

MINUTES

MONTANA SENATE
54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on February 3, 1995, at
8:00 a.m.

ROLL CALL

Members Present:

Sen. John R. Hertel, Chairman (R)
Sen. Steve Benedict, Vice Chairman (R)
Sen. William S. Crismore (R)
Sen. C.A. Casey Emerson (R)
Sen. Ken Miller (R)
Sen. Mike Sprague (R)
Sen. Gary Forrester (D)
Sen. Terry Klampe (D)
Sen. Bill Wilson (D)

Members Excused: N/A

Members Absent: N/A

Staff Present: Bart Campbell, Legislative Council
Lynette Lavin, Committee Secretary

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

Committee Business Summary:

Hearing: SB 246, SB 216, SB 228
Executive Action: SB 22 DO PASS AS AMENDED
SB 170 DO PASS

HEARING ON SB 246

Opening Statement by Sponsor:

SEN. JEFF WELDON, SD 35, Missoula, explained he would like the committee to consider a possible change to the search and seizure chapter of the criminal procedures title. Specifically, he was attempting to enhance the due process protection of business people who were in the business of pawn brokerages. Under current law a business person who operated a pawnbroker business did not have the due process protection that one would normally assume a business person would have. They talked about a pawnbroker, who, in good faith, bought a piece of property that had been stolen. Until two years ago the pawnbroker and his

property interests were protected through a search warrant, but the 1993 Legislature removed the search warrant requirement. Section 1, in lieu of a search warrant, he proposed that peace officers be asked to administer an administrative warrant. Current law required the pawnbroker to hold the property for 30 days upon issuance of an administrative warrant, and if the peace officer then demanded that the pawnbroker give up the property to him, that must be done in conformance with the administrative warrant. As a due process protection, he asked that the committee amend loss, so the pawnbroker may appeal validity of the warrant to justice court. In Section 2 he asked if the property was stolen and the rightful owner came forward, the property be given to the original owner, and part of the restitution by the criminal to the victims be considered to compensate the pawnbroker's investment.

SEN. WELDON said the bill was intended to protect certain types of property interests. The pawnbroker could not acquire title to the piece of stolen property because the thief did not have legitimate title to the property. The pawnbroker's interest in the stolen property item was a possessory interest, which was a right to possess property by virtue of an interest created in the property. The interest in the property for the pawnbroker was created when, in good faith, he took it as a loan or bought it. The pawnbroker gave money to the thief, therefore the pawnbroker now had a possessory interest. It was that interest which he was attempting to protect. There should be some restitution to the pawnbroker so he could recoup his investment.

One of the tools **SEN. WELDON** was attempting to use was the administrative warrant. An administrative warrant was a document or instrument issued by an administrative agency; or, in that case, issued by the police chief or county sheriff. It was similar to a search warrant insofar it as an official document which indicated authority to the police officer to take that piece of property. It was not as forceful as a search warrant because it was not issued by a judicial branch. Several people asked what an administrative warrant was because they had never seen one. The reason was the state laws did not provide for one. He asked the committee to create an instrument for that. Other states issued administrative warrants; there was case law in other states. He believed the chief law enforcement officer of the state, the Attorney General, had to deliver an opinion, and offer some guidance to the local police officers and sheriffs in using an administrative warrant. There was also precedent in other federal agencies on how administrative warrants were drafted and administered.

Proponents' Testimony:

Linda Holding, Montana Pawnbrokers, commented prior to her entrance into the pawnbroker industry, she didn't know that some of their rights would be taken away. She attempted to get restitution for a piece of jewelry that was taken out of her pawn

shop by a local police detective who then handed the item to the owners. That was the last she heard from the owners, the detective and her \$400. That may not seem like a lot of money and, perhaps, it wasn't, if it only happened once. But, she said they dealt with situations like that on a regular basis. She spoke to the Missoula County Sheriff's Department which was not opposed to the bill if the administrative warrant was user-friendly. In other words, the police department would accept it if they could walk into a store, fill out the date, place, what the item was, and sign it.

Ms. Holding said the idea that a thief would have someone supervise the payment of restitution was an idea she received from a Missoula police detective. When she spoke to law enforcement in Missoula, they agreed that arguing with law enforcement over the fact that a thief could walk into a pawnshop and sell an item to her, went back to the idea of what was a pawnshop. A pawnshop was a high risk loan establishment. Some law enforcers thought the risk involved only stolen items, but it also meant that they didn't do a credit check before they loaned money, as did a bank. All they asked was that they claimed to own an item and signed a document. They sent a copy of the document to law enforcement to check against their sheets. They had no way of checking on their legal possession of the property. The reason their rights were taken away two years ago was actually to make it easier for law enforcement agencies. What they wanted to do was stop the arguing between pawnbrokers and law enforcement; they wanted the thief to pay restitution.

Lee Ash, Co-owner of Cargo Liquidators and Pawn in Billings, read his written testimony, **EXHIBIT #1**.

Todd Coutts, Montana Pawnbrokers, told the committee those who represented the Pawnbrokers of Montana actually represented a new wave in the pawnbroker industry, with an interest in cooperating and enhancing their relationship with law enforcement. The law passed in 1993 eliminated the need for a search warrant and caused a lot of strife and disagreement between law enforcement people and pawnbrokers. It grew worse. They wanted it to get better. They were not in business because they wished to keep stolen items or because they didn't care about victims. They wanted people to get their property back. But, they believed they deserved the same due process and rights of other people. Another thing was the criminals' responsibility. Thieves needed to pay restitution to them for their unlawful actions. There probably were some 'shady' pawnbrokers but the majority of them were interested in running a good, clean operation.

Opponents' Testimony:

Bill Fleiner, Montana Sheriffs & Peace Officers Association, said the current law, in effect then, formalized the city ordinances which were not written into state law. When that happened, the discussion and purpose for the search warrant clause was on a

supposition that an unethical peace officer entered and went through a shop. However, there was never any history that such a situation took place. In 1993, the search warrant was eliminated. As far back as 1989, it was already a standard process for agencies to receipt property so the pawnbroker had a record of the property. It was placed into evidence and the investigation continued. Ultimately, the court had the responsibility of releasing the property. A peace officer went to the court for an order which released or disposed of the property. From an evidentiary standpoint, there was no precedent set for the authority of a peace officer to issue an administrative warrant.

Mr. Fleiner contended they talked with the Attorney General about that issue. They believed there were probably other statutes of law which needed to be considered before they looked at the statute as a vehicle to begin issuing administrative warrants. They attempted issuing administrative warrants with runaway children who were in other homes and the courts warned them that it was their judicial authority to issue warrants. He did not think law enforcement should issue administrative warrants. The bill added to the paperwork and paper trail. It added to the Supreme Court's plain view doctrine.

Mr. Fleiner stated the pawnbrokers had no problem being considered victims if it facilitated return on the money they lent against the stolen property. They maintained a very good working relationship with most of the pawnbrokers and law enforcement in the state. One of the reasons the warrant was eliminated was its lack of use. There were only a couple of pawnbrokers in the state who refused a law enforcement officer without a warrant. It was their contention that as the statute presently read, it was workable.

Mr. Fleiner said in Missoula, where the law enforcement officer turned the stolen property over to the original owner, the officer was out of line and probably had not followed the department's procedure. The evidence should be receipted to the pawnbroker and taken to the evidence locker. An investigation should follow that. The pawnbroker, with the receipt, had the ability to make his claim when restitution was made. Should there be mischief, they had the option to pursue it further with the County Attorney's office or the police or sheriff's department. It was their position that what was presented in the law, was working.

Stan Kalezyc, General Legal Counsel for the Montana Municipal Insurance Authority, which was the group self-insurance program for cities and towns in the State of Montana. **Mr. Kalezyc** attested that under the auspices of the NMIA program his organization defended a lawsuit brought against the city of Billings and the city of Laurel, which challenged the constitutionality of the law passed in the 1993 session. He

declared he was familiar with the issues and concerns underlying the proponents testimony and Senator Weldon's bill.

Mr. Kalezyc stated the Montana Municipal Insurance Authority's opposition to this bill rested in the details. He spoke with the City Attorneys from Missoula and Billings when the bill first came out and asked them about the administrative warrant. Their response was, in effect, that there was no such creature within city government. The bill provided no procedures for issuance of the warrant, there were no standards under which the warrants were to be issued. If the concept was that a police officer or deputy sheriff could fill out a piece of paper effectively as a receipt with a pawnbroker, he said then the proponents had not gained much over what the current law provided.

Mr. Kalezyc voiced their second concern was whether or not the pawnbroker who received the administrative warrant would take the warrant to court? The bill placed no time limit within which the pawnbroker had to go to court. Theoretically, it could be six months to a year later before they attacked the administrative warrant. He disbelieved that was in the best interest of the pawnbroker or the City Police Department or County Sheriff Department. He declared if the committee was inclined to do anything with the bill, they had to spell out what an administrative warrant was and they had to put some time limits on the challenge of the warrant.

Mr. Kalezyc continued, their third concern was that the bill required a person to go to the County Justice Court to appeal these warrants. In the case where a sheriff's department issued a warrant, the jurisdiction made sense. If, however, it was a city matter, the appropriate venue ought to be the City Court. Eventually, they received an answer from a Federal Court because the suit which challenged the current Montana statutes was filed in Federal Court. He suggested the legislature wait until it knew if they had a constitutional defect with the statute passed in 1993, before they passed further legislation.

Informational Testimony: None

Questions From Committee Members and Responses:

SEN. STEVE BENEDICT asked **SEN. WELDON** why the bill did not contain a definition of an administrative warrant. **SEN. WELDON** replied he had asked **Greg Petesch, Director of Legal Services, Legal Council**, the same question and **Mr. Petesch** was confident that case law from other states provided a sufficient definition. He was not adverse to putting in the definition. He believed the Attorney General could provide guidance to cities and counties on how the administrative warrant was administered. **SEN. BENEDICT** asked who issued the warrant. **SEN. WELDON** replied the bill indicated it was a peace officer. His intent would be the chief officer of the jurisdiction. **SEN. BENEDICT** asked in Section 2, it seemed to him they added pawnbroker when they could

have added a whole laundry list of people. It would be easier, since they already had "any victim of the offense", which included a pawnbroker. Perhaps they could use language such as "any person suffering economic loss as a result of a crime". There were many instances where someone suffered economic loss. Maybe they could have been more generic on the term. **SEN. WELDON** stated that would be fine. His aim had been to ensure the bill defined 'victims' as including pawnbrokers.

SEN. MIKE SPRAGUE stated he wanted the Committee to know that he had a conflict. He had an interest in three pawn shops for over twelve years. He said he was a bit biased but he could shed some light for the Committee. Prior to 1993, Billings was using something akin to an administrative warrant. It was a city ordinance. Law enforcement brought a form to a pawnshop under suspicions of having a piece of stolen property. The officer left the form and took the suspected property or asked the pawnbroker to hold the property until after the investigation. It worked very well. However, it became an administrative nightmare as to who was responsible for what.

SEN. SPRAGUE viewed the administrative warrant as a way to avoid bringing a judge into the process. However, all other citizens had to face the judge. Now the law changed to exclude pawnbrokers. That was one reason a lawsuit was filed; it was a Fourth Amendment right. He asked why segments of society were selected for amendments that did not apply to them. He believed this issue had been made to sound somewhat more simplistic than it actually was. He asked if that made Mr. Fleiner's job easier. **Mr. Fleiner** replied it was easier already using the receipt. The administrative warrant wouldn't be more than that. The rules of evidence told us to hold the property, particularly if there was a charge filed. The property was receipted, a report made, and the report was referred to the County Attorney or City Court, depending on the gravity of the charge. That was currently the method they had. The property was retrieved without difficulty unless there was a prosecution. When the bill was originally heard, the search warrant was placed in it on the chance of an unethical peace officer. Our concerns were about the loss of the evidence which, in some cases, could be significant in major crimes. He said in Billings and Missoula there were problems with pawnbrokers and peace officers withholding the evidence even when a search warrant was in effect.

SEN. SPRAGUE declared a line of least resistance really did exist. The example that was given was real. Remember that a pawnbroker didn't want to sell the merchandise; he would rather have it returned to the owner. **CHAIRMAN HERTEL** stated that many of the committee members objected to that line of questioning and thought he should have been a proponent. He reminded **SEN. SPRAGUE** to get to the question quickly. **SEN. SPRAGUE** spoke of a peace officer who came into the shop and asked him if a particular brown saddle was in his possession. He replied he had several. The officer stated that someone from his area saw the

brown saddle in his store. **SEN. SPRAGUE** told the peace officer to bring the person in to identify it. He identified it although it had no distinctive marks and the only description he gave was "brown saddle". That particular peace officer ran for sheriff that year and said to me ... "this guy is a supporter of mine and I have to help him out, can I please take this saddle"... **SEN. SPRAGUE** pointed out to the officer that he would not be restricted from taking it because he was a peace officer. Under the law at that time, the peace officer was not required to prove anything. They took the saddle and left and he was out \$300. The recourse warrant was important in that situation. **Mr. Fleiner** stated he believed those mechanisms were already in place through Justice Court, District Court and through the County Attorney. He could have filed a theft report against that peace officer. The purpose of the receipt gave the pawnbroker recourse if the evidence was not disposed of properly.

SEN. KLAMPE asked **Stan Kalezyc** if he thought there was a more appropriate section of law for dealing with the administrative warrant. **Mr. Kalezyc** replied that he didn't know of any section of law that provided for an administrative warrant. The colloquia between **SEN. SPRAGUE** and **Mr. Fleiner** demonstrated that whether it was in this section of the code or some other section of the code, they needed to know if there was to be an administrative warrant, what purposes did it serve, how and where obtained, what were the procedures, what were the standards, and what were its limitations. The administrative warrant was a new item. He did not know where it would be put.

SEN. MILLER asked **Linda Holding** for her opinion on the administrative warrant. **Ms. Holding** replied that the border patrol used administrative warrants, as did EPA. She hesitated to give EPA examples because of the excessive paper work due to the involvement of toxic waste. The EPA warrant had location, date, place, description of item. She liked the administrative warrant because it gave the pawnbroker access to the courts, which they did not have with the receipt. The receipt was just a receipt. She may find out two years later what happened to that item. With an administrative warrant, she was immediately enabled to go to court. She liked the idea of anyone with an economic interest in the stolen property being included. An administrative warrant was known to the legal people. It was something that needed to be designed for Montana law.

SEN. EMERSON asked **Ms. Holding** if she tried to go to court over the jewelry. She replied there was no serial number on the jewelry, nobody showed her a receipt indicating they bought it; no photograph identifying the woman wearing it. She walked into her pawnshop and said that was her necklace. She claimed it was bought in India by her husband for her anniversary gift 10 years prior. That was the first break the law enforcement had on a \$25,000 jewelry burglary in Missoula. That was the only clue they had. They found the three men and sent them back to prison but she received no money or any other restitution for her

efforts. She reminded them she didn't have to be that honest. She could fence stolen jewelry. She didn't have to call them or turn in the papers. There was no precedent in the Montana law for her to be treated fairly in the courts. Her Fourth Amendment, taken away from her, indicated no one cared if she operated honestly or not. It assumed that she was guilty before she went to court. **SEN. EMERSON** asked again if she ever went to court to try to recover restitution for the jewelry. She stated a lawyer would cost more than \$400. With an administrative warrant, she had the chance to represent herself in court. It would be interesting to know how border patrol made use of that because they seemed to be the only law enforcement in the state that currently used it.

SEN. KLAMPE questioned **Mr. Fleiner** if there was access to the court as of now and would Ms. Holding need a lawyer? **Mr. Fleiner** replied the County Attorney was the lawyer for that. Those matters could be taken to the County Attorney because the person was a victim. **SEN. KLAMPE** asked what advantage the administrative warrant gave the pawnbroker over the current system. **Mr. Fleiner** stated he didn't believe it would be any different than the receipt process now.

Closing by Sponsor:

SEN. WELDON closed by offering a different perspective on some of the things said. First of all, the statement was made that the rules of evidence required a stolen piece of property be held through the court proceedings. That was not necessarily true. The same rules of evidence would allow a photograph of that piece of evidence in lieu of the property. The receipt did not perform the function that an administrative warrant would do, however. Both the state and U.S. Constitution provided for life, liberty, and property to be protected by due process of the law when needed. Current law afforded due process in that the pawnbroker should be informed. He believed a key component to due process protection was that the person whose property was to be taken was to be heard.

SEN. WELDON contended an administrative warrant allowed that person to be heard because they could appeal the administrative warrant in a court. That was not provided by current law. Primarily, what they asked them to do was to balance; the interest of the person whose property was stolen, the interest of the law enforcement officers, and the interest of other victims - in that case, the pawnbroker. He asked the committee to balance the equation so the pawnbrokers' interest was more protected. He would be willing to work with the legal council on the amendments suggested. He knew there were ways that they could strengthen the bill. He asked the Attorney General's office how they could make that document more user-friendly to the local law enforcement.

HEARING ON SB 216Opening Statement by Sponsor:

SEN. TOM BECK, SD 28, Deer Lodge, explained that **SB 216** established continuing education requirements for credit life and disability insurance producers. **SB 216** had two components. It created specific continuing education requirements for narrowly defined line of insurance sales, mainly credit life and disability. The current law required 10-15 hours per year; those individuals were required to have 5 hours. The requirements focused on credit life and disability. The second part eliminated the statutory requirement for specific pre-licensing education in order to be eligible to take the Montana Insurance Examination. Prospective insurance producers continued to be required to pass the examination. It was not a compelling state interest to dictate specific education requirements in order to take the examination.

Proponents' Testimony:

Steve Turkiewicz, Executive Vice-President of Montana Automobile Dealers Association, read his written testimony, **EXHIBIT #2.**

Frank Cote, Deputy Insurance Commissioner, State Auditor's Office, said continuing education for insurance agents was important. In 1993 when the original bill was passed, they realized there were some potential problems for the area of credit life and disability. They tried to work those out then, but time was limited. Hopefully, that bill was amended and resulted in a stronger, better bill for continuing education in Montana. There were some insurers who sold this type of insurance who had to take courses that didn't apply to their field of insurance or the field in which they were licensed.

{Tape: 1; Side: B}

Mr. Cote declared this bill also eliminated the pre-licensing education. In 1993, when they addressed that bill and talked about the passage of the Continuing Education Act, they received many complaints and concerns regarding pre-licensing education: mainly the fact that it did not do what it was initially designed to do. They promised those groups that they would review those courses over the next year. They did that and they found the pre-licensing education was no more than teaching people how to pass the examination. That was not the original intent. Instead of the pre-licensing education, more of the burden would fall on their offices to design an examination that made sense in Montana. That was something that reflected what actually happened in the market place and therefore had a better examination which gave them better agents. The bill, as currently drafted, had some problems.

Mr. Cote handed out EXHIBIT #3, amendments and a gray bill. As he looked at the amendments, he noticed typographical errors. Thus, in the gray bill they eliminated, under section 1, subsection b, the 10 hours for credit life and disability; Page 2, line 13, eliminated an inconsistency which dealt with credit life and disability; Page 3 added the fee schedule; and page 5 deleted the fees for pre-licensing courses.

Roger McGlenn, Executive Director, Independent Insurance Agents Association, stated, historically they opposed exemptions and reduction to the continuing education hourly requirements. In that case they were empathetic with the credit life and disability licensees. They also had the Montana Insurance Education Foundation, which provided educational programming and did not have specific targeted programs for credit life and disability that met the 10 hour requirements. They strongly supported the repeal of the pre-test educational requirements. They, too, believed the former method became a pre-examination how-to-pass system rather than pre-license education.

Debbie Berney, Executive Vice-President, Professional Insurance Agents in Montana, had much experience with the continuing education for the credit life people in classes she taught. She watched them struggle through sections which did not affect their businesses. On the pre-licensing issue, she was required to re-license herself that year. She sat through 80 hours of the course and agreed it was pre-testing, not pre-licensing.

John Cadby, Montana Bankers Association, commented how amazing attitudes changed in two years. That year they all reached the sensible conclusion that actually most credit life in Montana was sold by direct mail. Persons learned a great deal about credit life in 1 hour. But five hours of learning forced car salesmen and bank employees to learn a little about state insurance law and more about the product they were selling.

