

MINUTES

MONTANA SENATE 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on March 1, 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: HB 556, HB 310, HB 336
Executive Action: HB 310 BE CONCURRED IN
HB 207 TABLED

HEARING ON HB 556

Opening Statement by Sponsor:

REP. BRUCE SIMON, HD 18, Billings, explained the purpose of HB 556 was to bring the Montana Code up to date. He stated there were a number of changes. He said the bill had been thoroughly reviewed by the affected parties and they were all here to testify as proponents. He reported basically, the language had to be brought into conformance with modern language; some eliminations were made of unnecessary burden on the insurance business that no longer were appropriate. He stated most importantly, changes were made to allow the accreditation of the

State Auditor's Office. He maintained this was extremely important, not only to the office itself, but to the domestic carriers that were domiciled here in Montana. **REP. SIMON** said without that accreditation, they must go through a lot to sell products outside the borders of Montana and accreditation allowed them to sell outside Montana.

Proponents' Testimony:

Frank Cote, Deputy Insurance Commissioner, State Auditor's Office, related he was in support of **HB 556**. He presented an 11 page printout of the Insurance Code Amendments Summary, **EXHIBIT #1**. He also presented to the committee a report from the National Association of Insurance Commissioners, **EXHIBIT #2**.

Jacqueline Lenmark, American Insurance Association (AIA), stated they supported **HB 556**. They did think there was one amendment necessary on the bill and had discussed it with **Mr. Cote** yesterday. She said he agreed, but they would defer to **Bart Campbell, Legislative Council**, for his advice on that matter. She thought section 47 of the bill was contained in **SB 196** which had already passed in this committee, through the Senate and through the House and should be repealed if **SB 196** was signed by the Governor and it was on the way to the Governor's desk. She declared the amendment they thought may be necessary was a coordination section at the end of the bill that stated, if **SB 196** passed, this section was void.

Tayna Ask, Blue Cross and Blue Shield of Montana, told the committee they were in support of **HB 556**. Today, she also spoke on behalf of **Tom Hopgood, Health Insurance Association of America (HIAA)**, commercial insurers who were supporting this bill. On behalf of **BC&BS**, she raised the question on Page 87, section 70, which had to do with filing an annual report by health service corporations, of which there were two in the State of Montana. She said this particular section of law was applicable to health service corporations before they also had to file the form 13, which was an annual report of full detail financial report that each insurance company must file with the insurance department on an annual basis. She remarked prior to that law, there was a provision that they had to file something separate. She asserted they were questioning why they must file the separate form when they were brought under the traditional form 13 filing.

Denny Moreen, American Council of Life Insurance, which was a national association of insurance companies, declared they were here in support of this bill. They had a couple minor amendments to propose, which he had discussed with **Mr. Cote** and the staff. He presented those to **Mr. Campbell**.

Ron Ashabraner, State Farm Insurance Companies, stated they were in support of **HB 556**.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. STEVE BENEDICT asked Frank Cote if any of those proponents made an appearance before the House. Mr. Cote stated all of those proponents showed up in the House. He thought SEN. BENEDICT was referring to the amendments and stated they had a mutual agreement, since they were at the final day of the House hearing, so they agreed to leave all the amendments until they arrived at the Senate. Mr. Cote apologized to the committee.

SEN. MIKE SPRAGUE questioned Mr. Cote on what was the purpose of such a large document. Mr. Cote said the purpose of this bill was two-fold; one was basically housekeeping and the other change dealt with accreditation standards, which were substantial, but needed if they were to retain their accreditation in the State of Montana.

Closing by Sponsor:

REP. SIMON closed with an apology to Mr. Campbell and the committee for not sending over a clean bill; however, it came out of drafting so late that it was heard the last day. They were unable to get the bill out any sooner. He thought the amendments were technical in nature and would not have a significant change on the bill.

REP. SIMON asked SEN. BENEDICT to carry HB 556 on the Senate floor.

HEARING ON HB 310Opening Statement by Sponsor:

REP. JOE BARNETT, HD 32, Belgrade, presented HB 310 at the request of Montana Power Company, primarily. He stated the method by which the Montana Consumer Counsel's tax could be refunded would be on the same basis as the Public Service Commission's tax was refunded. He reported the heart of the bill was found on page 2, lines 17 through 21. He asked the committee to listen to Tom Matosich to further clarify HB 310.

Proponents' Testimony:

Tom Matosich, Director of Utility Costs, Montana Power Company read his written testimony, EXHIBIT #3.

