. He said the first amendment would address the rate making procedure in question, by stripping the section. He said the second amendment dealt with the statutory framework dealing with investigations of agents, and they felt adequate authority already existed. He said they had not reached an agreement with the Insurance Commissioner's Office on those two amendments. He said the third and fourth amendments had been agreed to by that office. He said there was an agreed change in amendment number three, and he would submit it to Mary McCue.

Jacqueline Terrell said their association was comprised mainly of property and casualty insurers. She said she reiterated Mr. Brown's comments, because SB 453 was being presented as a general revision bill, but there were provisions which made substantive changes to the law. She urged the committee to consider those areas very carefully. She said she would only address the area which concerned her clients, but she expressed concern for the other areas of the industry. She said she had specific concern for section seven, which presented mechanical problems for presenting a new product in Montana. She said section fourteen was another area of concern, because it was a complicated statute which was being amended. He said the intent of the statute was to put all insurers on a somewhat equal basis for payments, and the amendment would have the effect of unbalancing the playing for some insurers who pay a premium tax, and were not credited for other assessments they pay to the state. She said they requested the language at line 9 and 10, on page 20 be deleted. She said section twenty-two was of significant concern, as Mr. Hopgood pointed out. She reiterated his comments, and asked for the deletion of subsection 6, on page 30 of section twenty-two. She said section twenty-six on page 36, covered several things, and indicated a need for two subsections to be inserted in this statute. She said sections forty-nine and fifty added additional reporting requirements, and would add administrative costs to issuing an insurance policy in Montana. She said they felt this was not in the best interests of their companies, or their customers.

Gene Phillips said they were also property and casualty companies, and had a concern with the bill. He said that rather than belabor the points already made by previous opponents, he would reiterate those points and suggested the bill needed to put into a subcommittee to evaluate the changes.

Bonnie Tippy said she had come to the conclusion that if the committee utilized the amendments from all of the interested parties, there wouldn't be too much left of the bill. She said the good thing in the bill was probably the updating of the language. She said she urged placing the bill in a subcommittee, because of the very substantial changes.

Kathy Anderson said they were concerned with the language in section twenty-seven, concerning the language of a felony. She said they stood on neutral ground on section twenty-two, because they were extending an effort to maintain top quality agencies within Montana. She said they realized the commissioner was trying to make the insurers and the insurance department aware of violations. She said the independent insurance agents currently try to act as a watchdog in that area. She said they supported section fifteen, which was the model insolvency language, because this language would avoid litigations.

Larry Akey said they opposed section 22, because it was putting the insurer or insurance company in the position of being a policeman for its agents. He said they thought that was inappropriate, and they felt the commissioner already had adequate regulatory authority, and he asked the section be stricken from the bill. He said they were also concerned about section twenty-seven, which expanded the penalty for false application or claims. He said they were not sure the punishment fit the crime, and they urged striking that section also. He suggested Mrs. Tippy may have been correct, and maybe some of the more substantive changes should be broken out of the bill, and brought back to the 1991 legislature, and SB 453 be given a do not pass recommendation.

Questions From Committee Members: Jacqueline Terrell told Senator Lynch they objected to having the insurance companies being directed in policy making decision that the companies should be making themselves. She also told him that too often accidents were of a complex nature, and there was a question of fault, or no party was ever cited. She said that type of incident created a litigation situation.

Senator Lynch asked if there was a compelling reason for a seventy-seven page bill, and if there were big problems this bill was to solve? Susan Witte said she thought they needed the bill, and it represented the department's insurance housekeeping bill, and the

substantive changes were a result of a review of the changes in codification they were suggesting.

Steve Brown told Senator Noble he objected to section four because it had to be decided as a matter of public policy. He said that if they wanted to grant this type of power, legislature should define the parameters of the commissioner's authority. He said that traditionally, legislature has not granted rate setting authority to the commissioner's office, and it has been debated on several occasions.

Senator Williams said he didn't feel a subcommittee would help him understand the complexity of some of the problems concerned, and he felt there were a lot of problems for any one bill. He asked how the sponsor felt about having the bill killed and having the industry work with the commissioner to review the contents for the next two years, versus passing some bad legislation within the bill? Senator Gage said he did not feel it was legislation, but he did not oppose putting the bill in a subcommittee.

Senator Weeding asked for an example of an instance of some type of fraudulence, as to warrant a ten year imprisonment? He also asked if there was a remedy under any other section of the law? Susan Witte said they had situations where an agent had altered an application. She said the strongest remedy they presently had available, was revocation of the agents license.

