

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 53rd LEGISLATURE - SPECIAL SESSION**

#### **COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT**

**Call to Order:** By **CHAIRMAN STEVE BENEDICT**, on December 9, 1993,  
at 10:00 A.M.

#### **ROLL CALL**

##### **Members Present:**

Rep. Steve Benedict, Chairman (R)  
Rep. Sonny Hanson, Vice Chairman (R)  
Rep. Bob Bachini (D)  
Rep. Joe Barnett (R)  
Rep. Ray Brandewie (R)  
Rep. Vicki Cocchiarella (D)  
Rep. Fritz Daily (D)  
Rep. Alvin Ellis (R)  
Rep. Stella Jean Hansen (D)  
Rep. Jack Herron (R)  
Rep. Dick Knox (R)  
Rep. Don Larson (D)  
Rep. Norm Mills (R)  
Rep. Bob Pavlovich (D)  
Rep. Bruce Simon (R)  
Rep. Carley Tuss (D)  
Rep. Doug Wagner (R)

**Members Excused:** Rep. Tim Dowell (D)

**Members Absent:** None

**Staff Present:** Susan Fox, Legislative Council  
Claudia Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing: SB 14  
Executive Action: SB 14

#### **HEARING ON SB 14**

##### **Opening Statement by Sponsor:**

**SEN. CHRIS CHRISTIAENS**, Senate District 18, the sponsor of SB 14,  
was absent at this time and **REP. BOB BACHINI**, House District 14,  
opened stating that SB 14 is at the request of the state

Auditor's Office and the Office of Budget and Program Planning to provide electronic filing of appointments and terminations of insurance producers.

**Proponents' Testimony:**

**David Hunter, representing the State Auditor's Office**, said SB 14 is part of the Governor's budget proposal. SB 14 will allow the auditor's office to establish rules and do appointments and terminations of insurance agents electronically rather than by paper. He said when an insurance company appoints an agent or terminates them, the auditor's office receives the information with a \$10 check. He gave examples of how the different insurance companies comply. If there are 150 agents appointed or deleted, the New York Life Insurance Company will send the information and a check for \$1,500 instead of individual checks. This information is entered and each \$10 check is processed for SBAS. There are approximately 12,000 appointments and 2,500 terminations per year. He said that the New York Life Insurance Company approached his office and asked if they could process electronically. **Mr. Hunter** said that rules will have to be established, modem technology installed, etc. This will give the auditor's office 6 months to work with the company. He said there is a private vendor that has this procedure in place for a number of large companies and the auditor's office currently works with them. SB 14 will leave the fee for appointments as in current statute at \$10 if it is filed electronically and a \$15 fee for companies who continue to file with paper. He said the fiscal note shows that two-thirds of the appointments and companies will file electronically. He said there is revenue of \$5 times the one-third of the people who will file on paper, and a \$25,000 savings has been taken out of the auditor's budget by the subcommittee contingent on passage and approval of this legislation, which will take effect in FY 1995. This will be an ongoing savings due to lower postage and printing costs, and the staff cost savings from not having to process these documents.

**Larry Akey, Montana Association of Life Underwriters**, said the association supports SB 14. He said in addition to the benefits mentioned by Mr. Hunter, the passage of SB 14 allowing the companies to file electronically will assist the underwriters members in getting their appointments filed in a timely fashion and will assist the consumers of the state in allowing for terminations to occur in a timely manner.

**Patrick Driscoll, American Council of Life Insurance**, made up of 950 insurers in Montana, said the council concurs with Mr. Akey's comments and Mr. Hunter's comments. He asked that the committee concur on SB 14.

**Opponents' Testimony:**

None

**Questions From Committee Members and Responses:**

**REP. LARSON** asked **Mr. Hunter** whether, if there are 12,000 appointments, this means that every time an agent picks up an insurance line, that company has to file with the auditor's office. **Mr. Hunter** said yes, but it is more true of independent agents.

**CHAIRMAN BENEDICT** asked **Mr. Hunter** about the 12,000 appointments and only 2,500 terminations a year. **Mr. Hunter** said it is not necessarily true because businesses are writing for more companies. He said that companies and agents are not diligent about informing the auditor's office about terminations, deaths, etc. He said that, with the education process, the office will see more expedient reports on terminations.

**Closing by Sponsor:**

**SEN. CHRISTIAENS** said the new process will assist the companies in performing a better job in regard to terminations. He urged the committees support for SB 14.

**EXECUTIVE ACTION ON SB 14**

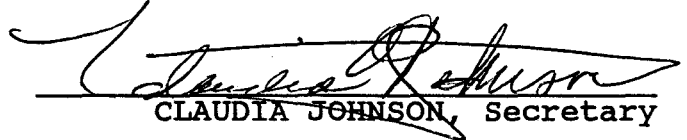
**Motion/Vote:** **REP. CARLEY TUSS** MOVED SB 14 BE CONCURRED IN.  
Voice vote was taken. Motion carried unanimously.

**ADJOURNMENT**

**Adjournment:** 10:45 a.m.



**STEVE BENEDICT, Chairman**



**CLAUDIA JOHNSON, Secretary**

SB/cj

HOUSE OF REPRESENTATIVES  
BUSINESS AND ECONOMIC DEVELOPMENT COMMITTEE

ROLL CALL

DATE 12-9-93

NAME	PRESENT	ABSENT	EXCUSED
REP. STEVE BENEDICT, CHAIRMAN	✓		
REP. SONNY HANSON, VICE CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. JOE BARNETT	✓		
REP. RAY BRANDEWIE	✓		
REP. VICKI COCCHIARELLA	✓		
REP. FRITZ DAILY	✓		
REP. TIM DOWELL			✓
REP. ALVIN ELLIS	✓		
REP. STELLA JEAN HANSEN	✓		
REP. JACK HERRON	✓		
REP. DICK KNOX	✓		
REP. DON LARSON	✓		
REP. NORM MILLS	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CARLEY TUSS	✓		
REP. DOUG WAGNER	✓		

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## HOUSE STANDING COMMITTEE REPORT

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Mr. Speaker: We, the committee on **Business and Economic Development** report that **Senate Bill 14** (first reading copy -- white) be concurred in.

Signed:   
*Steve Benedict, Chair*

Carried by: Rep. Tuss

Committee Vote:  
Yes \_\_, No \_\_.

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# HOUSE OF REPRESENTATIVES

## VISITOR'S REGISTER

Business & Economics COMMITTEE BILL NO. SB 14  
 DATE 12-9-93 SPONSOR(S) Sen. Chris Christensen

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NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
LARRY ALEY	MT ASSOC OF LIFE UNDERWRITERS	SB14		✓
PATRICK DRISCOLL	AMERICAN COUNCIL OF LIFE INSURANCE	SB14		✓

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS  
 ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.