John Alke, Montana Dakota Utilities, stated they supported HB 310, in the case of the PSC tax because it was collected currently, their natural gas and electric rates both reflected the current PSC tax rate. He alleged because the MCC tax was not reflected currently, the only change was when they had a rate

case. They have not had an electric case since 1986, so their electric rates had a 1986 tax rate. If this bill passed there would be a minor reduction in their electric rates because the 1986 MCC tax rate was higher than the 1994 tax rate.

Barbara Ranf, U.S. West, said they supported this bill and the concept and hoped the committee would concur in it.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. CASEY EMERSON asked Tom Matosich why there were two charges, one from Montana Consumer Counsel and another from the Public Service Commission. Mr. Matosich explained in regard to the charges the PSC had a tax for funding of the PSC and that funded their office to be able to hear regulated cases. The MCC funding supported their office so that they could represent the consumer in rate cases as well. He said they were both the same function.

SEN. EMERSON inquired if it were necessary to have both offices. Mr. Matosich stated the PSC was judging the case. He said the MCC was representing the consumer. SEN. STEVE BENEDICT declared the crux was the PSC tax was recoverable, but the MCC tax was not recoverable at present. SEN. BENEDICT stated this bill would make the Montana Consumer Counsel tax recoverable as well. Mr. Matosich related that was correct.

Closing by Sponsor:

REP. BARNETT in closing asked the committee's support on passage of HB 310.

HEARING ON HB 336

Opening Statement by Sponsor:

REP. JOE BARNETT, HD 32, Belgrade, stated he had carried this bill last session, which breezed right through and the Governor signed it; however, in the process there was a little bit of a discrepancy as to when a conviction took place. He explained as a result, across the state, judges were interpreting that a little bit differently. He said the bonds people didn't know just exactly where they stood and some of their bonds were being tied up. He agreed to carry this bill again with the hopes that we could rectify the problems.

REP. BARNETT explained there were three major points that were in error. (1) Page 2, line 14, the requirement they had to attend a continuing education course for so many credits and actually, there were no courses available for bondsmen. He said this was something they learned from working off the street and with

people. They were asking for an exemption on line 14 that they be exempt from the continuing education. He had talked to **Frank Cote, Deputy Insurance Commissioner, State Auditor's Office**, who was responsible for most of the continuing education and they remained neutral on this particular point. He related it didn't do them any good to carry insurance courses because they just didn't apply.

REP. BARNETT reported (2) Page 2, lines 28 & 29, the bond they put up remained in force until the defendant pleaded guilty or was found guilty by a legal constituted jury, or by a court of competent jurisdiction authorized to try the case. He said this was part of the conflict that the defendant may not be found guilty or convicted as long as the appeal process was going on, so judges were requiring them to hold a bond all the way through the appeals process. He declared the bond had served the purpose when it brought the person to trial and to court and then found guilty by a competent jury. He expressed if he wanted to appeal the case, then the bond was no longer in effect. He had to get a new bond or the judge must sentence him, hold him, or etc. He maintained the bond was released back to the bond people.

REP. BARNETT noted (3) Page 3, lines 21 & 22, some judges were holding them responsible for the forfeit of the bond when the person had been arrested or incarcerated in another state or another jurisdiction in which the bonds people had no control over. He said they could not bring the defendant back because he was being held for something else, or being held for psychiatric study, or even in some cases the death of the individual and it was impossible to bring him back to court. He claimed some were demanding that the bond be forfeited. He said that clarified the surrogate bond must be exonerated upon proof of the defendants death, incarceration, or subjection to court ordered treatment in a foreign jurisdiction that inhibited the retrieval of the defendant by the surety.

Proponents' Testimony:

Scott Restredt, Valley Bail Bonds, Belgrade, asserted he represented all the bondsmen in the state. **REP. BARNETT** said everything he was going to say. He knew continued education was "street smart, hands on, something you didn't learn in a classroom". They had not been able to find classes that remotely touched on bondsmen. He related what had happened up to this point, the agents sat through ten hours of life and casualty, health and fire. He expressed they would be interested in continuing education that would help them; however, there had not been any classes aimed at bail bondsmen.