Senator Meyer asked why the changes in the fraud section were so extensive? He asked why they were changing it back, when legislature had been asked to make it a misdemeanor last session? Tanya Ask, insurance deputy, said that portion had not been changed since 1959. She said the section which had been amended last session, had to do with an agent who misappropriated funds. She said there had been a criminal working added to that particular provision in chapter seventeen, but chapter eighteen had not been amended. She said this was also for several other types of more extensive offenses by agents. He said a county attorney would not allow prosecution for a felony if the offense was not that grievous.

Chairman Thayer said the language in that section stated "a solicitor, agent, examining physician, applicant, or other person who violates". He asked who might another person be? Tanya Ask said it could be a person who helped a claimant falsify documents.

Tanya Ask told Senator Noble she agreed that the wording of the section on fault, on page 37, may have some problems. She said they had been attempting to approach instances where the individual was not at fault.

Closing by Sponsor: Senator Gage said he thought SB 453 was a good bill because in some regards it was a consumer protection type of thing. He said he couldn't see striking the language on page 3, as suggested, because he thought that was the intent of the section anyway. He said he thought that was just business sense. He said page 30 simply was asking the insurance industry to police their own people, by letting the commissioner know about the problem. He said pages 36 and 37 addressed limiting coverage, and he said it could cause more litigations, but that didn't make it right charge someone who wasn't at fault. He said he thought the purpose of insurance was to protect against such situations. He asked, in reference to another section on page 37, who would want to protect someone who knowingly and willfully violating the codes of the state? He said he agreed that going from a misdemeanor to felony was a big jump, but not for those who were knowingly and willfully doing those things. He said he felt the bill was largely consumer protection.

He said he thought it made good sense to notify someone if they were going to be cancelled, and he felt that basically the changes were proposed for the protection of the public. Senator Gage said he thought it was a good bill, and he was not opposed to putting it in a subcommittee, because he realized, and had opened by stating that it was controversial in some areas.

DISPOSITION OF SENATE BILL 453

Discussion: None

Amendments and Votes: None

Recommendation and Vote: None

DISPOSITION OF HOUSE BILL 209

Discussion: Senator Lynch said that if his motion to not concur, was successful, he suggested a committee draft

a Senate Joint Resolution in lieu of HB 209. He said he thought they should ask Montana's Congressional Delegation to look at the matter on a national level. He said he thought this was really a national issue, and he was afraid HB 209 would not properly address the matter.

Senator Hager said he supported Senator Lynch's motion, because he felt there was an implied responsibility in existence, and he was afraid passage of HB 209 would just increase costs, without solving the problem.

Chairman Thayer said he agreed there were problems, and a fee could probably be amended in, but the actual costs may be a more accurate way of approaching it.

Senator Noble said he thought the bill hit upon a real problem, but the bill wasn't going to solve the problem. He said he thought Senator Lynch's idea of a resolution, was a good approach, and showed the committee as agreeing that the problem existed.

Amendments and Votes: None

Recommendation and Vote: Senator Lynch made a motion HB 209 BE NOT CONCURRED IN. Senator Meyer seconded the motion. The motion Carried Unanimously. Senator Lynch carried the bill on the Senate floor.

SENATE JOINT RESOLUTION PROPOSAL

Recommendation and Vote: Senator Lynch made a motion to draft a Senate Joint Resolution, as a committee bill, to check on the national regulations addressed in HB 209. Senator Meyer seconded the motion. The motion Carried Unanimously.

Chairman Thayer asked Bill Leary if he would submit his information, and if George Bennett would also help Mary McCue in drafting the resolution.

DISPOSITION OF HOUSE BILL 247

Discussion: Chairman Thayer stated that Senator Hager had asked for the committee report to be held on HB 247, so that some additional information could be presented.

SENATE COMMITTEE ON BUSINESS AND INDUSTRY

March 3, 1989

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Senator Williams asked why the doctors hadn't been present to support the bill? Representative Whalen said he hadn't asked them to appear, but they had sent an expression of support which he hadn't passed out. (See Exhibit #6)

Senator Hager told Senator Lynch he didn't think there was sufficient data to utilize the sunset provision for measuring the bill's success. He said Montana only had three tenths of one percent of the population in the United States, and was probably too limited until a regional basis was used.

