EXHIBIT 5
DATE 2-18-2021
HB 379

Commissioner of Securities and Insurance

Troy Downing
Commissioner

Office of the
Montana State Auditor

TO: Chairman Noland and Members of the House Business and Labor Committee

FROM: Troy Downing, Montana Commissioner of Securities and Insurance

RE: Comments to CSI regarding HB 379

DATE: February 18, 2021

While travelling across the state during my campaign, insurance agents approached me repeatedly wanting to expand coverage options and reduce premiums for their customers.
HB 379 will do this by allowing insurance companies factor the insured's sex when calculating risk and determining rates. Below is a small sample of emails I have received since taking office from agents in your communities asking for the repeal of the nongender insurance law.

- *My female clients regularly pay dramatically more in Montana for the same policy than any other American female. According to the National Association of Insurance and Financial Advisors (NAIFA) Montana's most recent survey across 19 different life insurance companies, a 55 year old, female buying a $500,000, twenty year term life policy and receiving standard rates, pay on average 31% more cost than Californians, New Yorkers, Texans, etc.*
  The reason is Montana the only state that does not allow gender to be used by underwriters in assessing risk of life expectancy. Life Insurance companies must write separate "Unisex" pricing. Interestingly, the 31% extra cost for females in Montana is mildly countered by a 2% reduction in cost for Montana males. I don't blame insurance companies as I know if I were being asked to cover substantial financial risk but not allowed to ask a very critical question, I would assume the worst case for that question too.
  Peter Daniel Sullivan, Sullivan Financial Group, Helena

- *I am writing to express my support of repealing Montana's unisex law. We have been working for years to get this done...testifying on many occasions and speaking to our representatives. Females in MT. need to be treated fairly like females in the other 49 states. Lower pricing for females is important and should happen. Also, with MT. being the only state that is unisex, we are at a disadvantage in the life insurance industry as some companies will not bring new ideas and products to MT. because of all the legal work and cost of doing so. I fully support repealing our unisex law. Please feel free to reach me if you would like further assistance.*
  Brian Salonen, Westpac Wealth, Missoula

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- *Life insurance companies will develop a product for every state BUT Montana. This is because in all the other states (except for maybe NY) the product complies with the laws of that state.*
  Then they look at MT...this new product will not comply with the laws of MT, so they have to develop an entirely separate product just for Montana. Then they look at their return on investment for the development of this product...how much will we sell? Is it worth it to make this product for just one state? There aren't many people in Montana...so they just don't develop the product. And maybe a few companies do develop the product, but because more are not doing it, there isn't much reason for competitive rates, so for those who select that product, they are paying more than they would in other states.

  I have also seen this with life insurance rates. If you want a dollar example, please see the chart below. This is a simple statement that shows how the unisex "fairness" actually COSTS Montanans.
  Annual Premium for $500k term life insurance policy:
  Male Montana $610 Female Montana $610
  Male other state $635 Female other state $500
  Mike Smith, American National, Great Falls.

- *Bluntly, the greatest impediment to serving my clients the last 34 years has been the Unisex law. With Montana being a state of 1 million people and the ONLY unisex state, we are handicapped as to product. As an agent I often find I do NOT have the full range of policies as the 49 other states have. Example: My main carrier is American National insurance. As a Montana agent I literally have HALF the life products they sell in the other 49 states.*
  With a repeal of Unisex there will be more products in Montana and more competition to reduce the cost of insurance in Montana.
  You and I had this discussion when you visited Missoula last year. It is the number ONE concern of my business.
  For the last 34 years my customers have been handicapped by the unisex law. It is time to open up product in Montana. Repeal unisex in Montana. Remove our clients' insurance handicap.
  Mike Wallace, Mike Wallace Insurance Incorporated,

- *For the past (nearly 60 years) that I've been in the Insurance Business we have lived under this Unisex Legislation provision for our business. We have made every effort twice to have the Unisex provision Repealed and it has gone no further than the governor's office.*
  I feel it is time to give the insurance buying public the right to have their premium values placed on the same scale as our other States.
  Harold A. Gillet, Security Life, Missoula

- *As we have discussed previously in my office the unisex law causes some very interesting unintended consequences to the citizens of Montana.*
  On the property and casualty side the law caused all people under age 25 to be charged the same: young women pay the same as young men even though statistically they are a better risk than young men. Prior to Unisex we gave people under 25 who are married a substantial savings because again statistically they are a way better risk than single folks the same age. When a married couple moves to MT from any other state their rates double at least.
  On the Life insurance front men and women get to pay the same even though there is a substantial difference in the actuarial rates for them. Some cases are sold in other states to circumvent this and then the State of Montana collects no premium tax on those policies let alone the hassle to drive somewhere to sign the application and agents having to be licensed in multiple states. Over the years with this law multiple products offered by companies were not offered in Montana due to the cost of changing the rates for one state.
  Dan Rust, State Farm, Bozeman.

- *I am writing to you to enlist your help in repealing the unisex rates for life insurance. I work with almost exclusively teachers. Nearly 90% of all educators in Montana are female. They are unfairly getting charged higher premiums because of the unisex rates for life insurance in Montana. It's time we started rating males and females according to their life expectancy. The other 49 states are doing this; there is no reason that Montana can't join them.*
  Mark Major, Broken Arrow Insurance, Choteau

- *As NAIFA Montana President and State Farm Sales Leader responsible for 36 agencies in Western and Central Montana, I too would like to get my support of bill that would repeal law removing gender from our underwriting standards. I have a hunch you're getting a few of these. Montana is unique for a lot of great reasons, but this is not one that makes sense*
  David Jensen, State Farm, Helena.

- *I urge you to consider repealing unisex laws in Montana in regards to insurance policies. This is not good for business in our state or fair to the consumers. If you would like more information please reach out to me. I appreciate your time and wish you the best during your time in your new role. God Bless.*
  Misti Svoboda, State Farm, Missoula.

- *The unisex law causes young married couples to pay double in Montana for insurance than other states. It's a travesty and an unnecessary law. Thank you for repealing unisex rating in Montana.*
  Jackie Bell, State Farm Insurance, Central Montana.

- *On behalf of all of my NAIFA colleagues, I'd like to encourage you to REPEAL the UNISEX mandate on all insurance products in Montana.*
  The reasons are clear:
  1. Montana is the only state in the Union that has this requirement, making it expensive and cumbersome for insurance carriers to adjust their actuary tables and product pricing. In turn, many companies restrict their product offering here in the state.
  2. Women currently pay HIGHER rates in Montana for many different lines of protection than they otherwise would in other states.
  3. Competition is limited due to less product offering based on the above referenced pricing and actuary costs.
  Nicholas L. Taber, Park Avenue Securities, Missoula.

- *As a life insurance producer in Montana I want to add my voice to the many in asking you to repeal Unisex in Montana. It will save families hard earned money by giving them more affordable insurance options.*
  Casey J. Pratt, State Farm, Havre.

- *In our experience with life insurance and annuities, Montana taxpayers receive rates that are worse than all other states. For instance, Term Life insurance can be slightly less expensive for a male (depending on the company) by an average of 2%, while the female policy can be as much as 30% more expensive than states surrounding us. For an annuity, the companies will generally default to the female longevity annuitization rates, causing the payouts to be lower for the males in the state.*
  The hopes that unisex would be somewhere in between to a 'fair' rate has not materialized. Companies continue to underwrite by the mortality tables that they have, separating women and men for every state except Montana.
  Brian K. Nelson, Sullivan Financial Group, Helena.

Please reach out to my office with any questions.

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