Mr. Restredt contended, Page 1, line 25, if a bondsman made up a bond on a felony, after the court case, guilty charge, judge's pre-sentencing investigation, all entailed up to two to three years with that person on their bail money, their risk running loose, knowing he was going to prison for perhaps five years. He

said the bail bond was an appearance bond and once the final appearance was made, it was adjudicated and they wanted off the bond. He reported the judge had two options; he could OR (own recognizance) the individual, or the judge could put the individual in jail while awaiting sentencing. He declared the bondsmen had already been on the hook for a year and a half, in some cases, and they didn't think they should wait for up to another eight months for the pre-sentencing investigation.

Mr. Restredt also noted Page 2, line 13, they changed 30 days to 90 days to recover an individual, which gave them more time to locate them, cuff them, and bring them back. Many times law enforcement didn't find someone on a warrant for up to two years. He thought the 90 day interval to locate them was reasonable.

Red Jorgenson, Anderson Bonding in Great Falls, stated he fully supported HB 336.

Morri Anderson, Anderson Bonding, Great Falls, said he also supported HB 336.

Roger Wolter, Arrow Bail Bonding, Great Falls, supported HB 336 and also asked the committee's support of HB 336.

Dean Crow, Valley Bail Bonds, Bozeman, stated he was in full support of HB 336 and hoped the committee would support that bill.

Kelly Reisbeck, Big Sky Bail Bonds, Helena, told the committee he was in full support of HB 336.

Earl Rowe, The Bondman, Missoula, stated they fully supported HB 336, and hoped the committee would too.

Opponents' Testimony: None.

Questions From Committee Members and Responses:

SEN. TERRY KLAMPE questioned **REP. BARNETT** regarding Page 3, line 13, the change from 30 to 90 and why more time was needed. **REP. BARNETT** stated the basic reason for the 90 days, was 30 days was a very short time to find those people to be brought back to produce them for the court appearance, and the 90 days was a more realistic period to protect the bondsmen to get those people back to court.

SEN. MIKE SPRAGUE asked **REP. BARNETT** about the continuing education requirement; didn't most the bondsmen either carry a weapon (with the proper permit), and didn't they make citizen arrests; also, they had to do some investigative work such as the school an investigator would take. **REP. BARNETT** referred that question to **Scott Restredt**. **Mr. Restredt** stated he needed more clarification of the question. **SEN. SPRAGUE** thought their profession required carrying a weapon, making arrests,

confiscation of the individual, extraditing them from other states and for those types of functions there should be continuing education that would never end, rather than learning it all "on the streets". **Mr. Restredt** stated there were no continuing education courses that would teach them those duties. He thought all the bondsmen in the state would enjoy classes that carried information to help in their profession.

SEN. SPRAGUE inquired from **Mr. Restredt** if their organization had an association. **Mr. Restredt** explained they were just getting a newly formed association. He declared through this legislature, they had met one another, met more bondsmen across the state, and they were attempting to get an association together to exchange information and etc.

SEN. KEN MILLER asked **REP. BARNETT** to clarify Page 2, where it was changed from "plead guilty" or "found guilty" and after the trial, even though he had pleaded guilty, he was found not guilty, what would happen in that case. **REP. BARNETT** said the case where the person pleaded guilty, he had made the court appearance, and that should take the bondspeople off the hook. The bond had performed its' purpose, brought the person to court which was what the bond was required to do.

Closing by Sponsor:

REP. BARNETT said one thing he would like the committee to keep in mind was the bondspeople were actually helping the taxpayers in the State of Montana, because that person was not incarcerated, awaiting the sentence and the trial, which would be at the taxpayers expense, but were free and the bondspeople had to bring them back to ensure they showed up in court. They were helping the taxpayers of Montana.

REP. BARNETT stated **SEN. CASEY EMERSON** had agreed to carry HB 336 on the Senate floor.

EXECUTIVE ACTION ON HB 310

Motion/Vote: **SEN. KEN MILLER** MOVED HB 310 BE CONCURRED IN. The motion CARRIED UNANIMOUSLY on voice vote. **SEN. FORRESTER** agreed to carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 207

Motion: **SEN. STEVE BENEDICT** MOVED HB 207 BE CONCURRED IN.

Discussion: **SEN. MIKE SPRAGUE** said he would oppose HB 207 be concurred in. He stated that industry was insecure in their own feelings at present and they were debating amongst themselves.

He had taken the time to preview the film and the book that were left for the committee and both were very informative, educational and put a very professional light to the whole issue and the information was non-partisan. After seeing the film especially, he was more convinced they didn't have problems.