Jacqueline Terrell told Chairman Thayer that her association wrote in forty-two states, and Montana ranked thirtieth, at the lower end of the scale.

Chairman Thayer said the title of the bill indicate the bill applied to any type of insurance, but the statement of intent spoke as though it were limited. He asked Jacqueline Terrell if she was reading it the same way? Ms. Terrell said she agreed with him.

Chairman Thayer asked, if the intent of the bill was only to address medical malpractice, then why was it drafted in this manner? Representative Whalen said that had not been his intent. He said the medical malpractice crisis was there now, but other crisis did arise from time to time. He said he thought it was good legislation, and only applied to noncompetitive and volatile types of insurance.

Amendments and Votes: None

Recommendation and Vote: Senator Hager made a motion to hold the bill for reconsideration. Senator Lynch seconded the motion. The motion Carried, with Senator Meyer and Senator Thayer opposing the motion

ADJOURNMENT

Adjournment At: 12:13 p.m.



SENATOR GENE THAYER, Chairman

GT/ct

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

DATE 3/3

51st LEGISLATIVE SESSION 1989

NAME	PRESENT	ABSENT	EXCUSED
SENATOR DARRYL MEYER	✓		
SENATOR PAUL BOYLAN	✓		
SENATOR JERRY NOBLE	✓		
SENATOR BOB WILLIAMS	✓		
SENATOR TOM HAGER	✓		
SENATOR HARRY MC LANE			✓
SENATOR CECIL WEEDING	✓		
SENATOR JOHN "J.D." LYNCH	✓		
SENATOR GENE THAYER	✓		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

March 3, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 429 (third reading copy -- blue), respectfully report that HB 429 be concurred in.

Sponsor: Grady (Blaylock)

BE CONCURRED IN

Signed: 
Gene Thayer, Chairman

4/10
3/13/89
7:46
J.M.
scrhb429.303

SENATE STANDING COMMITTEE REPORT

March 3, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 430 (third reading copy -- blue), respectfully report that HB 430 be concurred in.

Sponsor: Grady (Blaylock)

BE CONCURRED IN

Signed, 

Gene Thayer, Chairman

41.6.89
3/31/89
2:46
p.m.

SENATE STANDING COMMITTEE REPORT

March 3, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 431 (third reading copy -- blue), respectfully report that HB 431 be amended and as so amended be concurred in:

Sponsor: Grady (Blaylock)

1. Title, line 5.

Strike: "AND THE BOARD OF INVESTMENTS"

2. Title, line 11.

Following: "7-6-202"

Strike: ", "

Insert: "AND"

Strike: "AND 17-6-201,"

3. Page 5, line 21 through page 9, line 24.

Strike: section 3 in its entirety

Renumber: subsequent section

AND AS AMENDED BE CONCURRED IN

Signed: 

Gene Thayer, Chairman

41. C. 1989
313189
3.11.89
7.11.89
scrhb431.303

SENATE STANDING COMMITTEE REPORT

March 1, 1989

MR. PRESIDENT:

We, your committee on Business and Industry, having had under consideration HB 209 (third reading copy -- blue), respectfully report that HB 209 be not concurred in.

Sponsor: Hannah (Lynch)

BE NOT CONCURRED IN

Signed: 

Gene Thayer, Chairman

JJC
3/7/89
12:00

This legislation has two goals, to clarify the law and to allow an entity to invest indirectly in government obligations through a mutual fund where an entity is now authorized by state law to invest directly in government obligations.

House Bill 429 amends Section 72-3-613 and 72-12-202, statutes which describe the transactions authorized for personal representatives and trustees. If either entity is authorized by will or trust instrument, then the personal representative or trustee can invest in a mutual fund which limits its investments to U.S. Government obligations.

House Bill 430 amends Sections 17-6-103, 32-1-107, 32-1-421, 32-1-424 and 32-2-406. Like House Bill 429, this bill authorizes trust companies, savings banks and other financial institutions, including savings and loan associations already authorized by law, to invest in securities of the United States to make such investment directly or indirectly through the purchase of shares of a mutual fund which limits its investment to U.S. Government obligations.

House Bill 431 likewise addresses the same subject. It authorizes such indirect investment in government obligations by allowing investment in a mutual fund restricting its investment from U.S. Government obligations,

extending such authority to local governmental bodies authorizing such mutual funds as security for public funds and for the unified investment program.

