

Montana Captive Insurance Association

Presentation by Aimee Grmoljez
July 16, 2020

CROWLEY | FLECK PLLC
ATTORNEYS

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Federal Elections Primary 2020

- Primary Turnout 2020 = 54.87% 90,000 more votes
- More Republicans voted than Democrats
- 320,050 votes out of 696,261
- All mail election for first time

- **President** - Donald Trump (R) v. Joe Biden (D)
 - Donald Trump (R)- Won Montana in 2016

- **U.S. House** - Matt Rosendale (R) v. Kathleen Williams (D)
 - Up for grabs
 - We might have a second house seat after census

- **U.S. Senate** - Sen. Daines (R) – Incumbent - v. Steve Bullock (D)
 - Top five Senate seats in the U.S.
 - Polls have candidates neck and neck

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2020 Statewide Offices & Upcoming Elections

- **Governor**
 - Mike Cooney (D) v. Greg Gianforte (R) – Tight Race
- **Attorney General**
 - Raph Greybill (D) v. Austin Knudsen (R) – Governor’s legal counsel v. Former Speaker of the House/County Attorney
- **Secretary of State**
 - Bryce Bennett (D) v. Christi Jacobsen (R) – State Senator from Missoula v. Deputy Secretary of State
- **Auditor**
 - Troy Downing (R) v. Shane Morigeau (D) – Business man who moved to Montana v. State Representative attorney who is the first Native American running for this office
- **Office of Public Instruction**
 - Melissa Romano (D) v. Elsie Artzen (R) – Superintendent Elsie Artzen is running again, against the same opponent as 2016

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Who wins and why?

- Very unpredictable time.
- Protests and more
- It’s always about the economy
- Amateur candidates -- never run for statewide office before, but win if they think strategically and get statewide support
- Midterm vs presidential candidates – presidential elections have more youth voting and 90,000 more voted than before in the 2020 primary
- 2016 Election and 2020 Primary in Montana were the first times in Montana history that the top of the ticket (President) didn’t get the most votes
- Either Governor or congressional offices received the highest votes in 2016 and 2020

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2019 LEGISLATIVE NUMBERS

- More than 40 new House members out of 82 open seats on the general election ticket and 4 new Senators out of 21 open seats on the general election ticket.
- The 65th Legislature adjourned Sine Die on April 25, 2019.
- 88 days with the legislature, leaving 2 days early.
- 3324 legislative bill drafts, 700 more than requested in the 2017 legislative session.
- 1311 Bills introduced and of those, 623 bills were passed by the legislature.

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MONTANA LEGISLATURE

- Control of the State Senate and House by Republicans
- Currently:
 - State Senate – 30 Republicans and 20 Democrats
 - State House – 60 Republicans and 40 Democrats
- Estimated:
 - State Senate – 30 Republicans and 20 Democrats
 - State House – 59 Republicans and 41 Democrats
 - 7 Swing Seats in the Senate and 15 swing seats in the House
- Redistricting and U.S. Census

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- Montana has a populous background and every vote counts in Montana; one seat decided by 32 votes in 2020 primary. More state have become Red or Blue but in a recent analysis of ticket splitting it states Montana ranks #1 and North Dakota ranks #2 in the country. Montana is a purple state as reflected in the split of Republican and Democrat leaders in the statewide and legislative offices and in the positions of the legislators in many bills.
- Influence in the 2019 legislative session:
 - First, the strongest influences were the moderate Republicans .
 - Second, the Democrat Governor and legislative Democrats.
 - Lastly, the Republican Conservatives – leadership in the House and Senate were procedurally in charge, but not always on key substantive issue.
- For the Republicans, the past few sessions have mostly shown to be a battle within the party over who is representing Montana taxpayers and Montana’s best interests.