SEN. BENEDICT asked **SEN. SPRAGUE** if he was making an alternative motion. **SEN. SPRAGUE** said the alternative motion would be to Table the bill. **SEN. BENEDICT** expressed he thought they should discuss the bill. He asked this to be a personal privilege.

CHAIRMAN JOHN HERTEL stated he would allow that privilege. **SEN. BENEDICT** stated to the freshman members of the committee, out of courtesy to other members of the committee, usually a Table motion was made after the committee had a chance to discuss the motion that was made. He stated when he had a Table motion, he would tell the committee members that he had a Table motion, but would defer it until after discussion before he offered the motion.

SEN. BENEDICT referred to the 1993 session when this issue was discussed. He reported there was quite a division between the Independent Bankers and the Montana Banker's Association on another issue; however, they worked it out, which was appreciated. He stated part of the deal was the opt in and opt out was taken care of in 1993. He maintained the position was back now between the two. He conveyed this bill passed out of the House 98 - 1.

SEN. KEN MILLER said in response to **SEN. BENEDICT's** statement, often new light came to some of those issues and perhaps that was what happened. He stated just because it was done in the past, didn't necessarily mean it was correct. **SEN. MILLER** agreed with **SEN. SPRAGUE** in that the legislature would have this debate in two more years. He declared to Table it now and look at it in 1997 sounded good to him.

SEN. CASEY EMERSON asked **SEN. SPRAGUE** if they voted to opt out of this, the option to opt back in later on would not be available. He said everyone up to the last opponent had said to opt out now, they could change it later; however, the last opponent stated the opposite. He said was there anything in the film that clarified those options. **SEN. SPRAGUE** told **SEN. EMERSON** the film went through all the options. He reported the film also went through the fact the federal government now had mandated basically that everybody was intrastate and interstate banking, and states must designate not to be part of the full process if they so chose. He explained the federal government said by 1997, they must make a decision.

SEN. SPRAGUE stated as a freshman legislator, he was learning the Tabling process carefully, meticulously and trying to apply what he had learned.

SEN. WILLIAM CRISMORE conveyed he was also having a problem because he was from a small town with an independent bank and

thought this issue should be given the two years. **SEN. CRISMORE** asserted even the independent bankers were not in agreement with this issue.

SEN. EMERSON claimed this was a question of where the banks would be for the next two years. He thought it would be better to stay out of it for two years, rather than be in it for two years and then try to opt out in two years. He contended it would cause too much juggling with the banks.

SEN. TERRY KLAMPE agreed with **SEN. EMERSON's** response to **HB 207**. He thought the bankers were going to get together and the decision should be made by this committee.


SEN. GARY FORRESTER had a point on "personal privilege" in response to **SEN. BENEDICT**. It was his understanding that parliamentary rules required a Tabled motion to be acted on without discussion. He questioned whether **SEN. SPRAGUE** had withdrawn his Tabling motion and **SEN. SPRAGUE** stated he had not. **SEN. FORRESTER** didn't understand why discussion had been allowed after the Tabling motion.


{Tape: 1; Side: B}

Substitute Motion/Vote: **SEN. MIKE SPRAGUE** MOVED A SUBSTITUTE MOTION **HB 207 BE TABLED**. The substitute motion **HB 207 BE TABLED** CARRIED 5-4 on roll call vote #1.

ADJOURNMENT

Adjournment: The meeting adjourned at 9:00 a.m.


SEN. JOHN HERTEL, Chairman


LYNETTE LAVIN, Secretary

JH/11

ROLL CALL

3-1-95

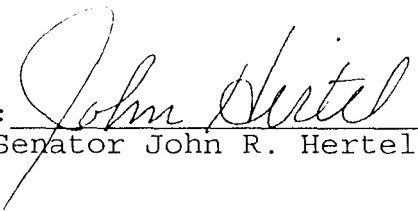
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SENATE STANDING COMMITTEE REPORT


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MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration HB 310 (third reading copy -- blue), respectfully report that HB 310 be concurred in.

Signed: 
Senator John R. Hertel, Chair

 Amd. Coord.

 Sec. of Senate


Senator Carrying Bill

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MONTANA SENATE
1995 LEGISLATURE
BUSINESS AND INDUSTRY COMMITTEE
ROLL CALL VOTE

DATE 3-1-95 BILL NO. HB 207 NUMBER 1

MOTION: To TABLE HB 207

Days = 5 - to - 4 Days

[illegible]

STATE AUDITOR
STATE OF MONTANA

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

DATE 3-1-95

BILL NO. HB 556

Presented by Frank Cote

COMMISSIONER OF INSURANCE

COMMISSIONER OF SECURITIES



Mark O'Keefe
STATE AUDITOR

State Auditor's Officer
Department of Insurance
Insurance Code Amendments Summary
2/16/95

This summary includes explanations for substantive revisions to the Montana Insurance Code and the new acts required under accreditation standards established by the National Association of Insurance Commissioners. This summary will not address amendments merely providing for better language usage or language changes resulting from Legislative Council language rules.

Section 1.

2-6-109(5) - permits the Commissioner to send a list of those required to take continuing education to continuing education providers. This act will increase course availability and opportunity for producers and consultants.

Sections 2 & 3.

33-1-207, 208 - clarifies the definitions of disability and life insurance by including credit life and credit disability and reference to indemnification.

Section 4.

33-1-209(1) & (2) - replaces the currently inadequate definition of marine insurance with a more comprehensive definition currently used in other states.

Section 5.

33-1-311(1) & (2) - because the commissioner has duties regarding enforcement of the licensing of motor club representatives and law enforcement agency laws which are not placed in the Insurance Code, further clarification of the scope of the commissioner's duties is required.

Section 6.

33-1-501(1)(b) - permits waiver of insurance form approval requirement and prevents unnecessary duplication of form approval efforts by the Montana Department of Insurance and a department of another state with laws substantially similar to Montana's.

33-1-501(7) - clarifies that group certificate approval is contingent upon conformity with Montana law where the certificates are subject to Montana regulatory and legal jurisdiction.

Section 7.

33-2-117(1) - amends the date by which insurers must pay the certificate of authority continuation fee to conform to the date that other fees are due.

Section 8.

33-2-301(3)(d) - lines, not kinds, of insurance are sold. The definition elimination reflects industry verbiage and usage in other parts of the code.

Section 9.

33-2-302 - affords freer consumer access to lines of insurance not sold by authorized insurers in the state of Montana and prevents renewal where the line has become available through a Montana authorized insurer.

Section 10.

33-2-305(1) & (5) - operates in tandem with 33-2-302 to pull down licensing barriers to purchase of insurance lines not available through a Montana authorized insurer.

Section 11.

33-2-307(1)(b)(i)(B) - brings the capital and surplus thresholds in compliance with NAIC recommendations.

33-2-307(1)(b)(ii) - a technical change which better reflects Lloyd's structural changes and acceptance of corporate members, as well as individual unincorporated members.

Section 12.

33-2-501(11) - removes the dollar limitations of the admissibility of electronic data processing equipment and reduces the permissible useful life for EDP equipment. Given the rapid advancements in the computer field, 8 years is a more conservative and realistic period for depreciation of EDP equipment.

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Sections 13 - 18, and Section 76.

33-2-521 through 33-2-529, and New Section entitled "Reserve calculation -- indeterminate premium plan -- minimum standards for disability" - Under NAIC accreditation standards, these changes to the Standard Valuation law must be in place by 1/1/96.

Section 19.

33-2-531(1) & (2) - eliminates wasteful paperwork for insurers currently required to put policy loans on deposit.

Section 20.

33-2-701(2) - reduces paperwork and under NAIC accreditation standards, annual and quarterly diskette filings are required by 1/1/96.

Section 21.

33-2-705(6) - the interest rate on unpaid taxes mentioned in 31-1-107 suggests that it must be determined by mutual agreement between the Department and the offending insurer. This practice is problematic and the rate should be set at a more sensible rate.

Section 22.

33-2-708(1)(k) - clarifies licensing fees required of motor club representatives, over which the insurance commissioner has licensing authority pursuant to 61-12-302.

33-2-708(1)(n)(iii) - clarifies that forms submitted must relate to the same policy and prevents insurers from submitting forms together which should be considered separately from one another.

Section 23.

33-2-803(1) - operates in tandem with 33-2-820 to permit insurers to invest in non-dividend paying stocks, which would be a prohibited practice without the amendments. The prohibition is not practical.

Section 24.

33-2-806(6) - raises, upon insurer request, the permissible investment in common stock from 10% of insurer assets to 15%. The department has determined this adjustment to be fiscally

sound.

Section 25.

33-2-820 - see Section 23 comments.

Section 26.

33-2-1111(2)(c)(v) - important for NAIC accreditation standards. The deleted phrase in (2)(c)(v) exempts important registration information from filing.