For a mutual fund to qualify as an alternative to a direct investment in governmental obligations, the fund must be registered under the Investment Company Act of 1940, and thus be subject to SEC review and regulation; the fund must invest exclusively in U.S. Government obligations; and the investment company must take delivery of the collateral. These restrictions assure an investor in a mutual fund has the equivalent of security of directly investing in U.S. Government obligations.

This bill extends to entities, the flexibility in investing monies to obtain the same security and return as obtainable by an investment in Government securities, avoiding inconveniences which exist in the purchase of Government securities. Governmental securities must be purchased in even dollar amounts--\$10,000 or \$50,000. They must be held for a specific length, 60 to 90 days, or up to six months. Entities who have odd dollar amounts to invest or who need a safe investment for a short time--two or three weeks--typically forego investing in Government securities because their need does not match the restrictions in amount and investment length required by Government securities.

Ex. #1
3/3/89

A mutual fund, however, selling shares at \$1 per share, convertible on a daily basis with interest paid daily, extends this flexibility.

This bill clarifies the law and extends a safe alternative to those parties now permitted to invest in Government obligations.

7650R

HOUSE Bill 431
AMENDMENTS

1. Title, line 5.
Following: "GOVERNMENTS"
Strike: "AND THE BOARD OF INVESTMENTS"

2. Title, line 11.
Following: "7-6-202,"
Add: "AND"

3. Title, line 11.
Following: "17-6-103,"
Strike: "AND 17-6-201"

4. p. 5, lines 21-25, p. 6, p. 7, p. 8, p. 9 through
line 24.
Strike entire Section 3.

Re-number remaining Sections.

Bill Summaries
Senate Business and Industry
March 3, 1989
Prepared by Mary McCue

House bills 429, 430, and 431 are similar as each allows the investment of funds in U.S. obligations either directly or in the form of securities or other interests in certain investment companies or investment trusts.

HB 429: This bill amends a section in the uniform probate code and another section in the trustees' powers act to allow a personal representative in a probate and a trustee administering a trust to invests funds in U.S. obligations either directly or in the form of securities or other interests in certain investment companies or investment trusts.

HB 430: This bill amends several sections in the laws dealing with financial institutions. It would allow a trust company, capital savings bank, building and loan association, and other financial institutions to invests funds in U.S. obligations in the same manner.

HB 431: This bill allows a local government and the state to invest funds in U.S. obligations in the same manner as HB 429 and HB 430 do.

SB 453: This general revision of the insurance laws was introduced at the request of the state auditor. Many of the amendments are to clarify the insurance laws or to provide more effective means of enforcement. Sections 1 through 6 are new sections. Section 1 prohibits an agent who owns or has a relationship with a nursing home from selling life or disability insurance to home residents. Sections 2, 3, 5, and 6 all require certain language to be included in certain policies. The language provides that any provision in the policy that does not conform to state law is amended to conform to the minimum statutory requirements. Section 4 provides that premium increases on disability and health insurance policies are limited to no more often than once a year, except under certain circumstances.

Susan Witte of the state auditor's office has prepared a summary of the substantive changes in the bill. She will distribute her summary and be present at the hearing to assist in explaining the provisions of the bill.

51st Legislature
Senate Bill 453
Senator Gage by request of the State Auditor

BILL SUMMARY:

The bill is the general housekeeping bill for the Montana Insurance Department. It cleans up dated language throughout Title 33, and also adds various enforcement and clarification provisions to the Montana Insurance Code. Substantive changes are as follows:

New Section 1. This section prohibits an agent who owns, manages, or has any working position with a nursing home from selling life or disability insurance to residents of the home. The section is designed to prevent any potential for undue influence or abuse of trust of a resident confined to the nursing home.

New Sections 2, 3, 5 and 6. These provisions all require "conformity with state statutes" for individual and group life and individual and group disability or health insurance policies. Many policies already contain such a provision.

New Section 4. Premium increases on disability or health policies would be limited to no more often than once a year because of company experience on any and all disability policies.

Section 7. This section clarifies that coverage shall not be put in force on a Montana risk until the policy or form which provides the coverage has been approved prior to sale or coverage.

Section 8. The section deletes the de novo requirement on appeals from orders of the commissioner. Deletion of this standard will allow the court to review the administrative record already compiled.

Section 10. Rate/form filing is eliminated from the application requirements placed upon an insurer when applying for a certificate of authority to transact business in the state. The section is redundant because filing of forms is already required in 33-1-501.