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2021 LEGISLATIVE NUMBERS

- **July 2020 Prediction:** Republicans will pick up seats in the House, but keep majorities (59 seats +)
- **July 2020 Prediction:** Republicans will maintain their control over the State Senate (30 seats +)
- More than 38 potentially new House members out of 64 open seats on the general election and 4 potentially new Senators out of 16 open seats in the general election

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July 10, 2020
COVID-19

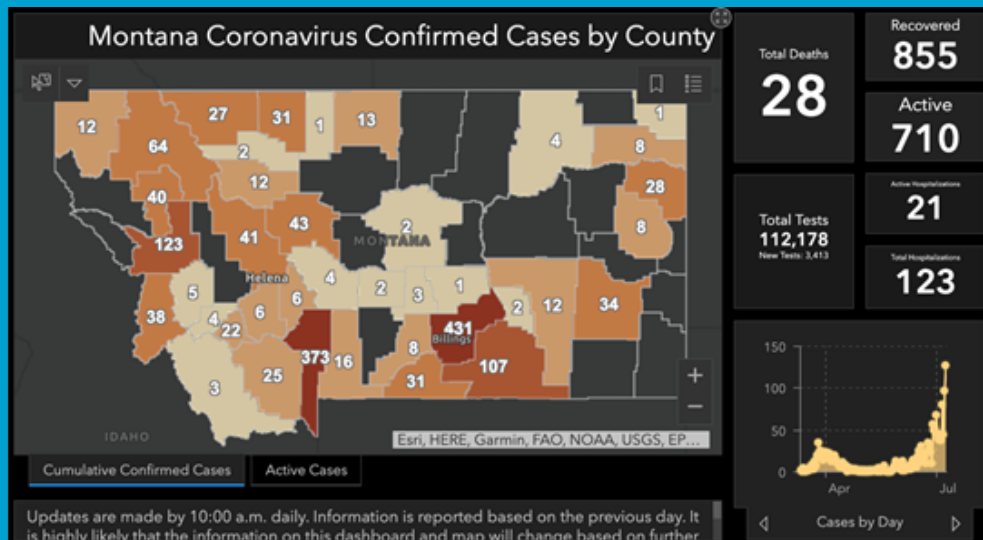


REPORTED CASES	
Montana New in last 24hrs: 127 (+9%) Active Cases: 710 (Last 24hrs: +65) Recovered: 855 (Last 24hrs: +59) Hospitalizations, Total: 123 Hospitalizations, Active: 21 Deaths: 28 (Last 24hrs: +3) Source: Montana COVID-19 Dashboard	1,593
United States New in last 24hrs: 66,565 (+2%) Source: Johns Hopkins CSSE Global Outbreak Dashboard	3,184,573
WA	39,218
ID	9,929
WY	1,790
ND	4,155
SD	7,401

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Country/Region/Sovereignty	Confirmed Cases
US	3,184,573
Brazil	1,800,827
India	793,802
Russia	712,863
Peru	319,646
Chile	309,274
United Kingdom	289,678
Mexico	289,174
Spain	253,908
Iran	252,720

Country/Region	Deaths	Recovered
US	134,092	71,371
New York US	70,398	31,014
New Jersey US	44,735	9,347
Massachusetts US	34,938	7,345
Illinois US	34,191	

Total Confirmed: 3,184,573

Global Deaths: 559,622

US State Level Deaths, Recovered

Confirmed | Logarithmic | Daily Cases

Last Updated at (M/D/YYYY)
7/10/2020, 9:34:27 PM

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**HAVE YOU EVER WRITTEN
OR CALLED AN ELECTED
OFFICIAL?**

YES

NO

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**Do you have a good
one-liner about
captive insurance?**

**Do you have
a story to tell?**

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HOW SHOULD YOU SPEAK TO A LEGISLATIVE/STATEWIDE CANDIDATE

3 minutes on “why” you do what you do – not what you do.

i.e. I am in the business of protecting trucking company employees from paying high insurance costs.

True?

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2019 LEGISLATION

House Bill 85 by Representative Greg DeVries

- ❖ HB 85 was introduced at the request of the Montana Commissioner of Insurance Matt Rosendale.
- ❖ As introduced to the legislature at the first hearing this bill was the culmination of a collaborative process with the Montana Secretary of State’s office to bring efficiency to the process of working with both the Commissioner’s office and Secretary of State’s office in the 21st Century of filing Articles of Incorporation.
- ❖ HB85 addresses the process for insurance companies (including captives) to file Articles of Incorporation.
- ❖ HB85 removes the archaic “file in triplicate” language and brings the process into the internet age. The law changes will increase efficiency by improving the flow of paperwork (and reducing the volume of it) between the Commissioner of Insurance and the Montana Secretary of State.
- ❖ As a result of HB85, captive insurance clients will now have more of a “One-Stop Shop” at the Commissioner’s office for either forming a new captive with Articles of Incorporation, or dissolving a captive at the end of its useful life.
- ❖ The effective date for HB85 was July 1, 2019.