Larry Akey, Montana Association of Life Underwriters, said they were among those in 1993 with concerns and they still had concerns about licensure and education of persons who had only credit life and disability licenses. That bill strengthened continuing education for people who had those licenses. The statute previously had an exemption for those who sold credit life incidentally to other non-insurance activities. Such language removed that exemption. Anyone who had the license would then be required to have five hours. Unlike other agents, the language of that bill required credit life and disability licensees have education specific to their license.

Opponents' Testimony: None.

Informational Testimony: None.

Questions From Committee Members and Responses:

SEN. KLAMPE asked **Larry Akey** if it was possible that a person who took five hours of continuing education might never touch credit life and still be a credit life salesman. **Mr. Akey** replied that he had to look at the language of the bill, he hadn't thought of that situation. It was possible under the old statute for individuals with a credit life and disability license to take 10 credit hours in something that had nothing to do with credit life and disability and that often happened. The bill made it clear there must be five hours in one of three areas -- ethics, law, or credit life and disability. Conceivably, he supposed they took five hours of insurance ethics and never touched credit life and credit disability. He wasn't sure that was necessarily bad.

SEN. EMERSON asked **Debbie Berney**, who had experience teaching the classes, if five hours was the right amount. **Debbie Berney** replied she believed five hours was more than adequate to teach credit life. She believed they acquired a broader course offering made for them. Personally, she looked to giving them credit life with ethics and law, in order for them to comply with all three each year.

Closing by Sponsor:

SEN. BECK reminded the Committee, that if this bill reached the floor, they had all heard the bill and he didn't want any questions on the floor.

EXECUTIVE ACTION ON SB 170

Motion: **SEN. MILLER MADE THE MOTION THAT SB 170 DO PASS.**

Discussion: **SEN. MILLER** stated he supported that bill. He had done some bidding through the state where the 3% and 5% were advantageous. His contention was that situation was nothing more than a subsidy. As a legislator, he came here to make costs lower for the business person in Montana, thus making them more competitive. He thought that would do them more good than a subsidy. If they couldn't compete within the state with other companies, then they shouldn't bid.

SEN. KLAMPE asked **SEN. MILLER** if he got the 3% preference. He answered he never received it, but had been involved in the bidding. **SEN. KLAMPE** asked if the bill could be amended to grant residency status to businesses which had been in the state for a certain period of time. They acted as Montana businesses, except they were based elsewhere. **SEN. MILLER** stated he would not support that. **SEN. KLAMPE** asked if anyone else in the committee would support that. **SEN. MILLER** acknowledged **SEN. KLAMPE'S** point of view but he preferred to get lower costs for doing business in the state, than subsidize.

SEN. SPRAGUE exclaimed that free enterprise had to be free enterprise. It couldn't be almost free. He wished to open it up as much as possible and said most people were not afraid of competition. There had been a breaking down of borders and barriers, both statewide and nationally. Whether that was good or not, it was competition.

SEN. FORRESTER voiced his opposition to the bill. He said there were many areas where bidder preference was used in federal contracts of minority status. Those who wanted that bill, such as the electrical supply companies in Billings, were evidently doing quite well with their businesses as they were. He disliked the reciprocity clause in the bill because he believed it did no good. He understood the free enterprise fervor which swept the nation. He opposed **SEN. SPRAGUE'S** move to do away with milk control which protected the local producers while the bill protected Montana people.

SEN. KLAMPE remarked the fiscal note for the bill was ridiculous.

Vote: **SEN. MILLER'S** motion that SB 170 DO PASS CARRIED 6-3 on roll call vote #1, with **SENATORS FORRESTER, KLAMPE, AND WILSON** voting "NO".

EXECUTIVE ACTION ON SB 22

Discussion: **Bart Campbell** stated **SEN. GAGE** approved the amendments, **EXHIBIT #4**. The thrust of the amendments defined the situation when a jockey was not covered by Workers' Compensation. Numbers 1 and 2 changed the title to reflect the amendments. Page 2, line 23, created a time period in which a jockey was not covered and also addressed the acknowledgement a jockey signed indicating he\she was not covered.

Motion: **SEN. BENEDICT** MADE THE MOTION THAT THE AMENDMENTS BE ADOPTED, SB002201.ABC.

Discussion: **SEN. CRISMORE** stated this amendment addressed his concerns regarding the bill.

Vote: The motion to **ADOPT THE AMENDMENTS CARRIED UNANIMOUSLY** by voice vote.

Motion: **SEN. CRISMORE** MOVED THAT SB 22 DO PASS AS AMENDED.

Discussion: **SEN. WILSON** explained what happened to those jockeys. The bill was trading a cadillac of an insurance policy into a volkswagen. Jockeys wouldn't be covered to the extent they were now. He thought that wasn't a very good bill for them. He opposed the bill.

SEN. BENEDICT claimed, having been involved in Workers' Compensation for a long time, **SEN. WILSON** was exactly right. The

jockeys would not have the same kind of coverage as when they worked as an employee for a trainer. However, that coverage support for the jockeys reached to the point where it became too expensive to cover the jockeys they used in the sport of horse racing in Montana if they didn't do something. The jockeys understood that this was a business and if they wanted to remain in it, they had to comply. It was something that had to be done.

SEN. CRISMORE stated he agreed with both **SEN. WILSON** and **SEN. BENEDICT**. The bill was needed.

SEN. EMERSON stated the horse owner didn't choose the jockey who rode his horse. The owner should not be required to cover that jockey if the jockey may or may not have had a preexisting condition.

Vote: The motion SB 22 DO PASS AS AMENDED CARRIED 7-2 with **SEN. WILSON** and **SEN. FORRESTER** voting "NO".

HEARING ON SB 228

Opening Statement by Sponsor:

SEN. FRED VAN VALKENBURG, SD 32, Missoula, said SB 228 was a proposal that amended the law with respect to the rights and duties of partners in the State of Montana, so that one partner, who did not have a majority interest in a partnership, would not have the ability to cancel an insurance policy which had been issued to the partnership, without obtaining the consent of the majority of the partners of a particular business. The bill was initiated on his behalf because of a constituent, **Jerry Marble**. **Mr. Marble** disputed with a co-partner who cancelled an insurance policy which had been issued to the partnership. When **Mr. Marble** submitted a claim on behalf of the partnership for a loss, the claim was denied because the policy had been cancelled without his knowledge. He protested the matter to the State Commissioner of Insurance and was advised by the Commissioner there was nothing the Commissioner could do. The partnership laws and insurance laws of the state did not, in any way, prohibit a partner from cancelling insurance issued to the partnership.

SEN. VAN VALKENBURG had hoped **Mr. Marble** would be present that day in case there had been miscommunication between them. Perhaps he would still show up. He apprised the Committee that he had spoken with **Mr. McGlenn**, who represented the **Independent Insurance Agents in Montana**. There seemed to be a problem in terms of the implementation of the proposed law, particularly from the perspective of insurance carriers. Insurance carriers may not specifically know who were the partners in a particular partnership. Therefore, if a partner they dealt with proposed to cancel a policy, the insurance carrier may not know if a majority of the partnership was in agreement with respect to the cancellation. **Mr. McGlenn** suggested an amendment, which had been

prepared, which added the words "named in the policy" on page 2 of the bill after the word "partners" on line 3, **EXHIBIT #5**. With the amendment, at least the insurance carrier was protected to the extent they knew who the partners were. He looked at this as a consumer issue.

SEN. VAN VALKENBURG stated if a partner to a business had an insurance policy covering that partnership, that partner expected the policy remained in force during the time it had been issued. Certainly there were situations where partners disagreed, but if the insurance carrier knew all the named partners in the policy, the insurance carrier would make sure a majority of partners were in agreement prior to the cancellation of the policy. He handed out, just for documentation of the past situation, a copy of a letter that Mr. Marble received from Mr. Gary Spaeth, Chief Legal Counsel of the Insurance Commissioners Office, **EXHIBIT #6**.

Proponents' Testimony:

Roger McGlenn, Executive Director, Independent Insurance Agents Association of Montana, stated when they saw this bill in its original form they were very concerned about it and opposed it. He appreciated **SEN. VAN VALKENBURG** allowing him a visit with him to discuss their concerns and he very much appreciated his requesting the amendment, (**EXHIBIT #5**). With the amendments, they supported the bill. They were sympathetic to the issue that was addressed by this bill. They had seen cases before where a partner cancelled a policy and other partners were unaware of that action, or there were miscommunications in the timing of the cancellation. They were concerned in its original introductory form because of the exposure to professional liability. There were a number of partnerships which had limited partners who were not named on the policy; they also could have had silent partners. If they had no standard of care established in the bill or a "scorecard" advising them how to ensure they had a majority of the people who agreed to cancel that policy covered, then they faced a significant professional liability exposure by a disgruntled partner. That was why they requested an amendment.

Frank Cote, Deputy Insurance Commissioner, pointed out the amendment arose from a case they dealt with in their office. There was nothing they could do in that case. That was a consumer issue that must be addressed.

Jerry Marble, Missoula, remarked he was involved in a partnership dissolution over the past several years. During that time, he was in touch with the State Insurance Department, relative to a problem that came up. Apparently, the attorneys overlooked the conclusion of the insurance policy in that partnership. The result was his ex-partner took it upon himself to cancel the policies on the properties. All of the properties and loans were still in his name and he was concerned about the liability. Even more, he had already paid his half of the premiums at the time the partner cancelled the policies. Thus, the partner credited

the entire premium to another account within the same insurance agency. At that time, the burden was placed on **Mr. Marble** to have enough insurance to cover his liability exposure and to recover his lost premiums (approximately \$4000). The State Insurance Department was unable to help him because of the structure of the law. Eventually, he retrieved his money but it was something that he pursued personally and it was difficult and expensive. He thought people should be protected from this.

Opponents' Testimony:

Greg Van Horssen, State Farm Insurance Co., spoke with the sponsor of the bill and advised him that they opposed it. The insurance company was opposing a bill that, in theory, would make it more difficult to cancel their coverage. From a practical standpoint, State Farm had a significant number of policies in Montana, many of them involved partnership coverage, some involved family farm fleets. At that time, cancellations were processed through the local agent who electronically transmitted the cancellation order to the headquarters of State Farm. State Farm had no policy in place that required a signature for the purpose of cancellation of a policy. They did it that way because they found it most efficient for service and it was a quick way to meet the needs of the insured. As they read that bill it seemed it injected some uncertainty for them. It also projected a certain amount of delay that the consumer, the insured, might find difficult. From their perspective, there was uncertainty of what type of verification would be necessary and required by this bill.

Mr. Van Horssen contended often, the makeup of a partnership changed and they found themselves in a situation where, in fact, they had new partners who were unnamed or unlisted. By law, these partners had a say concerning how the partnership would be operated although they might not be listed on the policy. Even with the amendment, he was still concerned that partners, not listed on the policy, by law had a say in the partnership business. If cancellation took longer, as it would with the bill, and if a partnership sold a vehicle and needed immediate cancellation, the consumer paid for insurance on an extended period of time when they had nothing to insure. The bill had too much uncertainty and caused delays in cancellation of a policy. They requested the bill be tabled.

Jacqueline Lenmark, American Insurance Association, thought that situation demanded a remedy. However, she thought there was a remedy or several remedies that already existed in the law for that particular situation. If the attorney that represented **Mr. Marble** made an error, there could be an action against that attorney for malpractice. Additionally, he had an action against his partner if there was inappropriate action taken. **Mr. Van Horssen** stated the insurer concerns accurately for that particular provision in the law. She listed a few other practical concerns from the perspective of a partnership. For

larger partnerships, each one was bound by the actions of the partnership and each had the ability to act on behalf of the partnership.

Ms. Lenmark said if a partnership had to stop all activity and obtain consent of all partners for one particular act, she thought that imposed an impractical solution. Subsection 10, as drafted, conflicted with subsection 6 of the statute that already existed, which stated each partner had equal rights in management conduct of the partnership. The situation definitely demanded a remedy.

{Tape: 2; Side: A.}

Debbie Berney, Professional Insurance Agents of Montana, was concerned about the standard insurance policy form. The standard form allowed the person named insured in the partnership to make any changes or cancellations in the policy. That was very clear in the standard ISO policies. Through her studies she learned that in the bylaws of a corporation, it stated that the person must be an executive officer of the corporation.

Informational Testimony: None.

Questions From Committee Members and Responses:

SEN. WILSON asked **Mr. Marble** if he recovered his loss. **Mr. Marble** replied he did eventually recover his loss. But not in a normal way. All the properties which were in his name went to the other partner as a result of the dissolution, so he refinanced the properties at which time all the tax and insurance reserves came to him. **SEN. WILSON** stated that the partnership laws were rather extensive and noted that **Mr. Marble** recovered in a way that didn't involve partnership laws. But there may be something in there pertaining to the partner's obligations to **Mr. Marble**. **Mr. Marble** stated he could have had recourse under the partnership laws, but it would have cost him as much as he tried to recover.

SEN. KLAMPE asked if that covered marriage. **SEN. VAN VALKENBURG** stated that it did not. **SEN. KLAMPE** asked if something could be added to the amendment that indicated the need for the other partners' notarized signatures and stated their percentage of the partnership. **SEN. VAN VALKENBURG** replied that **SEN. KLAMPE** could do whatever he wanted but it was not necessary. It was a relatively simple matter for the insurance carriers to develop a small form attached to a policy issued to a partnership listing the names of the partners who could sign if they wanted to cancel. It did not need to be notarized; it was merely some proof that the majority of the partners agreed on this. He thought **Ms. Lenmark** would be shocked if she found out her partners cancelled her malpractice without her notification. **SEN. KLAMPE** stated that the problems were with the majority ownership. The partnership could have 10 partners owning 10%

each. **SEN. VAN VALKENBURG** replied when a partnership obtained the policy, it should make clear to the insurance carrier what the interest of the individual partners were. Otherwise, the carrier was entitled to assume that each partner had an equal interest in the partnership.

SEN. BENEDICT asked **SEN. VAN VALKENBURG**, about a case of a surviving spouse partner. The partnership was to be dissolved but there must be probate. The surviving spouse could not sign if another partner wanted to cancel some other type of insurance during that time. **SEN. VAN VALKENBURG** replied that could be handled in one of two ways, and perhaps the Insurance Commissioners Office wanted to comment on it, as well. If the remaining partners wished to cancel the policy, they indicated on the form that the partner was deceased or the executor of the estate signed the form.

SEN. SPRAGUE commented when two people formed a business, it was done with good faith. They had a lawyer construct a partnership agreement, and they bought insurance accordingly. One could assume they took out insurance and both partners had agreed on it. It seemed incongruous that a partner walked in and cancelled the policy. It appeared essential that the other partner be notified. Was that a faulty assumption? **SEN. VAN VALKENBURG** replied in light of what was said by the Insurance Commissioners Office, it was definitely a bad assumption. Most people tended to assume in a partnership that the other partners would be notified. What if banks operated that way.

SEN. EMERSON asked about the partner who was to carry his share, but had run out of money. To force him to pay when he had no money was futile. Was that addressed in partnership law or was the notification enough? **SEN. VAN VALKENBURG** stated he believed it was. If a partnership incurred debt, every partner in the partnership was individually liable for that debt. To the extent there was a partnership agreement where expenses were split evenly or according to the partnership interest, one partner had a right of action against the other partner to recover that.

SEN. SPRAGUE asked **SEN. VAN VALKENBURG** in reference to the situation presented by **SEN. EMERSON**, an insurance company had not been paid and notified the business the policy would be cancelled unless they received payment. This was common sense reality. A policy could be cancelled by not paying or by intent. Was that correct? **SEN. VAN VALKENBURG** replied it should be that way but he did not believe that was current law. Insurance companies cancelled the policy on day-one after non-payment if they wished. Or they sent a notice and gave a 30 day grace period. They had no obligation to do that. If they were willing, it wouldn't be a tremendous burden to them to notify the other partners there was a possibility of cancellation.

SEN. MILLER asked what happened if a company sent a notice to one partner who did not share it with the others. **SEN. VAN**

VALKENBURG replied that was possible. If a partner desired to receive notice at some address other than the address of the partnership listed on the policy, he had to inform the insurance company of that.

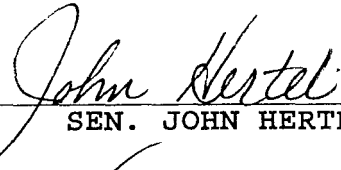
SEN. CRISMORE asked **Debbie Berney** if insurance companies notified a cancellation for non-payment. The insurance companies had to issue legal notice of cancellation with so many days notice based on the circumstances for the cancellation.

Closing by Sponsor:

SEN. VAN VALKENBURG summarized, given the reaction of the Committee to the testimony, the Committee understood and appreciated the problems that someone, such as **Mr. Marble**, endured as a result of not receiving notice that his partner cancelled the policy. With the proposed amendment, there was no great burden on the insurance industry. If there were other possible amendments that made the work a little better, he would be happy to meet with the Committee for further discussion. There were alternative remedies for that situation but those remedies involved lawsuits and extremely expensive litigation. It was easier if they put a brief phrase in the law which required the insurance companies to be sure that a majority of the partners concurred on the cancellation.

ADJOURNMENT

Adjournment: The meeting adjourned at 10:30 p.m.



SEN. JOHN HERTEL, Chairman



LYNETTE LAVIN, Secretary

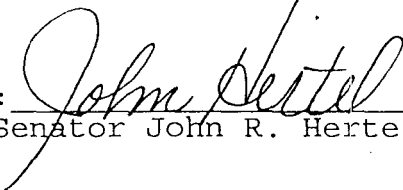
JH/11

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 3, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration SB 22 (first reading copy -- white), respectfully report that SB 22 be amended as follows and as so amended do pass.

Signed: 
Senator John R. Hertel, Chair

That such amendments read:

1. Title, line 5.

Strike: "EXEMPTING"

Insert: "PROVIDING A LIMITED EXEMPTION"

Following: "COVERAGE"

Insert: "FOR"

2. Title, line 6.

Strike: "OR PONY RIDER"

3. Page 2, line 22.


Strike: "or pony rider"

4. Page 2, line 23.

Following: "horseracing"

Insert: "from the time the jockey reports to the scale room prior to a race through the time the jockey is weighed out after a race if the jockey has acknowledged in writing, as a condition of licensing by the board of horseracing, that the jockey is not covered under the Workers' Compensation Act while performing services as a jockey"

-END-

 Amd. Coord.
SA Sec. of Senate

291237SC.SPV

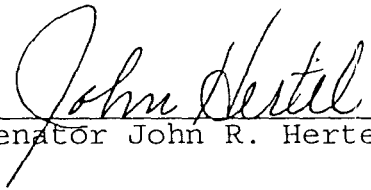
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
February 3, 1995

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration SB 170 (first reading copy -- white), respectfully report that SB 170 do pass.

Signed: _____


Senator John R. Hertel, Chair



Amd. Coord.
Sec. of Senate

291233SC.SPV

MONTANA SENATE
 1995 LEGISLATURE
 BUSINESS AND INDUSTRY COMMITTEE
 ROLL CALL VOTE

DATE 2-3-95 BILL NO. SB 170 NUMBER 1

MOTION: _____

NAME	AYE	NO
STEVE BENEDICT, VICE CHAIRMAN	✓	
WILLIAM CRISMORE	✓	
CASEY EMERSON	✓	
GARY FORRESTER		✓
TERRY KLAMPE		✓
KEN MILLER	✓	
MIKE SPRAGUE	✓	
BILL WILSON		✓
JOHN HERTEL, CHAIRMAN	✓	

Senate Bill #246

Proponent View

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

DATE 2-3-95

BILL NO. SB 246

Mr. Chairman, Distinguished Senators;

My name is Lee Ash, my father, Paul Ash and I own Cargo Liquidators & Pawn in Billings. We are one of the 90 or so pawnshops in the state.