Section 11. The section separates property/casualty and life/health premium tax bases to take into account different accounting procedures used by the life industry as opposed to the property/casualty industry. It also modifies the penalty for late payment of premium tax to a \$50.00 fine plus a 12% interest penalty because the current fine of \$100.00 per day unduly penalized companies which owed a very small tax.

Section 12. An addition of self-governing entities is made to the list of those which cannot levy a tax on insurers.

Section 13. This section allows a permissive collection of fees in the event the commissioner contracts out the examination service.

Section 14. The section excludes, for example, Montana Workers' Compensation assessments from premium tax assessments. EX. #4
3-3-89

Section 15. In the event an insurer goes into liquidation, insurance agents are obligated to pay earned unpaid premium to the liquidator. The liquidator can recover such premium from the agent; not the insolvent company.

Section 16. Authority to make reasonable requests for certain information from farm mutual insurers is given to the commissioner to replace mandatory submittal of specified information.

Section 17. The requirement that either advance premium or assessment method is to be sued by farm mutual insurers is eliminated.

Section 18. Penalties for the failure of fraternal to file annual statements are made consistent with 33-2-701(6).

Section 19. Cancellation and renewal should apply to surplus lines carriers as well. By changing the definition of "insurer", all insurers are covered; not just those admitted to do business.

Section 22. Insurance companies will be required to notify the commissioner when they receive complaints against an agent appointed to do business for them and when they have found that the agent has committed fraud, misrepresentation, misappropriation of funds or other violations of the Insurance Code. If the agent is terminated by the company, the reason(s) for termination is already required to be listed on all termination forms submitted to the Insurance Department.

Section 24. A uniform renewal date of July 1 is set for third party administrators.

Section 25. A prohibition is necessary to stop an agent from using an unlicensed person to sell insurance.

Section 26. The section provides that insurers may not consider any information about accidents or convictions for violations of motor vehicle laws that occurred more than three years immediately preceding the date of the application for a new policy or date of renewal of an existing policy.

Section 27. A felony provision is added back into the Insurance Code against an agent who knowingly or willfully makes a false or fraudulent statement or representation in insurance transactions.

Section 30. The section requires continuation of coverage for an insured child where the child or children are covered by a life rider on an adult's life insurance policy in the event of the insured's suicide

Sections 36 and 38. The sections clarify deletion of newborn coverage in policies where there would be none.

Section 39. Some type of coverage, in a group policy, must be available at the option of the insured at termination.

Sections 49. and 51. Motor vehicle liability insurers and home insurers will be required to send notices of cancellation to

the loss payee as well as the insured as well .

Ex. #4

Sections 53, 54., and 55. These sections will require that motor vehicle clubs must file bond/cash deposits with the commissioner rather than the state treasurer and also that motor club licenses will be continuous rather than annual.

3-3-81

*Hopgood*HIAA PROPOSED AMENDMENTS
TO SB 453

1. p. 2, Line 17.
Strike: Lines 17 through 24, in their entirety. Renumber subsequent sections.
2. p. 30, Line 23.
Strike: Lines 23 through 25, in their entirety.
3. p. 53, Line 13.
Following: "insurability"
Insert: "AN"
Following: "an"
Strike: "a group or"
4. p. 76, Line 2.
Insert: new section, as follows:
NEW SECTION. Section 56, Section 33-22-1515, MCA, is amended to read:

"33-22-1515. Solicitation of eligible persons.
Section 1-3 unchanged.

(4) An insurer, society, or health service corporation that rejects or applies underwriting restrictions to an applicant for disability insurance, EXCEPT DISABILITY INCOME INSURANCE, CREDIT DISABILITY INSURANCE, DISABILITY WAIVER INSURANCE, OR LIFE INSURANCE, must notify the applicant of the existence of the association plan, requirements for being accepted in it, and the procedures for applying to it."

Renumber subsequent sections.

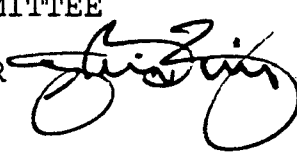
MONTANA

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March 3, 1989
Friday

TO: SENATE BUSINESS AND INDUSTRY COMMITTEE
FROM: G. BRIAN ZINS, EXECUTIVE DIRECTOR
RE: HOUSE BILL 247



The Montana Medical Association wholeheartedly supports House Bill 247 as a means of favorably affecting the obstetrical liability problem in Montana.

The legislation also provides very important funds and authority for the Insurance Commissioner to have needed professional actuarial assistance.

GBZ:le