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2019 LEGISLATION

Senate Bill 55 by Senator Dan Salomon

- SB 55 was introduced at the request of the Montana Commissioner of Insurance Matt Rosendale. Commissioner Rosendale's office worked with MCIA lobbyist Aimee Grmoljez and MCIA Chair John Huth to pass this bill. As introduced to the legislature at the first hearing many of the changes in SB55 were cleaning up the Montana code sections, but there were a few changes that were significant.
- SB 55 as originally drafted increased the percentage of captive premium tax retained in the Captive Regulatory and Supervision state special revenue fund from 5% to 20% and decreased the percentage dedicated to the general fund by 15%. The change was to cover the operating costs of the captive insurance program. As SB 55 progressed through the process the Commissioner's office determined it was better to pass the bill without a change in the percentage of the captive premium tax retained by the fund and not transferred to the state General Fund. The concern was that this change in percentage would kill SB 55 along the legislative path or at the Governor's office with a veto.

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- Senate Bill 55 (SB55) as passed, has three main significant changes:
 - The first one is that all protected cells will now have to be incorporated or formed as an LLC. Previously protected cells could be formed as either an incorporated cell or an unincorporated cell. The separate legal entity status that results from incorporating a cell, or forming it as an LLC, makes it easier for a protected cell to open bank & brokerage accounts, and very importantly it should also strengthen the "virtual firewall" between cells, as well as between a cell and the Core Company.
 - The second change deals with Letters of Credit (LOC). Before SB 55, captives that wanted to use a LOC for its capital & surplus had to use a bank that was either Montana-chartered or a member of the Federal Reserve to issue the LOC. Now the Department will have the flexibility to have discretion to approve an LOC issued by a bank chartered in another state, even if the bank is not a member of the Federal Reserve.
 - The third change is the \$300 annual license fee will apply to all stand-alone captives, protected cells and series captives. This levels the playing field for all captives.
 - The other changes were law clean-up items that made Montana Law consistent. The effective date for these changes was July 1, 2019.

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SUCCESS OF MCIA

- ▶ Focus on singular issues and fit with “pro-business approach”.
- ▶ Team Approach = CSI, Legislative, MCIA, business sector (law firms, captive managers, CPA firms, others).
- ▶ Great benefit for economy.
- ▶ Creating buzz...what, why, where and when?
- ▶ Support thoughtful legislators in elections.

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2021-2022 AND BEYOND WHAT SHOULD WE DO IN 2021 AT THE LEGISLATURE?

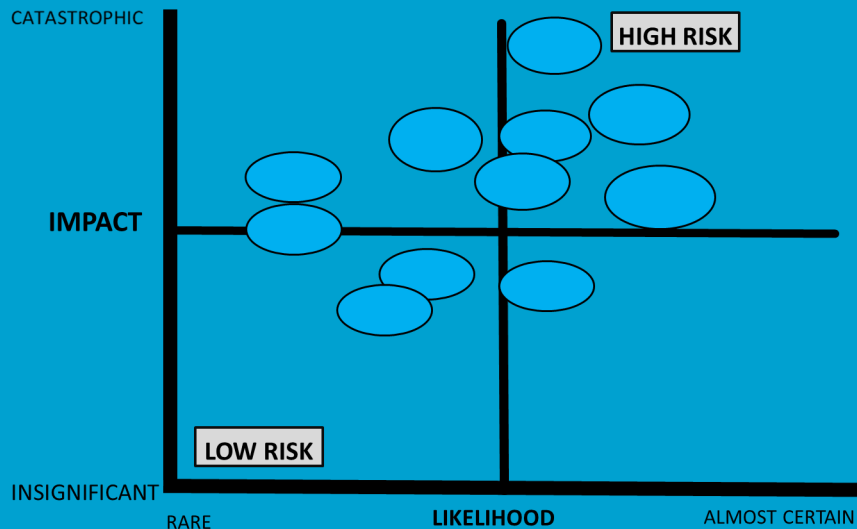
- How will the 2021-2022 budget woes impact MCIA?
- The second face of power is influence behind the scenes.
- We are in the information environment.
- Remember when less legislation is passed...rules are still made.
- Being “in the mix” is getting the right questions asked.

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Public Policy Heat Map 2020



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**Thank you for your membership in MCIA,
your active voice on policy issues and
communication in the future with MCIA
Board and Me!**

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