Section 27.

33-2-1201(6) - the exception for sprinklered risks has no merit and should be removed.

Section 28.

33-2-1216(5)(b)(iii) - see Section 11, 33-2-307(1)(b)(ii) comments.

Section 29.

33-2-1217(3)(4) - provides a definition for the term "qualified United States financial institution" as used in the section. The definition also meets NAIC accreditation recommendations.

Section 30.

33-2-1218 - corrects a 1993 bill drafting error which effectively restricted the law to very old or already cancelled reinsurance agreements. The law should apply to agreements in effect now.

Section 31.

33-2-1510(8) & (10) - clarifies required provisions for controlling producer / controlled insurer agreements by including language which was inadvertently omitted last session.

Section 32.

33-2-1605(4) - corrects a typographical error in the 1993 law.

Section 33.

33-3-431 - eliminates the differentiation between stock and mutual insurers, each of whom require as much oversight as the

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other. Also, the amendments clarify the commissioner approval requirement for repayment of either principle or interest on borrowed surplus. Repayment of interest without oversight may jeopardize an insurer's financial condition.

Section 34.

33-4-202 - currently, the approved farm mutual's articles are filed with the Department, the Secretary of State, the insurer and the insurer's local county clerk. Filing with the county clerk is unnecessary.

Section 35.

33-4-203 - eliminates the unnecessary and superfluous review of a farm mutual's articles by the attorney general.

Section 36.

33-5-401(1)(b) - establishes an appropriate distinction between required surplus funds for domestic reciprocals transacting casualty insurance with and without authority for worker's compensation.

Section 37.

33-7-117 - extends application of new sections embodying the Disclosure of Material Transactions Act to Fraternal Benefit Societies.

Section 38.

33-10-201 - under NAIC accreditation standards, the Life and Health Insurance Guaranty Association Act must be modified in this manner by 1/1/96. The modifications clarify the application provisions of the act.

Section 39.

33-10-202(6) - clarifies the definition of "member insurer" and conforms the act to NAIC accreditation standards.

Section 40.

33-11-102(1) - provides a definition for "completed operations liability" as used in Chapter 11, in conformity with NAIC accreditation standards.

Section 41.

33-11-104(13) - provides a penalty for risk retention groups operating in violation of Montana law. The penalty provision is required by NAIC accreditation standards.

Section 42.

33-11-108(1)(g) - biographical information is needed to ensure that the interests of the membership of the purchasing groups not compromised by controlling members with contradictory interests.

Section 43.

33-14-304(2) - eliminates a reference to "brokers" which is a term not recognized in the Montana Insurance Code.

Section 44.

33-15-301 - clarifies the intended effect of standard provisions requirements as including contract language (provisions) and contract obligations (benefits) in all contracts of insurance (policies and certificates).

Section 45.

33-15-303(3) - creates uniform standards for form designating numbers and revision dates. Currently, this provision is found in the disability chapter, but should apply to insurance forms generally.

Section 46.

33-16-202(1) - eliminates rule promulgation mandate in an area where regulation by rule is not essential.

Section 47.

33-16-235(1) - similar to 33-16-202, this deregulatory amendment eliminates rule and reporting mandates where existing regulatory tools are sufficient.

Section 48.

33-17-102(1)(d) - clarifies the definition of "adjuster" to include licensed third party administrators.

33-17-102(9)(a)(ii) - creates uniformity for the "managing

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general agent" definition throughout the insurance code. This definition conflicted with the one found at 33-2-501.

Section 49.

33-17-211(1)(d) & (e) - limits the time period allowed between examination passage and license applications so that applicants may not use stale tests as basis for licensing. The amendment also clarifies that licenses issued based on Montana residency terminate upon relocation to another state.

Section 50.

33-17-405 - clarifies the commissioner's status as agent for the nonresident person for service of process purposes.

Section 51 & 52.

33-17-503 & 33-17-603 - clarifies that consultant and administrator's application fees, respectively, are to be deposited with the general fund. The amendments also eliminate the need to physically prepare a new license each year for each consultant by establishing continuing licenses.

Section 53.

33-17-1001(2) - permits revocation, suspension, refusal or denial of an insurance agency license where a partner or officer, whether or not a licensed producer, is engaged in prohibited conduct which is injurious to the public's interest.

Section 54.

This section was erroneously included in this bill. No substantive change was made.

Section 55.

33-18-301(3) - establishes policyholder protection standards for funeral insurance policy solicitation and sales.

Section 56 & 57.

33-22-131(1) & (4), 33-22-132(1) & (4) - prevents some mandated benefits from appearing in policies in which it does not make sense to include them (i.e., mammography benefits in accident only policies, phenylketonuria benefits in dental policies, etc.).

Section 58.

33-22-201(6) - eliminates erroneous reference to sections of law which do not exist and prevents inadvertent application of sections later enacted in those reserved sections.

33-22-201(7) - section is taken out of disability chapter and is placed more appropriately in contracts chapter of code (see Section 45), providing for uniformity of all insurance forms, not just disability forms.

Section 59.

33-22-202(3) - eliminates erroneous reference to sections of code which do not exist and prevents inadvertent application of sections later enacted in those reserved sections.

Section 60.

33-22-301 - allows insurers to collect a premium for a new insured (i.e., converting coverage to family coverage in the case of a first born child). The amendment also allows an insurer to require notification of a new insured on a policy.

Section 61.

33-22-303(1) - clarifies that the well-child care benefit provision applies to medical expense disability policies and not disability income policies.

Section 62.

33-22-504(1) & (2) - eliminates distinction between individuals with prior family coverage and those without, and permits newborns of both classes to obtain coverage after birth.

33-22-504(4) - prevents inclusion of newborn coverage in policies in which inclusion is erroneous.

33-22-504(5) - clarifies which policies are required to conform to this provision.

33-22-504(6) - allows insurers to collect a premium for a new insured (i.e., converting coverage to family coverage in the case of a first born child). The amendment also allows an insurer to require notification of a new insured on a policy.

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Section 63.

33-22-508(1) - applies the conversion on termination of eligibility to policies and certificates alike.

Section 64.

33-22-1120(1) - similar to Section 63, the amendment applies Montana long term care policy laws to policies or certificates issued to Montana residents.

Section 65.

33-22-1803(16)(a) - clarifies criteria for consideration of a person as a late enrollee.

33-22-1803(8) - clarifies that gender may not be considered as a case characteristic in determination of rates, pursuant to the unisex insurance law.

Section 66.

33-22-1819(13) - clarifies that monies paid to the small employer carrier reinsurance program are not general fund monies, but monies to be used for the program's obligations.

Section 67.

33-30-102(1) - eliminates erroneous reference to portions of the licensing chapter which are not relevant to health service corporations. Also, the amendments apply the Disclosure of Material Transactions Act to health service corporations.

Section 68.

33-30-107 - reduces paperwork and under NAIC accreditation standards, annual and quarterly diskette filing pursuant to these standards is required by 1/1/96.

Section 69.

33-30-108(3) - clarifies when health service corporation license fees are due.

Section 70.

33-30-202 - eliminates the unnecessary requirement of a health service corporation's annual report. Given the required annual

and quarterly statements, the requirement is redundant.

Section 71.

33-30-204(1)(a) - eliminates unnecessary provisions in light of the amendment to 33-30-311.

Section 72.

33-30-311 - subjects insurance producers for health service corporation to the part of the code regulating insurance producers.

Section 73.

allows insurers to collect a premium for a new insured (i.e., converting coverage to family coverage in the case of a first born child). The amendment also allows an insurer to require notification of a new insured on a policy.

Section 74.

33-31-311(1)(a) - eliminates reference to sections repealed in this bill.

33-31-311(5) - subjects health maintenance organizations to the Material Transactions Disclosure Act (Sections 78 - 81).

Section 75.

Right to return policy - removes section from the disability insurance portion of the bill, includes life insurance free look period, and places section in chapter covering insurance contracts in the insurance code.

Section 76.

See Section 13 comments.

Section 77.

Dating insurance applications - prevents fraudulent collection of insurance benefits for period where insured was not actually covered. Acknowledgement of the purpose of the section prevents application to life insurance contracts where backdating is an acceptable, common industry practice.

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Sections 78 - 81.

Disclosure of Material Transactions Act - under NAIC accreditation standards, this act must be in place by 1/1/97. Generally speaking, the act requires reporting by insurers of significant transactions and events concerning material acquisitions and dispositions of assets, and non-renewals, cancellations, or revisions of ceded reinsurance agreements. The reporting allows regulators to survey insurers' solvency status and is an important component of financial oversight, as well as policyholder and industry protection.

Sections 82 - 94.

Risk Based Capital for Insurers Act - under NAIC accreditation standards, this act must be in place by 1/1/97. Current regulations require a flat surplus minimum for different classes of insurers. The RBC Act tailors each insurer's required surplus to a more realistic amount according to a formula. The surplus minimum is adjusted for each insurer by application of formula factors relevant to the particular insurer. The Act also provides for administrative hearings for insurers disputing the commissioner's determinations under the Act.

Section 95.

Repeals sections 33-30-312 and 33-30-313, both of which are unnecessary after amendments to 33-30-311.

December 1994

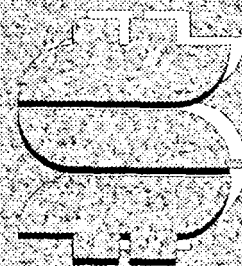
SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 2
DATE 3-1-95
BILL NO. HB 556
Presented by Frank Cote

NAIC

*National
Association of
Insurance
Commissioners*

The original of this document is stored at
the Historical Society at 225 North Roberts
Street, Helena, MT 59620-1201. The phone
number is 444-2694.

Financial Regulation Standards and Accreditation Program



Mr. Chairman, members of the committee, my name is Tom Matosich
Dir. of Costs Montana Power Company and I'm here to give
MONTANA Power Co.
3-1-95

TESTIMONY FOR THE MCC TAX BILL

The purpose of the amendment to § 69-1-224 is simply to make it comparable to § 69-1-403. Section 69-1-224 is the determination of funding statute for the MCC. Section 69-1-403 is the determination of funding statute for the PSC. The funding statutes impose taxes on regulated utilities in Montana to fund the PSC and the MCC. The PSC funding statute has language that says "All fees paid by a regulated company pursuant to this section are immediately recoverable by the regulated company in its rates and charges." The proposed amendment would allow the same immediate recovery in rates of the MCC tax.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 3

DATE 3-1-95

BILL NO. HB 310

These taxes should be allowed the same rate relief because they are for the same purpose, the purpose of funding the regulation of utilities. One provides funding for the regulator, one provides funding to the MCC so that it may appear in all rate cases on behalf of consumers. The purpose of both entities is the regulation of utilities.

An example of the problem is the situation that occurred in 1994. The PSC tax was calculated and was reduced from the previous year. The MCC tax was calculated at the same time and was increased from the previous year by the same amount as the PSC tax was reduced. The tax changes should have offset each other resulting in no changes in rates. However, because of the statutory language, rates were reduced to accommodate the PSC tax reduction but the MCC tax increase will not cause a rate change until a final order in the rate case becomes effective. If a rate case was not pending, the tax increase would not be recovered in

rates until a rate ^{change} increase request is made. In other words, the utility does not recover the tax increase in rates but pays the taxes, which results in a loss. Although the dollar amount is relatively small for a utility, there is no logical reason for treating these taxes differently.

Thankyou for your time + consideration

DATE

March 1, 1995

SENATE COMMITTEE ON

Business and Industry

BILLS BEING HEARD TODAY:

HB 310 Rep. Barnett
HB 336 Rep. Barnett HB 556 Rep. Simon

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
EARL ROWE	THE BONDSMAN, MISSOULA, MT	HB 336	X	
SCOTT RESTVOLDT	VALLEY BONDING	HB 336	X	
Dean Crow	Valley Bonds	HB 336	X	
Kelly Restvoldt	Big Sky Bail Bonds	HB 336	X	
Mauri Andersen	Andersen Bonding	336	X	
Red Jensen	Andersen Bonds	336	X	
Jean Mollin	Proctor Bail Bonds	336	X	
HE. ANK COTE	ST. ANDREWS	536	X	
TOM MATOSICH	MPC	HB 310	X	
ROGER MCGLENN	IIA m	556	X	
GREG JACKSON	WACO/SPIA	556	X Amer.	
Barbara Rant	US WEST	HB 310	X	
Jacqueline Denmark	Am. Ins. Assoc.	HB 556	X	
R. O. Hahn	State Farm	HB 556	X	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

DATE March 1, 1995

SENATE COMMITTEE ON Business & Industry

BILLS BEING HEARD TODAY: HB 556, HB 310 & HB 336

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PLEASE PRINT

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Check One

Name	Representing	Bill No.	Support	Oppose
John Alke	MOU	HB 310	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tanya Ask	Blue Cross Blue Shield	HB 556	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Denny Moore	ACLI	HB 556	<input checked="" type="checkbox"/>	<input type="checkbox"/>

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY