

MINUTES

MONTANA SENATE 53rd LEGISLATURE - REGULAR SESSION

CONFERENCE COMMITTEE ON SENATE BILL 354

Call to Order: By Senator Christiaens, on April 20, 1993, at
3:30 p.m.

ROLL CALL

Members Present:

Sen. B.F. "Chris" Christiaens, Chair (D)
Sen. John Brenden (R)
Sen. Betty Bruski-Maus (D)
Rep. Ray Brandewie (R)
Rep. Bruce Simon (R)

Members Excused: Rep. Bob Pavlovich (D)

Members Absent: None.

Staff Present: Susan Fox, Legislative Council
Rosalyn Cooperman, Conference Committee Secretary

Discussion:

Senator Christiaens stated a Conference Committee was convened to discuss the House amendments to SB 354. He said, as the bill's sponsor, he was confident a compromise could be reached. Senator Christiaens stated he believed five hours of continuing education would be possible and would not create any hardship. He said "it would serve the buying public well to know that the people who sell credit life and disability insurance in any type of a contract situation at least understand fully what they are buying and why". Senator Christiaens said all kinds of places have continuing education and added many times the people who do the contact work do not ask those individuals wanting to purchase insurance all of the right questions.

Representative Brandewie stated the House would most likely kill SB 354 if the House amendments were not accepted. He suggested the Conference Committee accept the House amendments and work during the interim to improve the bill.

Representative Simon stated the Auditor's office should work with individuals who sell credit life to develop a plan for the next session. He agreed with Representative Brandewie's comments and added SB 354 would have never made it out of the House Committee without the amendments. Representative Simon stated he would prefer not to lose SB 354 because of a problem with the

amendments. He said SB 354 contains only a few exemptions which could be worked out next session.

Senator Bruski-Maus asked why the House objected to SB 354 in its unamended form. Representative Simon replied the House did not want to include credit life salespersons. He said many House members were not comfortable with the idea of adding full-time employees (FTEs) to the Auditor's office. Representative Simon noted the insurance industry favored SB 354 as amended.

Senator Brenden asked if federal land banks and credit unions were classified as banks for the purposes of SB 354. Senator Simon replied no but deferred to Mr. Frank Cote from the Auditor's office for his comments. Mr. Cote stated credit unions fall under a different classification because they do not receive commissions.

Senator Christiaens asked Mr. Cote if he was positive that credit unions selling credit life or disability insurance do not receive commissions for the sale. Mr. Cote replied that in the audits his department has done, there is no evidence to suggest that credit unions receive commissions for the sale of credit life or disability insurance.

Senator Christiaens stated that if SB 354 is designed to protect the consumer, five hours of continuing education for those who sell this type of insurance should not be a serious concern.

Senator Bruski-Maus stated she sold credit life through her sewing machine business and added she wished she would have had more training with respect to these contracts. She said five hours of continuing education should not be a problem.

Representative Simon stated he did not disagree with the concerns of Senators Bruski-Maus and Christiaens, however, he said SB 354 would die in the House if the amendments are stripped. He again suggested the Committee accept the House amendments to SB 354.

Senator Brenden stated it would take two years to decide which credit life vendors should be included. He said it would be too much of a hassle to require all vendors to fill out the paperwork SB 354 would require.

Senator Christiaens stated the "little, non-significant commission is what makes or breaks many businesses in their contract sales". He said that when he worked in a car dealership, those commissions represented a profit on more than one occasion.

Representative Brandewie again stated SB 354 would be killed in the House if the amendments were not accepted.

Senator Christiaens asked who would be exempted under the amendment which states "incidental to other non-insurance

activity". He asked if anyone other than banks and car dealers would be exempted with the House amendment. Representative Brandewie replied the amendment would exempt anyone who sells an article which requires financing, but would apply primarily to banks and auto dealers.

Senator Christiaens said he did not understand why SB 354 was being met with such resistance from the House since it passed in the Senate with no opposition. He said he would prefer to accept the House amendments and work on the bill in the interim rather than see it die.

Mr. John Cadby, Montana Bankers Association, stated his organization had written a letter to the Auditor's office stating they will work to develop a uniform credit life policy. Mr. Steve Turkiewicz from the Auto Dealers Association stated his organization would be happy to work with the Bankers Association on this matter.

Motion/Vote:

Representative Simon moved the Committee accept the House amendments to SB 354. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Adjournment: 3:50 p.m.


SENATOR B.F. "CHRIS" CHRISTIAENS, Chair


ROSALYN COOPERMAN, Secretary

CC/rc

Conference Committee
on Senate Bill No. 354
Report No. 1, April 20, 1993

Page 1 of 1

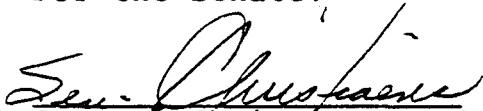
Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill No. 354, met and considered: House amendments to Senate Bill No. 354. We recommend that Senate Bill No. 354 (reference copy - salmon) be amended as follows:

Adopt the amendments of House Business and Economic Development committee in the report dated April 7, 1993.

And that this Conference Committee report be adopted.

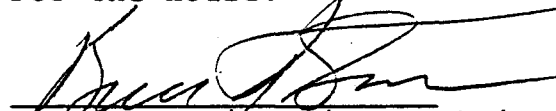
For the Senate:


Senator Christiaens, Chair


Senator Brenden



Senator Bruski-Maus

For the House:


Representative Simon, Chair


Representative Brandewie


Representative Pavlovich

M -
Amd. Coord.

Sec. of Senate

ADOPT

REJECT

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