I would like to give you some statistics you may not be aware of;

There are at last count approximately ninety (90) pawnshops in Mont. with around 18 million invested in these businesses. This works out to 400+ employees, 7.3 million in salaries, 1.3 million in property taxes, 437.400 in state income taxes. The money these businesses loan out, at an average of \$50 a loan, provides 5.4 million in consumer spending. We serve 180,000 Montanas that don't have the ability to borrow money at other financial institutions.

Because of our close cooperation with local law enforcement agencies, only 1/2 of 1% of all the merchandise we take on pawn is stolen. But even this small amount can add up to 1,000 of dollars in loses we suffer as an industry.

Of the 1/2 of 1% of stolen merchandise 3 out of 5 times it is stolen or borrowed by a family member. Let me give you a short scenario;

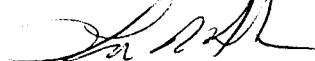
Johnny is my son, he finally gets a date with his dream girl but has no money. So he takes my rifle to your pawnshop and borrows \$75 for his date. I go to my gun cabinet to get my rifle to go hunting and, behold; no rifle. Naturally, I assume it has been stolen, I call the police and make out a theft report. Later I'm explaining to the family what has happened to my rifle, and low and behold Johnny fesses up to the crime. I call the police and tell them Johnny's story, so they, in turn, come into your pawnshop and

pickup the rifle, leaving you with a receipt to that is only good for you to use on your taxes, and then returns the rifle to me. After scolding Johnny I decide he has learned his lesson and drop the theft charges. After all, I got my rifle back and it didn't cost me a thing. The only one who loses in this deal is the pawnbroker.

In our pawnshop last year, in instances like the above scenario, and in other thefts, we lost 1,255.50 of unrecoverable monies. We are only one of approximately (90) ninety pawnshops in the state. Because of the way the statutes are now written, we have no way to recoup our loss.

Now I certainly don't know anything about writing laws, but I would like this Senate Bill, #246, to protect me as a pawnbroker from having to return merchandise to a victim unless we can be reimbursed the amount of the original pawn, either through the court system or, in the case of a family problem, by the person who originally pawned the item. I hope this Bill gives me those rights as it is written or can be amended so that we, as pawnbrokers, are not the only persons to suffer as a result of a family problem, or a theft.

Thank You



Lee R. Ash

Cargo Liquidators & Pawn
Blgs. Mont.



Montana Automobile Dealers Association

Serving Montana's Franchised New Car and Truck Dealers

501 North Sanders
Helena, Montana 59601

Phone (406) 442-1233
Fax (406) 449-0119

SB 216
STEVE TURKIEWICZ
FEBRUARY 3, 1995

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 2-3-95

BILL NO. SB 216

CREDIT LIFE AND DISABILITY INSURANCE IS A VERY NARROW INSURANCE PRODUCT. IT IS INSURANCE COVERING THE VALUE OF A LOAN. IN THE EVENT DEATH OR DISABILITY OF THE BORROWER THE LOAN OBLIGATION IS PAID BY THE INSURANCE.

THE PRODUCT AND TERMS ARE APPROVED BY THE INSURANCE COMMISSIONER. THE PREMIUM RATES ARE ESTABLISHED BY THE COMMISSIONER.

THE INSURANCE EXAM FOR A CREDIT LIFE ONLY PRODUCER IS ONLY 25 QUESTIONS IN LENGTH.

IN THE LAST SESSION THE LEGISLATURE PASSED A COMPREHENSIVE PRE-LICENSING EDUCATION REQUIREMENT AND A CONTINUING EDUCATION REQUIREMENT FOR ALL INSURANCE PRODUCERS. HOWEVER, WE HAVE FOUND THE REQUIREMENTS HAVE FALLEN INTO THE "ONE SIZE FITS ALL" CATEGORY IN REGARDS TO CREDIT LIFE INSURANCE SALES AND MAY NOT BE RELEVANT.

CREDIT LIFE PRODUCERS, LIKE ALL LIFE INSURANCE PRODUCERS, ARE REQUIRED TO TAKE 10 HOURS OF CONTINUING EDUCATION PER YEAR OVER A TWO DAY PERIOD. HERE IS AN EXAMPLE OF A COURSE A NUMBER OF DEALERSHIP CREDIT LIFE SALES PEOPLE TOOK IN 1994. AS YOU CAN SEE ONLY ONE HOUR COVERS CREDIT LIFE AND THE REMAINDER SPANS A VARIETY OF INSURANCE PRODUCTS. NONE OF WHICH MOST CREDIT LIFE SALES PEOPLE ARE EVEN LICENSED TO SELL.

ALTHOUGH THIS IS VERY INTERESTING, IT DOESN'T SEEM THAT IT IS IN THE BEST INTEREST OF THE INSURANCE PRODUCER TO SPEND TWO DAYS LEARNING ABOUT ALL SORTS OF INSURANCE PRODUCTS AT THE EXPRESS DIRECTION OF THE STATE OF MONTANA. TWO DAYS IN WHICH THEY ARE OUT OF PRODUCTION.

IT IS CLEAR THERE IS A NEED FOR REGULATORY OVERSIGHT FOR THE INSURANCE INDUSTRY. BUT THAT OVERSIGHT SHOULD BE APPROPRIATE AND RELEVANT TO THE INDUSTRY IN ORDER TO BEST SERVE THE NEEDS OF MONTANA'S CONSUMERS.

THE MEMBERS OF THE MONTANA AUTO DEALERS ASSOCIATION URGE A "DO PASS RECOMMENDATION ON SENATE BILL 216.

Ken Husar
Ron Iverson

Insurance Continuing Education
from
Montana Agents Service
Copyright 1994, Ronald J. Iverson

Course One
Hour One

INDIVIDUAL MAJOR MEDICAL INSURANCE

Course goals and objectives: The goal of the Individual Major Medical Insurance Hour One is to familiarize and train the agent in product knowledge, policy provisions, proper underwriting and rating and proper presentation to clients with regard to individualized health insurance products.

**** Items printed in CAPITAL LETTERS are key words or phrases which should become a part of your professional vocabulary.*

1) *A brief history of the development of health insurance policies.*

- A) *No insurance at all.*
- B) *World War II and the need for development of basic care.*
- C) *The development of the Basic Care (LIMITED BENEFIT) policies.*
 - 1) *Hospital*
 - 2) *Medical*
 - 3) *Surgical*
 - 4) *Dread Disease*
 - 5) *Accident*
- D) *The introduction and growth of the group health policy spurs on similar type individual plans which become known as "Comprehensive Major Medical" plans. These plans in turn start creating a rise in health care demands and costs of health care delivery.*
- F) *Remember that in most cases the above policies are offered to the under age 65 population, since Medicare becomes primary at 65.*

2) *THE BASIC CARE PLANS--*

- A) *LIMITED BENEFIT PLANS--in that the benefits are limited on an INDEMNITY basis to a specific dollar amount for a specific service.*
- B) *The words "Limited Benefit Policy" will be stamped on the front page of the contract.*
- C) *HOSPITAL INDEMNITY POLICY--Limited to inpatient care on a daily basis, with double the amount for intensive care for limited time*
- D) *Individual MEDICAL INSURANCE Policy--Limited to Physician's visits, perhaps in or out of a hospital, and paying a specific amount,*

Insurance Continuing Education
from
Montana Agents Service
Copyright 1994, Ronald J. Iverson

Course One
Hour Two

INDIVIDUAL LIFE INSURANCE

Course goals and objectives: The goal of the Individual Life Insurance Hour Two is to familiarize and train the agent in some of the various forms of individual life insurance products which are available. The lecture centers around the differences in whole life, term life, credit life, universal life and the underwriting and rating considerations for each type of product. Short emphasis on correctly marketing to the needs of the client.

***Items printed in CAPITAL LETTERS are key words or phrases which should become a part of your professional vocabulary.

1) Introduction of the **WHOLE LIFE** concept. This hour is dedicated to the techniques used to calculate rates for a variety of life insurance products. In other words, what needs are best filled per premium dollar spent, and how those premiums are calculated.

A) Whole life calls for a premium payment from the insured which is calculated based on the number of years of life expectancy remaining at time of purchase. (Discuss Commissioners Standard Ordinary Table, "CSO" currently 1980, previous 1968)

1) Rates are calculated with several factors built in.

- a) **LIFE EXPECTANCY**--the "true" cost of life insurance as determined by actuary.
- b) **LOADING**--company expense factors--underwriting, policy issue, commissions, company operations.
- c) **CASH VALUES**--forced savings which gain interest. *dividends*

a) Persistence - continued payments of premium
2) Younger purchase age reduces premiums, because the portion of the premium which is paid to actual insurance has a longer life expectancy--more years to spread the risk.

Age at Purchase	Paid up at Age 85
3-----	85
40-----	85

Which client will pay a higher premium--Age 3 or Age 45?

shorter time frame, more expensive the policy

INDIVIDUAL LONG TERM CARE

Course goals and objectives: The lecture illustrates the growth of the long term nursing home-home health care industry and the development of insurance industry products to fill needs associated with those costs. Basic LTC policies are discussed with an emphasis of what the agent needs to familiarize the client with in order to properly service the needs of the client with correct coverages. Consideration of premium and underwriting is a most important factor in this arena. Relationship with Medicaid is discussed for LTC as well as relationship with Medicare in the HHC market. Recent developments in this new and surging market are incorporated into the lecture.

****Items printed in CAPITAL LETTERS are key words or phrases which should become a part of your professional vocabulary.*

- 1) *A brief history of the nursing home industry and the rise of home health care.*
 - A) *When families took care of their own--our and other cultures.*
 - B) *Westward movement, manifest destiny, then the sun-belt movement.*
 - C) *Societal changes occur, longevity, and the reality of families able to provide care to the aged becomes a problem.*
 - D) *What was known as the "county rest home", "poor farm", and "home for the aged" becomes a sophisticated, first class living facility.*
 - E) *Nursing Home costs begin to soar, and family "nest eggs" begin to disappear. Asset preservation becomes a problem.*
 - F) *A new innovation, that of Home Health Care (and Home Care), becomes reality and the trend is growing rapidly.*
 - G) *The insurance industry responds to the needs of asset preservation and escalating costs of nursing home and home health care.*
- 2) *Introduction of the LONG TERM CARE product:*
 - A) *The design of the LTC Product--*
 - 1) *Normally written with a DAILY BENEFIT, (some monthly). Daily benefits are written in \$10 increments, (monthly in \$100).*

Insurance Continuing Education
from
Montana Agents Service
Copyright 1994, Ronald J. Iverson

Course One
Hour Four

INDIVIDUAL MEDICARE SUPPLEMENT

Course goals and objectives: Emphasis is placed on proper presentation and knowledge of this most misunderstood product. Lecture is centered around Medicare itself, the reasons for control of costs of Medicare, and the introduction of the Medicare Supplement policy as a group of standardized products. Relationship with government and Medicare itself are an integral part of the discussion. Special emphasis is placed on proper marketing of the supplemental products and replacement, if any.

- 1) *Legislation was developed and enacted in the period 1966-68 to provide an answer for America's elderly and their problems of longevity and rising health care costs. The program becomes known as MEDICARE.*
- 2) *By virtue of turning 65, Americans become eligible for the hospital and medical benefits of Medicare if they have been registered under the Social Security Act or Railroad Retirement Plan.*
- 3) *Medicare is divided into two parts--PART A AND PART B.*
 - A) *Part A of Medicare provides for HOSPITALIZATION AND SOME LIMITED NURSING HOME. Part A is provided FREE to all SS and RR retirement beneficiaries upon registering for Social Security.*
 - B) *Part B of Medicare provides for MEDICAL coverage for SS and RR retirees. Part B, however, is purchased (or rejected) and is reduced from the retirement check. The cost in 1994 is about ~~41.00~~ \$35 per month, and the retiree has to purchase Part B to be eligible for a MEDICARE SUPPLEMENT PLAN.*
 - C) *As hospital and physician charges grew during the '70's and '80's, HCFA (the Health Care Financing Authority), which administers Medicare, saw a need to change the way in which hospital and physician's charges were treated.*
 - 1) *Because of the geographical and demographic variations in hospital charges, DIAGNOSTIC RELATED GROUPS (486 of them) were selected as reasons a person would go to a hospital. Medicare decides to allow a hospital a certain payment for each group--example: Broken hip--8 days. No further payment to the hospital from Medicare. The payment is determined by zip code in the USA*

CURRENT HEALTH CARE ISSUES

"We have met the enemy--and he is us." --Walt Kelly, through Pogo, 1960's

Course Goals and objectives: Nowhere in America are social issues as magnified as in the area of health care and the health care delivery system. Emphasis is placed on the current governmental approaches, both state and national, to change the way health care is treated in this country, the care itself, and the payment method for that care. A current assessment of various proposals and plans, and projections of where they may take us provides lively discussion for this raging national debate. Current problems and costs associated with those costs receive special emphasis.

A) Introduction of the problem areas which have caused such a significant growth in health care and health care costs in America. While the factors themselves include nearly seventy separate and legitimate reasons, we can break the various defined problem areas into six major categories. Since they all interconnect to create the maze we are currently faced with, none can be singled out as the most important or significant cause.

1) THE LIFESTYLE AND HUMAN ENVIRONMENT AS FACTORS--

The Expense of Alcohol influences----A New Generation of Tobacco Users----Diet Abuse----Exercise and the Lack of it----Illicit Drugs----"Exotic" Diseases----Rising Crime Rates----The Increase and Uprise of Cancer----Basic Environmental ills----LifeStyle Manifestations----The change in the nature of Accidents

2) THE "FINGER POINTING" FACTOR--

Cost shifting----Malpractice Costs----Unneeded Medical Tests----Who Pays the Bill--(Buckpassing the Mandates)----Availability of Coverage----Hospital costs--Advertising and Duplication----"Unbundling" of Claims----Insurance company Insolvencies----Insurance Fraud----Workmen's Compensation----Incorrect Billing Procedures----Uncollected Debt----Caeserean Delivery----Rampaging Prescription Drug Costs----Overabundance of Health Care Workers in Montana----Simple Compounded Inflation

3) HIGH TECHNOLOGY AND SCIENTIFIC MAGIC AS A FACTOR--

Improved Technology, Medicine, Diagnostic Methods and a general "Problem"----Cat Scans and Magnetic Resonance Imaging----Trauma and Intensive Care----Accident and Burn Care----Experimental Surgery on Babies and Adults----Dental Care Improvements--TMJ----Life Support Systems vs. Right-to-Die----Advent of Home Health Care and New Forms of Health Care Delivery----The Heart Bypass Becomes Common----The Transplant Becomes Passe'----Great Improvement in Medical Equipment----Research and Develop-

Insurance Continuing Education
from
Montana Agents Service

Course Two
Hour One

Copyright 1994, Ronald J. Iverson

GROUP LIFE AND HEALTH INSURANCE

Course Goals and Objectives: The goal of the Group Health Insurance Hour One is to familiarize and train the agent in product knowledge, master policy concepts, underwriting techniques, rating and client presentation in group life and health insurance. Both group health and group life insurance are treated as America's most popular of employee benefit plans. The origin, development and growth of the group health product is traced to the present, with discussion for the future as seen in various legislative approaches. The concepts of cost sharing, risk management, and bulk purchase precede the lecture covering advantages to both the employer and employee. Recent legislation regarding small group reform in Montana and application of mandates, and preventive medicine bring this presentation to the current status of group purchased health and life insurance.

- 1) The development of group insurance.
 - A) The concept of GROUP LIFE insurance is "invented" in 1910-11 by Montgomery Ward and Co., Inc. as an answer to the death of employees who had failed to prepare for their own burial or for the welfare of their families.
 - B) The Equitable Life Assurance Society of the United States issues the first group life insurance policy in June of 1911 for the employees of the Pantasote Leather Company of which Eugenius M. Outerbridge was President.
 - C) So, believe it or not, group insurance had its origins in life insurance, but group short term disability and group death and dismemberment were soon to follow. Group pre-paid hospital plans followed in various forms during the 1920's and 1930's and normally had their origins in MUTUAL BENEFIT SOCIETIES. In 1939 the first Blue Shield Plan of a medical-surgical nature was developed by the California Physicians Service as a state-wide, prepaid, medical society sponsored plan.
 - D) During World War II, in an effort to control inflation, industrial wage and price controls were imposed by the federal government. But, since fringe benefits, including insurance plans were not controlled, employers were allowed to offer these benefits as an effective way to attract and retain employees. Thus, the beginning of group insurance as a benefit package.

Insurance Continuing Education
from
Montana Agents Service

Copyright 1994, Ronald J. Iverson

Course Two
Hour 2 & 3

Annuities

Course goals and objectives: The goal of the Annuity Hour 2 & 3 is to introduce to, familiarize, and train the insurance producer in the various types of annuities available. The lecture will include the differences between the various types of annuities including; Single Premium Deferred Annuities, Single Premium Immediate Annuities, Flexible Premium Deferred Annuities, and Variable Annuities. Settlement options will be discussed and their appropriateness in different situations that may be encountered by the insurance producer. The lecture is designed to encourage insurance producer participation through question and discussion times. Some emphasis will be given to the appropriateness of when a certain type of annuity will meet a particular situation.

***Items printed in CAPITAL LETTERS are key words or phrases which would become part of your professional vocabulary.

- 1) **ANNUITY** defined. This section will define and familiarize the insurance producer with the definition of the term Annuity.
 - A) An annual allowance or income; also, the right to receive such an allowance or the duty of paying it.
 - B) The return from an investment of capital, with interest, in a series of yearly payments; especially, an agreed amount paid by an insurance company at stated intervals, usually monthly, in consideration of either a single premium or premiums paid over a period of years.
 - C) Types
 1. **Fixed Annuities**
 - a. Pays preset interest rate during accumulation and payout
 - b. Amount of income during payout remains constant
 - c. **Single Premium Deferred Annuity (SPDA)**
 - d. **Single Premium Immediate Annuity (SPIA)**
 - e. Installment Premium
 - (b) **Fixed Premium Deferred Annuity (FPDA)**
 - (c) **Flexible Premium Deferred Annuity (FlexPDA)**

Insurance Continuing Education
from
Montana Agents Service
Copyright 1994, Ronald J. Iverson

Course Two
Hour Four

CREDIT LIFE AND DISABILITY

Course Goals and Objectives: The goal of the Credit Life and Disability hour is to illustrate the coverages and provisions, and the techniques of selling these products within the limits of the law, and the objective of the products. Sold mostly by savings institutions, ie, banks, savings and loan institutions, thrift institutions, and credit unions, these products are affected by banking regulations as well as insurance regulations. Nearly none of these products are sold by the "street sale" of normal insurance agencies, therefore both the lending institution agent and the life insurance agent need to know the concept of, and the parameters of, Credit Life and Credit Disability products.

1) Objectives and understanding of the CREDIT LIFE INSURANCE Policy.

Credit life insurance is designed to assure repayment of a loan, if the debtor dies. While the large majority of credit life is written through GROUP CREDIT LIFE, individual credit life may also be written.

Group Credit Life insurance is a product wherein the lending institution (creditor, lender) is issued a group policy and is known as the POLICY-HOLDER. Just as in the Group health policy in hour one, the people who are the insureds (debtors) are regarded as CERTIFICATE HOLDERS.

Since the objective of credit life insurance is to guarantee repayment of a loan by a debtor, to a lending institution, the assumption is that the loan is to be paid off over a certain number of months. For that reason, DECREASING TERM LIFE is the life insurance product which is used. Obviously in group credit life insurance, the LENDER (POLICY-HOLDER) IS BENEFICIARY.

While lending institutions are normally thought of as the primary producers of credit life and credit disability products, other business entities such as automobile dealerships, appliance dealers and furniture stores may offer such coverage provided they are licensed to do so.

The creditor (lending institution) assumes that more than a hundred new debtors per year will be included in the group.

The lending institution must inform the loan applicant that credit life/disability may be available to him/her on a group basis, but cannot write the coverage without the knowledge of the creditor.

Insurance Continuing Education
from
Montana Agents Service
Copyright 1994, Ronald J. Iverson

Course Two
Hour Five

SECTION 125

Course Goals and Objectives: The goal of the Section 125 Hour Five is to familiarize and train the agent in product knowledge, provisions, application of insurance products to the use of Section 125 and proper presentation to the clients with regard to products available under Section 125 of the IRS codes. Nearly 35 million Americans take advantage of the "pre-tax" benefits of the "Cafeteria Plans" allowed for in Section 125. Even though large employers have for nearly twenty years offered these benefits as a payroll deduction benefit, smaller employers have only recently realized the benefits and begun to utilize them. The various "pre-tax" items of group health insurance, individual health insurance plans, health expenditures, such as dental, eye and expenses of deductibles, co-insurance, etc, are eligible along with child care and parental care.

****Items printed in CAPITAL LETTERS are key words or phrases which should become a part of your professional vocabulary.*

- 1) A brief understanding of the development and definitions of Section 125.
 - A) Section 125, or "Cafeteria Plans", become available.
 - 1) "PRE-TAX" means that certain medical and child care and parental care items are available to Americans under the provisions of Section 125 of the Internal Revenue Codes. "Pre-tax" means that these expenses can be deducted from the GROSS PAY of an individual, so that upon filing the normal tax forms on April 15, the employer only reports as earned income, on the "W-2" form, the amount of wages or salary which excludes the expenses of items which qualify and are selected by the individual at the time of enrollment in the Section 125 Plan. We will review the items which qualify later.
 - 2) "CAFETERIA PLANS" mean the wide array of products and expenses which can be paid for and excluded from the gross pay of an individual without being included as taxable income. Cafeteria Plans then, simply mean that certain insurance, medical, and care expenses can be paid for without being subject to federal taxes.
 - 3) Section 125 Cafeteria plans and the "pre-tax" benefits enjoyed under the plan came about to encourage low income people to seek or continue employment rather than be welfare recipients.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 3

DATE 2-3-95

BILL NO. SB 216

Senate Bill 216
Amendments
February 3, 1995

Presented by
Frank Cody

Page 1, Line 17, following "(b)", strike the following:
"subject to the provisions of subsection (2)(d)"

Page 1, Line 18, following, "life", insert the following:
"or"

Page 1, Line 18, following, "disability", strike the following:
"or credit life and disability"

Senate Bill 216
Amendments
February 3, 1995

Page 2, Line 12, following commissioner, strike the following:
"or"

Page 2, Line 13, strike the following:
"(f) a person selling only credit life and disability
insurance incidental to other noninsurance activities."

Senate Bill 216
Amendments
February 3, 1995

Page 3, Line 9, following, "rejection", add the following:

Section 3. Section 33-2-708, MCA, is amended to read:

"33-2-708. **Fees and licenses.** (1) Except as provided in 33-17-212(2), the commissioner shall collect in advance and the persons served shall pay to the commissioner the following fees:

(a) certificates of authority:

(i) for filing applications for original certificates of authority, articles of incorporation (except original articles of incorporation of domestic insurers as provided in subsection (1)(b)) and other charter documents, bylaws, financial statement, examination report, power of attorney to the commissioner, and all other documents and filings required in connection with the application and for issuance of an original certificate of authority, if issued:

(A) domestic insurers \$ 600.00

(B) foreign insurers 600.00

(ii) annual continuation of certificate of authority 600.00

(iii) reinstatement of certificate of authority 25.00

(iv) amendment of certificate of authority 50.00

(b) articles of incorporation:

(i) filing original articles of incorporation of a domestic insurer, exclusive of fees required to be paid by the corporation to the secretary of state 20.00

(ii) filing amendment of articles of incorporation, domestic and foreign insurers, exclusive of fees required to be paid to the secretary of state by a domestic corporation 25.00

(c) filing bylaws or amendment to bylaws when required 10.00

(d) filing annual statement of insurer, other than as part of application for original certificate of authority 25.00

(e) insurance producer's license:

(i) application for original license, including issuance of license, if issued 15.00

(ii) appointment of insurance producer, each insurer, electronically filed 10.00

(iii) appointment of insurance producer, each insurer, nonelectronically filed 15.00

(iv) temporary license 15.00

(v) amendment of license (excluding additions to license) or reissuance of master license 15.00

(vi) termination of insurance producer, each insurer, electronically filed 10.00

(vii) termination of insurance producer, each insurer, nonelectronically filed 15.00

(f) nonresident insurance producer's license:

(i) application for original license, including issuance of license, if issued 100.00

(ii) appointment of insurance producer, each insurer, electronically filed 10.00

(iii) appointment of insurance producer, each insurer, nonelectronically filed 15.00

(iv) annual renewal of license 10.00

(v) amendment of license (excluding additions to license) or reissuance of master license 15.00

(vi) termination of insurance producer, each insurer, electronically filed 10.00

(vii) termination of insurance producer, each insurer, nonelectronically filed 15.00

(g) examination, if administered by the commissioner, for license as insurance producer, each examination 15.00

(h) surplus lines insurance producer license:

(i) application for original license and for issuance of license, if issued 50.00

(ii) annual renewal of license 50.00

(i) adjuster's license:

(i) application for original license and for issuance of license, if issued 15.00

(ii) annual renewal of license 15.00

(j) insurance vending machine license, each machine, each year 10.00

(k) commissioner's certificate under seal (except when on certificates of authority or licenses) 10.00

(l) copies of documents on file in the commissioner's office, per page50

(m) policy forms:

(i) filing each policy form 25.00

(ii) filing each application, certificate, enrollment form, rider, endorsement, amendment, insert page, schedule of rates, and clarification of risks 10.00

(iii) maximum charge if policy and all forms submitted at one time or resubmitted for approval within 180 days 100.00

(2) The commissioner shall establish by rule fees commensurate with costs for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205.

(3) The commissioner shall establish by rule an annual accreditation fee to be paid by each domestic and foreign insurer when it submits a fee for annual continuation of its certificate of authority.

(4) (a) Except as provided in subsection (4)(b), the commissioner shall promptly deposit with the state treasurer to the credit of the general fund of this state all fines and penalties, those amounts received pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees and examination and miscellaneous charges that are collected by the commissioner pursuant to Title 33 and the rules adopted under Title 33, except that all fees for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205 must be deposited in the state special revenue fund pursuant to 33-17-1207.

(b) The accreditation fee required by subsection (3) must be

turned over promptly to the state treasurer who shall deposit the money in the state special revenue fund to the credit of the commissioner's office. The accreditation fee funds must be used only to pay the expenses of the commissioner's office in discharging the administrative and regulatory duties that are required to meet the minimum financial regulatory standards established by the national association of insurance commissioners, subject to the applicable laws relating to the appropriation of state funds and to the deposit and expenditure of money. The commissioner is responsible for the proper expenditure of the accreditation money.

(5) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded."

Page 6, Line 1, following "Section", strike the following:
"3."

Page 6, Line 1, following "3.", add the following:
"4."

SENATE BILL NO. 216

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING CONTINUING EDUCATION REQUIREMENTS FOR CREDIT LIFE AND DISABILITY INSURANCE PRODUCERS; ELIMINATING PRELICENSING EDUCATION REQUIREMENTS FOR INSURANCE PRODUCERS; AMENDING SECTIONS 33-17-1203 AND 33-30-312, MCA; AND REPEALING SECTIONS 33-17-207, 33-17-208, AND 33-17-209, MCA."

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

Section 1. Section 33-17-1203, MCA, is amended to read:

"33-17-1203. Continuing education -- basic requirements -- exceptions. (1) Unless exempt under subsection (4):

(a) a person licensed to act as an insurance producer for property, casualty, surety, or title insurance or as a consultant for general insurance shall, during each calendar year, complete at least 10 credit hours of approved continuing education;

(b) ~~subject to the provisions of subsection (1)(d),~~ A person licensed to act as an insurance producer for life, or disability, or credit life and disability insurance or as a consultant for life insurance shall, during each calendar year, complete at least 10 credit hours of approved continuing education;

(c) a person holding multiple licenses shall, during each calendar year, complete at least 15 credit hours of approved continuing education;

(d) a person licensed to act as an insurance producer only for credit life and disability insurance shall, during each calendar year, complete 5 credit hours of approved continuing education in the areas of insurance law, ethics, or credit life and disability insurance;

(e) a person licensed as an insurance producer or consultant shall, during each biennium, complete at least 1 credit hour of approved continuing education on changes in Montana insurance statutes and administrative rules.

(2) If a person licensed as an insurance producer or consultant completes more credit hours of approved continuing education in a year than the minimum required in subsection (1), the excess credit hours may be carried forward and applied to the continuing education requirements of the next year.

EXHIBIT 3
DATE 2-3-95
1 SB 216

1 (3) The commissioner may, for good cause shown, grant an extension of time, not to exceed 1
2 year, during which the requirements imposed by subsection (1) may be completed.

3 (4) The minimum continuing education requirements do not apply to:

4 (a) a person licensed to sell any kind of insurance for which an examination is not required under
5 33-17-212(7)(d) through (7)(g);

6 (b) a person holding a temporary license issued under 33-17-216;

7 (c) a nonresident licensee who must meet continuing education requirements in the licensee's state
8 of residence if that state accords substantially similar privileges to and has similar requirements of residents
9 of this state;

10 (d) a newly licensed insurance producer or consultant during the calendar year in which the
11 licensee first received a license;

12 (e) an insurance producer or consultant otherwise exempted by the commissioner; ~~or,~~

13 ~~(f) a person selling only credit life and disability insurance incidental to other noninsurance~~
14 ~~activities."~~

15

16 **Section 2.** Section 33-30-312, MCA, is amended to read:

17 "**33-30-312. Insurance producer -- filing with and approval by commissioner -- license.** (1) Each
18 corporation subject to the provisions of this chapter shall notify the commissioner through its proper officer
19 or agent of the name, title, and address of each person it desires appointed as an insurance producer. The
20 notice ~~shall~~ must be accompanied by a written application, upon a form furnished by the commissioner,
21 from the appointee. The commissioner shall issue to that appointee a license ~~which states~~ stating that the
22 person named is a constituted insurance producer of the corporation in this state if, upon receipt of this
23 written notice, when accompanied by the proper fee, it appears that:

24 (a) the appointee is a competent and suitable person who intends to ~~hold himself out~~ act in good
25 faith as the corporation's insurance producer; and

26 (b) ~~he~~ the appointee qualifies under the provisions of this section.

27 (2) For ~~appointees~~ an appointee who ~~have~~ has not acted as an insurance producer for a health
28 service corporation for a period of 2 years prior to July 1, 1975, ~~if he considers it desirable,~~ the
29 commissioner may require ~~an~~ the appointee to submit to an examination to determine the qualifications of
30 the appointee to act as an insurance producer in this state. This examination must be the same as given

1 to applicants for a disability insurance producer license as provided for in 33-17-212 through 33-17-214.
 2 ~~A person required to take this examination must fulfill the prelicensing education requirement set by~~
 3 ~~33-17-208.~~

4 (3) Upon receipt by the commissioner of notification from a health service corporation that the
 5 corporation desires a particular individual to be appointed as its insurance producer, that person has a
 6 temporary insurance producer's license until the commissioner notifies the corporation of action taken upon
 7 the application. If the commissioner rejects the application, the prospective appointee's eligibility to act as
 8 an insurance producer ceases on the day the corporation is notified of rejection."

9
 10 Section 3. Section 33-2-708, MCA, is amended to read:

11 "33-2-708. Fees and licenses. (1) Except as provided in 33-17-212(2), the commissioner shall
 12 collect in advance and the persons served shall pay to the commissioner the following fees:

13 (a) certificates of authority:

14 (i) for filing applications for original certificates of authority, articles of incorporation (except original
 15 articles of incorporation of domestic insurers as provided in subsection (1)(b)) and other charter documents,
 16 bylaws, financial statement, examination report, power of attorney to the commissioner, and all other
 17 documents and filings required in connection with the application and for issuance of an original certificate
 18 of authority, if issued:

19 (A) domestic insurers \$ 600.00

20 (B) foreign insurers 600.00

21 (ii) annual continuation of certificate of authority 600.00

22 (iii) reinstatement of certificate of authority 25.00

23 (iv) amendment of certificate of authority 50.00

24 (b) articles of incorporation:

25 (i) filing original articles of incorporation of a domestic insurer, exclusive of fees required to be paid
 26 by the corporation to the secretary of state 20.00

27 (ii) filing amendment of articles of incorporation, domestic and foreign insurers, exclusive of fees
 28 required to be paid to the secretary of state by a domestic corporation 25.00

29 (c) filing bylaws or amendment to bylaws when required 10.00

30 (d) filing annual statement of insurer, other than as part of application for original certificate of

- 1 authority 25.00
- 2 (e) insurance producer's license:
- 3 (i) application for original license, including issuance of license, if issued 15.00
- 4 (ii) appointment of insurance producer, each insurer, electronically filed 10.00
- 5 (iii) appointment of insurance producer, each insurer, nonelectronically filed 15.00
- 6 (iv) temporary license 15.00
- 7 (v) amendment of license (excluding additions to license) or reissuance of master
- 8 license 15.00
- 9 (vi) termination of insurance producer, each insurer, electronically filed 10.00
- 10 (vii) termination of insurance producer, each insurer, nonelectronically filed 15.00
- 11 (f) nonresident insurance producer's license:
- 12 (i) application for original license, including issuance of license, if issued 100.00
- 13 (ii) appointment of insurance producer, each insurer, electronically filed 10.00
- 14 (iii) appointment of insurance producer, each insurer, nonelectronically filed 15.00
- 15 (iv) annual renewal of license 10.00
- 16 (v) amendment of license (excluding additions to license) or reissuance of master
- 17 license 15.00
- 18 (vi) termination of insurance producer, each insurer, electronically filed 10.00
- 19 (vii) termination of insurance producer, each insurer, nonelectronically filed 15.00
- 20 (g) examination, if administered by the commissioner, for license as insurance producer, each
- 21 examination 15.00
- 22 (h) surplus lines insurance producer license:
- 23 (i) application for original license and for issuance of license, if issued 50.00
- 24 (ii) annual renewal of license 50.00
- 25 (i) adjuster's license:
- 26 (i) application for original license and for issuance of license, if issued 15.00
- 27 (ii) annual renewal of license 15.00
- 28 (j) insurance vending machine license, each machine, each year 10.00
- 29 (k) commissioner's certificate under seal (except when on certificates of authority or
- 30 licenses) 10.00

- 1 (l) copies of documents on file in the commissioner’s office, per page50
- 2 (m) policy forms:
- 3 (i) filing each policy form 25.00
- 4 (ii) filing each application, certificate, enrollment form, rider, endorsement, amendment, insert page,
- 5 schedule of rates, and clarification of risks 10.00
- 6 (iii) maximum charge if policy and all forms submitted at one time or resubmitted for approval within
- 7 180 days 100.00
- 8 ~~(n) applications for approval of prelicensing education courses:~~
- 9 ~~(i) reviewing initial application 150.00~~
- 10 ~~(ii) periodic review 50.00~~
- 11 (2) The commissioner shall establish by rule fees commensurate with costs for filing documents
- 12 and conducting the course reviews required by 33-17-1204 and 33-17-1205.
- 13 (3) The commissioner shall establish by rule an annual accreditation fee to be paid by each
- 14 domestic and foreign insurer when it submits a fee for annual continuation of its certificate of authority.
- 15 (4) (a) Except as provided in subsection (4)(b), the commissioner shall promptly deposit with the
- 16 state treasurer to the credit of the general fund of this state all fines and penalties, those amounts received
- 17 pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees and examination and miscellaneous charges
- 18 that are collected by the commissioner pursuant to Title 33 and the rules adopted under Title 33, except
- 19 that all fees for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-
- 20 1205 must be deposited in the state special revenue fund pursuant to 33-17-1207.
- 21 (b) The accreditation fee required by subsection (3) must be turned over promptly to the state
- 22 treasurer who shall deposit the money in the state special revenue fund to the credit of the commissioner’s
- 23 office. The accreditation fee funds must be used only to pay the expenses of the commissioner’s office in
- 24 discharging the administrative and regulatory duties that are required to meet the minimum financial
- 25 regulatory standards established by the national association of insurance commissioners, subject to the
- 26 applicable laws relating to the appropriation of state funds and to the deposit and expenditure of money.
- 27 The commissioner is responsible for the proper expenditure of the accreditation money.
- 28 (5) All fees are considered fully earned when received. In the event of overpayment, only those
- 29 amounts in excess of \$10 will be refunded."

EXHIBIT 3
DATE 2-3-95
SB 216

1 NEW SECTION. Section 3-4. Repealer. Sections 33-17-207, 33-17-208, and 33-17-209, MCA, are
2 repealed.

3 -END-

Amendments to Senate Bill No. 22
First Reading CopyRequested by Senator Gage
For the Committee on Business and IndustryPrepared by Bart Campbell
February 1, 1995

1. Title, line 5.

Strike: "EXEMPTING"

Insert: "PROVIDING A LIMITED EXEMPTION"

Following: "COVERAGE"

Insert: "FOR"

2. Title, line 6.

Strike: "OR PONY RIDER"

3. Page 2, line 22.

Strike: "or pony rider"

4. Page 2, line 23.

Following: "horseracing"

Insert: "from the time the jockey reports to the scale room prior to a race through the time the jockey is weighed out after a race if the jockey has acknowledged in writing, as a condition of licensing by the board of horseracing, that the jockey is not covered under the Workers' Compensation Act while performing services as a jockey"

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 5

DATE 2-3-95

BILL NO. SB-228

PROPOSED AMENDMENT TO SB-228

Page 2 Line 3, after the word partners insert:

"named in the policy."

STATE AUDITOR
STATE OF MONTANA

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 6

DATE 2-3-95

BILL NO. SB 228

Mark O'Keefe
STATE AUDITOR



COMMISSIONER OF INSURANCE
COMMISSIONER OF SECURITIES

November 19, 1993

Presented by
Sen. Van Valkenburg

Mr. Jerry Marble
2215 Tipperary Way
Missoula, MT 59802

Re: Insurance Claim on USF&G

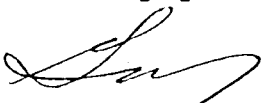
Dear Jerry:

I have had input from both USF&G and the local agent. I have reviewed the policy and the law.

When there is more than one person on a policy, anyone of the persons can change that policy without the permission of the other parties. USF&G and the agent were consistent with their internal policies and there is no prohibition in the law.

Thus, I regretfully must conclude that this agency has no power to assist you in this matter.

Cordially yours,


Gary L. Spaeth
Chief Legal Counsel

GLS/dc

DATE

February 3, 1995

SENATE COMMITTEE ON

Business and Industry

BILLS BEING HEARD TODAY:

SB 216 Senator Beck
SB 228 Senator Van Valkenburg SB 246 Sen. Weldon

< ■ >

PLEASE PRINT

< ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
Roger McGlen	INDEPENDENT INS. AGENTS ASSOC of MT	216	X	
Steve Turkiewicz	MT Auto Dealers Assn	216	X	
Lee Ash	MT Pawn Brokers	246	X	
Todd Coatts	MT Pawn brokers	246	X	
Alex Coatts	MT Pawn brokers	246	X	
LINDA HEDINGO	MT PAWN BROKERS	246	X	
JOHN CADBY	MT BANKERS ASSN	216	X	
LARRY AKEY	MT ASSOC OF LIFE UNDERWRITERS	216	X	X
LARRY AKEY	"	228		X
Jacqueline Gunnmark	Am. Ins. Assoc.	228		X
BOB FLEINER	MT Sheriffs & Peace Officers Assoc	246		X
STAN KALECZYK	MT MUNICIPAL INSURANCE AUTHORITY	246		X
Debbie Lornny	Prof. Ins. Agts. of MT (PIA)	216	X	
Debbie Lornny	PIA "	228		X

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE 2-3-95
 SENATE COMMITTEE ON B & I
 BILLS BEING HEARD TODAY: SB 216
SB 228 SB 246

< ■ > PLEASE PRINT < ■ >

Check One

Name	Representing	Bill No.	Support	Oppose
FRANK COTE	St. Auditor	SB 216	X	w/Amend
"	"	SB 228	X	w/Amend
Greg Van Housen	State Farm Ins.	SB 228		✓
Roger McBlair	JIAM	SB 228	Amend X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY