

HOUSE BILL 241

Introduced by Whalen, et al.

1/17	Introduced
1/17	Referred to Business & Economic Development
1/18	First Reading
1/21	Hearing
2/06	Committee Report--Bill Passed as Amended
2/08	2nd Reading Passed
2/11	3rd Reading Passed
	Transmitted to Senate
2/12	First Reading
2/12	Referred to Business & Industry
3/15	Hearing
3/20	Committee Report--Bill Not Passed
3/20	Adverse Committee Report Adopted
3/21	Reconsidered Adoption of Adverse Committee Report
3/23	2nd Reading Concur Motion Failed
3/23	2nd Reading Indefinitely Postponed

HOUSE BILL NO. 241

INTRODUCED BY *Whalen, Menahay, Kimbrey, Carlson, Kelly, Russell*  
A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DISCLOSURE OF LOSS AND EXPENSE EXPERIENCE BY PROPERTY AND CASUALTY INSURERS; AND PROVIDING A PENALTY."

STATEMENT OF INTENT

A statement of intent is required for this bill because section 17 requires the commissioner of insurance to promulgate rules requiring each authorized insurer writing property or casualty insurance in Montana to record and report its loss and expense experience (and any other data the commissioner finds necessary) to determine whether rates are fair and appropriate. The legislature intends that the rules be designed principally to protect Montana insurance

consumers, while making property and casualty insurance more available in this state. The legislature further intends that the commissioner adopt the rules in accordance with 33-1-313, which grants the commissioner general rulemaking authority and permits the commissioner:

- (1) to make only reasonable rules that do not extend, modify, or conflict with any law of this state or with any reasonable implication of a law; and
- (2) to make or amend those rules only after a hearing

for which notice has been given as required by 33-1-703.

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

NEW SECTION. Section 1. Financial disclosure reports

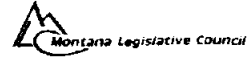
required -- rulemaking. In order to determine whether rates are fair and appropriate, the commissioner shall adopt rules requiring each authorized insurer writing property or casualty insurance in this state to record and report its loss and expense experience and any other data the commissioner finds necessary. The commissioner may designate one or more rating organizations or advisory organizations to gather and compile the loss and expense experience and data. The commissioner shall require each authorized insurer writing property or casualty insurance in this state to submit an annual report, on a form furnished by the commissioner, showing its direct writings in this state and in the United States.

NEW SECTION. Section 2. Content of direct writings

report. (1) The direct writings report required by [section 1] must include but is not limited to the following specific types of insurance written by the insurer:

- (a) political subdivision liability insurance, reported separately in the following categories:
  - (i) municipalities;
  - (ii) school districts; and

INTRODUCED BILL  
HB 241



1 (iii) authorities;

2 (b) public official liability insurance;

3 (c) dram shop or tavern owners' liability insurance;

4 (d) day-care center liability insurance;

5 (e) errors and omissions liability insurance;

6 (f) officers' and directors' liability insurance,

7 reported separately as follows:

8 (i) nonprofit entities; and

9 (ii) for-profit entities;

10 (g) products liability insurance;

11 (h) medical malpractice insurance;

12 (i) attorney malpractice insurance;

13 (j) architect and engineer malpractice insurance; and

14 (k) motor vehicle insurance, reported separately for

15 commercial and private passenger vehicles as follows:

16 (i) motor vehicle liability insurance first-party

17 benefits;

18 (ii) motor vehicle bodily injury liability insurance;

19 (iii) motor vehicle property liability insurance;

20 (iv) uninsured motorist insurance; and

21 (v) underinsured motorist insurance.

22 (2) The direct writings report must include the

23 following data, specific both to this state and to the

24 United States, by the type of insurance for the previous

25 calendar year:

1 (a) direct premiums written;

2 (b) direct premiums earned;

3 (c) net investment income, including net realized

4 capital gains and losses, using appropriate estimates when

5 necessary;

6 (d) data for each of the following categories used to

7 develop the sum of incurred claims:

8 (i) dollar amount of claims closed with payment; plus

9 (ii) reserves for reported claims at the end of the

10 current year; minus

11 (iii) reserves for reported claims at the end of the

12 previous year; plus

13 (iv) reserves for incurred but not reported claims at

14 the end of the current year; minus

15 (v) reserves for incurred but not reported claims at

16 the end of the previous year; plus

17 (vi) loss adjustment expenses for claims closed; plus

18 (vii) reserves for loss adjustment expenses at the end

19 of the current year; minus

20 (viii) reserves for loss adjustment expenses at the end

21 of the previous year;

22 (e) actual incurred expenses, allocated separately to

23 loss adjustment, commissions, other acquisition costs,

24 advertising, general office expenses, taxes, licenses, fees,

25 and all other expenses;

1 (f) net underwriting gain or loss;  
 2 (g) net operation gain or loss, including net  
 3 investment income;  
 4 (h) the number and dollar amount of claims closed, with  
 5 payment by year incurred and the amount reserved for them;  
 6 (i) the number of claims closed without payment, by  
 7 year and the dollar amount reserved for those claims; and  
 8 (j) any other information requested by the  
 9 commissioner.

10 (3) For the first year in which the insurer is required  
 11 to file a direct writings report, the data required by  
 12 subsections (2)(a) through (2)(g) must include the previous  
 13 calendar year and each of the preceding 4 calendar years.

14 NEW SECTION. Section 3. Duty of commissioner. It is  
 15 the duty of the commissioner to store all reports submitted  
 16 by insurers under [sections 1 and 2]. The filed reports must  
 17 be provided to the appropriate committees of the legislature  
 18 and must be made available to any interested person.

19 NEW SECTION. Section 4. Filing prerequisite to doing  
 20 business. As a prerequisite to transacting insurance in this  
 21 state, each insurer shall file with the commissioner all of  
 22 the information required under [sections 1 and 2].

23 NEW SECTION. Section 5. Penalty. An insurer who fails  
 24 to comply with the terms of [sections 1, 2, and 4] shall pay  
 25 a civil penalty of \$10,000 and a fine of \$200 daily until

1 the terms of [sections 1, 2, and 4] are met. Imposition of a  
 2 penalty under this section precludes any other monetary  
 3 penalty that may be imposed under this title.

4 NEW SECTION. Section 6. Codification instruction.  
 5 [Sections 1 through 5] are intended to be codified as an  
 6 integral part of Title 33, chapter 16, and the provisions of  
 7 Title 33, chapter 16, apply to [sections 1 through 5].

-End-

APPROVED BY COMM. ON BUSINESS AND ECONOMIC DEVELOPMENT

HOUSE BILL NO. 241

INTRODUCED BY WHALEN, MENAHAN, COHEN, TOOLE, FRANKLIN, GERVAIS, SQUIRES, KIMBERLEY, STRIZICH, PAVLOVICH, DAILY, RUSSELL, COCCHIARELLA, DARKO, RANEY, DRISCOLL, STEPPLER, O'KEEFE, D. BROWN, NISBET, J. BROWN, SCOTT, PECK, LYNCH, BARDANOUVE, S. RICE, HANSEN, VAUGHN, ECK, BROOKE, DAVIS, ELLIOTT, BACHINI, HARRINGTON, CONNELLY, J. JOHNSON, GRADY, MCCULLOCH, KILPATRICK, NATHE, SOUTHWORTH, MANNING, STIMATZ, WEEDING, BRUSKI, BRADLEY, SVRCEK, PIPINICH, HALLIGAN, WANZENRIED, JERGESON, YELLOWTAIL, KOEHNKE, FRITZ, G. BECK, FORRESTER, DOLEZAL, MCCAFFREE, MADISON, MCCARTHY, GALVIN, BARNHART, J. DEBRUYCKER, KADAS, TOWE, MEASURE, BLAYLOCK, REAM, HOCKETT, DOWELL, LARSON, JACOBSON, WATERMAN, BECKER, REA, HARPER, BENGTON, KENNEDY, HAGER, B. BROWN, VAN VALKENBURG

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DISCLOSURE OF LOSS AND EXPENSE EXPERIENCE BY PROPERTY AND CASUALTY INSURERS; ~~AND~~ IMPOSING A FINANCIAL DISCLOSURE REPORTS FEE ON EACH PROPERTY AND CASUALTY INSURER; PROVIDING A STATUTORY APPROPRIATION; PROVIDING A PENALTY; AND AMENDING SECTION 17-7-502, MCA."

STATEMENT OF INTENT

A statement of intent is required for this bill because

[section 1] requires the commissioner of insurance to promulgate rules requiring each authorized insurer writing property or casualty insurance in Montana to record and report its loss and expense experience (and any other data the commissioner finds necessary) ~~to-determine-whether-rates-are-fair-and-appropriate~~. The legislature intends that the rules be designed principally to protect Montana insurance consumers, while making property and casualty insurance more available in this state. The legislature further intends that the commissioner adopt the rules in accordance with 33-1-313, which grants the commissioner general rulemaking authority and permits the commissioner:

- (1) to make only reasonable rules that do not extend, modify, or conflict with any law of this state or with any reasonable implication of a law; and
(2) to make or amend those rules only after a hearing for which notice has been given as required by 33-1-703.

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

NEW SECTION. Section 1. Financial disclosure reports required -- rulemaking. ~~In-order-to-determine-whether--rates-are--fair--and--appropriate--the~~ THE commissioner shall adopt rules requiring each authorized insurer writing property or casualty insurance in this state to record and report its loss and expense experience and any other data the

SECOND READING



1 commissioner finds necessary. The commissioner may designate  
 2 one or more rating organizations or advisory organizations  
 3 to gather and compile the loss and expense experience and  
 4 data. The commissioner shall require each authorized insurer  
 5 writing property or casualty insurance in this state to  
 6 submit an annual report, on a form furnished by the  
 7 commissioner, showing its direct writings in this state and  
 8 in the United States.

9 NEW SECTION. **Section 2.** Content of direct writings  
 10 report. (1) The direct writings report required by [section  
 11 1] must include but is not limited to the following specific  
 12 types of insurance written by the insurer:

13 (a) political subdivision liability insurance, reported  
 14 separately in the following categories:

- 15 (i) municipalities;
- 16 (ii) school districts; and
- 17 (iii) authorities;
- 18 (b) public official liability insurance;
- 19 (c) dram shop or tavern owners' liability insurance;
- 20 (d) day-care center liability insurance;
- 21 (e) errors and omissions liability insurance;
- 22 (f) officers' and directors' liability insurance,
- 23 reported separately as follows:

- 24 (i) nonprofit entities; and
- 25 (ii) for-profit entities;

- 1 (g) products liability insurance;
- 2 (h) medical malpractice insurance;
- 3 (i) attorney malpractice insurance;
- 4 (j) architect and engineer malpractice insurance; and
- 5 (k) motor vehicle insurance, reported separately for  
 6 commercial and private passenger vehicles as follows:

- 7 (i) motor vehicle liability insurance first-party  
 8 benefits;
- 9 (ii) motor vehicle bodily injury liability insurance;
- 10 (iii) motor vehicle property liability insurance;
- 11 (iv) uninsured motorist insurance; and
- 12 (v) underinsured motorist insurance.

13 (2) The direct writings report must include the  
 14 following data, specific both to this state and to the  
 15 United States, by the type of insurance for the previous  
 16 calendar year:

- 17 (a) direct premiums written;
- 18 (b) direct premiums earned;
- 19 (c) net investment income, including net realized  
 20 capital gains and losses, using appropriate estimates when  
 21 necessary;
- 22 (d) data for each of the following categories used to  
 23 develop the sum of incurred claims:
- 24 (i) dollar amount of claims closed with payment; plus
- 25 (ii) reserves for reported claims at the end of the

1 current year; minus  
 2 (iii) reserves for reported claims at the end of the  
 3 previous year; plus  
 4 (iv) reserves for incurred but not reported claims at  
 5 the end of the current year; minus  
 6 (v) reserves for incurred but not reported claims at  
 7 the end of the previous year; plus  
 8 (vi) loss adjustment expenses for claims closed; plus  
 9 (vii) reserves for loss adjustment expenses at the end  
 10 of the current year; minus  
 11 (viii) reserves for loss adjustment expenses at the end  
 12 of the previous year;  
 13 (e) actual incurred expenses, allocated separately to  
 14 loss adjustment, commissions, other acquisition costs,  
 15 advertising, general office expenses, taxes, licenses, fees,  
 16 and all other expenses;  
 17 (f) net underwriting gain or loss;  
 18 (g) net operation gain or loss, including net  
 19 investment income;  
 20 (h) the number and dollar amount of claims closed, with  
 21 payment by year incurred and the amount reserved for them;  
 22 (i) the number of claims closed without payment, by  
 23 year and the dollar amount reserved for those claims; and  
 24 (j) any other information requested by the  
 25 commissioner.

1 (3) For the first year in which the insurer is required  
 2 to file a direct writings report, the data required by  
 3 subsections (2)(a) through (2)(g) must include the previous  
 4 calendar year and each of the preceding 4 calendar years.

5 NEW SECTION. Section 3. Duty of commissioner. It is  
 6 the duty of the commissioner to store all reports submitted  
 7 by insurers under [sections 1 and 2]. The filed reports must  
 8 be provided to ~~the appropriate committees of the legislature~~  
 9 ~~and must be made available to any interested person~~ A  
 10 LEGISLATIVE COMMITTEE THAT REQUESTS THE REPORT AND TO ANY  
 11 MEMBER OF THE PUBLIC.

12 NEW SECTION. Section 4. Filing prerequisite to doing  
 13 business. As a prerequisite to transacting insurance in this  
 14 state, each insurer shall file with the commissioner all of  
 15 the information required under [sections 1 and 2].

16 NEW SECTION. Section 5. Penalty. ~~AN INSURER WHO FAILS~~  
 17 ~~to comply with the terms~~ IF AFTER WRITTEN COMPLAINT THE  
 18 COMMISSIONER FINDS THAT THE PROVISIONS of [sections 1, 2,  
 19 and 4] ~~shall pay a civil penalty~~ HAVE BEEN VIOLATED, THE  
 20 COMMISSIONER MAY IMPOSE A FINE of NOT MORE THAN \$10,000 and  
 21 ~~a fine of \$200 daily until the terms of {sections 1, 2, and~~  
 22 ~~4} are met.~~ ~~Imposition of a penalty under this section~~  
 23 ~~precludes any other monetary penalty that may be imposed~~  
 24 ~~under this title~~ AND, AS PROVIDED IN 33-2-119, MAY SUSPEND  
 25 OR REVOKE THE CERTIFICATE OF AUTHORITY OF AN INSURER WHO

1 VIOLATES THE PROVISIONS OF [SECTIONS 1, 2, AND 4].

2 NEW SECTION. SECTION 6. FINANCIAL DISCLOSURE REPORTS  
 3 FEE -- STATUTORY APPROPRIATION. (1) EACH PROPERTY AND  
 4 CASUALTY INSURER SHALL PAY TO THE COMMISSIONER EACH YEAR A  
 5 FINANCIAL DISCLOSURE REPORTS FEE OF \$50 THAT MUST BE  
 6 DEPOSITED TO THE CREDIT OF THE COMMISSIONER IN AN ACCOUNT IN  
 7 THE STATE SPECIAL REVENUE FUND.

8 (2) THE MONEY IN THE ACCOUNT CREATED IN SUBSECTION (1)  
 9 IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE  
 10 COMMISSIONER TO DEFRAY THE COSTS OF ADMINISTERING [SECTIONS  
 11 1 THROUGH 6].

12 SECTION 7. SECTION 17-7-502, MCA, IS AMENDED TO READ:

13 \*17-7-502. Statutory appropriations -- definition --  
 14 requisites for validity. (1) A statutory appropriation is an  
 15 appropriation made by permanent law that authorizes spending  
 16 by a state agency without the need for a biennial  
 17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be  
 19 effective, a statutory appropriation must comply with both  
 20 of the following provisions:

21 (a) The law containing the statutory authority must be  
 22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory  
 24 appropriation must specifically state that a statutory  
 25 appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing  
 2 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
 3 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
 4 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
 5 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;  
 6 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;  
 7 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
 8 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
 9 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
 10 23-5-1027; 27-12-206; [section 6]; 37-51-501; 39-71-2504;  
 11 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;  
 12 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;  
 13 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;  
 14 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws  
 15 of 1985.

16 (4) There is a statutory appropriation to pay the  
 17 principal, interest, premiums, and costs of issuing, paying,  
 18 and securing all bonds, notes, or other obligations, as due,  
 19 that have been authorized and issued pursuant to the laws of  
 20 Montana. Agencies that have entered into agreements  
 21 authorized by the laws of Montana to pay the state  
 22 treasurer, for deposit in accordance with 17-2-101 through  
 23 17-2-107, as determined by the state treasurer, an amount  
 24 sufficient to pay the principal and interest as due on the  
 25 bonds or notes have statutory appropriation authority for



1 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
2 664, L. 1987, the inclusion of 39-71-2504 terminates June  
3 30, 1991.)"

4 NEW SECTION. Section 8. Codification instruction.  
5 [Sections 1 through 5 6] are intended to be codified as an  
6 integral part of Title 33, chapter 16, and the provisions of  
7 Title 33, chapter 16, apply to [sections 1 through 5 6].

-End-

## HOUSE BILL NO. 241

INTRODUCED BY WHALEN, MENAHAN, COHEN, TOOLE, FRANKLIN,  
 GERVAIS, SQUIRES, KIMBERLEY, STRIZICH, PAVLOVICH, DAILY,  
 RUSSELL, COCCHIARELLA, DARKO, RANEY, DRISCOLL, STEPLER,  
 O'KEEFE, D. BROWN, NISBET, J. BROWN, SCOTT, PECK, LYNCH,  
 BARDANOUVE, S. RICE, HANSEN, VAUGHN, ECK, BROOKE, DAVIS,  
 ELLIOTT, BACHINI, HARRINGTON, CONNELLY, J. JOHNSON, GRADY,  
 MCCULLOCH, KILPATRICK, NATHE, SOUTHWORTH, MANNING, STIMATZ,  
 WEEDING, BRUSKI, BRADLEY, SVRCEK, PIPINICH, HALLIGAN,  
 WANZENRIED, JERGESON, YELLOWTAIL, KOEHNKE, FRITZ, G. BECK,  
 FORRESTER, DOLEZAL, MCCAFFREE, MADISON, MCCARTHY, GALVIN,  
 BARNHART, J. DEBRUYCKER, KADAS, TOWE, MEASURE, BLAYLOCK,  
 REAM, HOCKETT, DOWELL, LARSON, JACOBSON, WATERMAN, BECKER,  
 REA, HARPER, BENGTSON, KENNEDY, HAGER,  
 B. BROWN, VAN VALKENBURG

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE  
 DISCLOSURE OF LOSS AND EXPENSE EXPERIENCE BY PROPERTY AND  
 CASUALTY INSURERS; AND IMPOSING A FINANCIAL DISCLOSURE  
REPORTS FEE ON EACH PROPERTY AND CASUALTY INSURER; PROVIDING  
A STATUTORY APPROPRIATION; PROVIDING A PENALTY; AND AMENDING  
SECTION 17-7-502, MCA."

## STATEMENT OF INTENT

A statement of intent is required for this bill because

[section 1] requires the commissioner of insurance to  
 promulgate rules requiring each authorized insurer writing  
 property or casualty insurance in Montana to record and  
 report its loss and expense experience (and any other data  
 the commissioner finds necessary) ~~to determine whether rates~~  
~~are fair and appropriate.~~ The legislature intends that the  
 rules be designed principally to protect Montana insurance  
 consumers, while making property and casualty insurance more  
 available in this state. The legislature further intends  
 that the commissioner adopt the rules in accordance with  
 33-1-313, which grants the commissioner general rulemaking  
 authority and permits the commissioner:

(1) to make only reasonable rules that do not extend,  
 modify, or conflict with any law of this state or with any  
 reasonable implication of a law; and

(2) to make or amend those rules only after a hearing  
 for which notice has been given as required by 33-1-703.

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

NEW SECTION. Section 1. Financial disclosure reports  
required -- rulemaking. In order to determine whether rates  
~~are fair and appropriate, the~~ THE commissioner shall adopt  
 rules requiring each authorized insurer writing property or  
 casualty insurance in this state to record and report its  
 loss and expense experience and any other data the

THIRD READING

1 commissioner finds necessary. The commissioner may designate  
 2 one or more rating organizations or advisory organizations  
 3 to gather and compile the loss and expense experience and  
 4 data. The commissioner shall require each authorized insurer  
 5 writing property or casualty insurance in this state to  
 6 submit an annual report, on a form furnished by the  
 7 commissioner, showing its direct writings in this state and  
 8 in the United States.

9 NEW SECTION. Section 2. Content of direct writings  
 10 report. (1) The direct writings report required by [section  
 11 1] must include but is not limited to the following specific  
 12 types of insurance written by the insurer:

13 (a) political subdivision liability insurance, reported  
 14 separately in the following categories:

- 15 (i) municipalities;
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- 17 (iii) authorities;

- 18 (b) public official liability insurance;
- 19 (c) dram shop or tavern owners' liability insurance;
- 20 (d) day-care center liability insurance;
- 21 (e) errors and omissions liability insurance;
- 22 (f) officers' and directors' liability insurance,

23 reported separately as follows:

- 24 (i) nonprofit entities; and
- 25 (ii) for-profit entities;

- 1 (g) products liability insurance;
- 2 (h) medical malpractice insurance;
- 3 (i) attorney malpractice insurance;
- 4 (j) architect and engineer malpractice insurance; and
- 5 (k) motor vehicle insurance, reported separately for  
 6 commercial and private passenger vehicles as follows:

- 7 (i) motor vehicle liability insurance first-party  
 8 benefits;
- 9 (ii) motor vehicle bodily injury liability insurance;
- 10 (iii) motor vehicle property liability insurance;
- 11 (iv) uninsured motorist insurance; and
- 12 (v) underinsured motorist insurance.

13 (2) The direct writings report must include the  
 14 following data, specific both to this state and to the  
 15 United States, by the type of insurance for the previous  
 16 calendar year:

- 17 (a) direct premiums written;
- 18 (b) direct premiums earned;
- 19 (c) net investment income, including net realized  
 20 capital gains and losses, using appropriate estimates when  
 21 necessary;

22 (d) data for each of the following categories used to  
 23 develop the sum of incurred claims:

- 24 (i) dollar amount of claims closed with payment; plus
- 25 (ii) reserves for reported claims at the end of the

1 current year; minus  
 2 (iii) reserves for reported claims at the end of the  
 3 previous year; plus  
 4 (iv) reserves for incurred but not reported claims at  
 5 the end of the current year; minus  
 6 (v) reserves for incurred but not reported claims at  
 7 the end of the previous year; plus  
 8 (vi) loss adjustment expenses for claims closed; plus  
 9 (vii) reserves for loss adjustment expenses at the end  
 10 of the current year; minus  
 11 (viii) reserves for loss adjustment expenses at the end  
 12 of the previous year;  
 13 (e) actual incurred expenses, allocated separately to  
 14 loss adjustment, commissions, other acquisition costs,  
 15 advertising, general office expenses, taxes, licenses, fees,  
 16 and all other expenses;  
 17 (f) net underwriting gain or loss;  
 18 (g) net operation gain or loss, including net  
 19 investment income;  
 20 (h) the number and dollar amount of claims closed, with  
 21 payment by year incurred and the amount reserved for them;  
 22 (i) the number of claims closed without payment, by  
 23 year and the dollar amount reserved for those claims; and  
 24 (j) any other information requested by the  
 25 commissioner.

1 (3) For the first year in which the insurer is required  
 2 to file a direct writings report, the data required by  
 3 subsections (2)(a) through (2)(g) must include the previous  
 4 calendar year and each of the preceding 4 calendar years.

5 NEW SECTION. Section 3. Duty of commissioner. It is  
 6 the duty of the commissioner to store all reports submitted  
 7 by insurers under [sections 1 and 2]. The filed reports must  
 8 be provided to ~~the appropriate committees of the legislature~~  
 9 ~~and must be made available to any interested person a~~  
 10 LEGISLATIVE COMMITTEE THAT REQUESTS THE REPORT AND TO ANY  
 11 MEMBER OF THE PUBLIC.

12 NEW SECTION. Section 4. Filing prerequisite to doing  
 13 business. As a prerequisite to transacting insurance in this  
 14 state, each insurer shall file with the commissioner all of  
 15 the information required under [sections 1 and 2].

16 NEW SECTION. Section 5. Penalty. ~~AN INSURER WHO FAILS~~  
 17 ~~to comply with the terms~~ IF AFTER WRITTEN COMPLAINT THE  
 18 COMMISSIONER FINDS THAT THE PROVISIONS of [sections 1, 2,  
 19 and 4] shall pay a civil penalty HAVE BEEN VIOLATED, THE  
 20 COMMISSIONER MAY IMPOSE A FINE of NOT MORE THAN \$10,000 and  
 21 ~~a fine of \$200 daily until the terms of [sections 1, 2, 3, and~~  
 22 ~~4] are met. Imposition of a penalty under this section~~  
 23 ~~precludes any other monetary penalty that may be imposed~~  
 24 ~~under this title~~ AND, AS PROVIDED IN 33-2-119, MAY SUSPEND  
 25 OR REVOKE THE CERTIFICATE OF AUTHORITY OF AN INSURER WHO

1 VIOLATES THE PROVISIONS OF [SECTIONS 1, 2, AND 4].

2 NEW SECTION. SECTION 6. FINANCIAL DISCLOSURE REPORTS  
 3 FEE -- STATUTORY APPROPRIATION. (1) EACH PROPERTY AND  
 4 CASUALTY INSURER SHALL PAY TO THE COMMISSIONER EACH YEAR A  
 5 FINANCIAL DISCLOSURE REPORTS FEE OF \$50 THAT MUST BE  
 6 DEPOSITED TO THE CREDIT OF THE COMMISSIONER IN AN ACCOUNT IN  
 7 THE STATE SPECIAL REVENUE FUND.

8 (2) THE MONEY IN THE ACCOUNT CREATED IN SUBSECTION (1)  
 9 IS STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, TO THE  
 10 COMMISSIONER TO DEPRAY THE COSTS OF ADMINISTERING [SECTIONS  
 11 1 THROUGH 6].

12 SECTION 7. SECTION 17-7-502, MCA, IS AMENDED TO READ:

13 "17-7-502. Statutory appropriations -- definition --  
 14 requisites for validity. (1) A statutory appropriation is an  
 15 appropriation made by permanent law that authorizes spending  
 16 by a state agency without the need for a biennial  
 17 legislative appropriation or budget amendment.

18 (2) Except as provided in subsection (4), to be  
 19 effective, a statutory appropriation must comply with both  
 20 of the following provisions:

21 (a) The law containing the statutory authority must be  
 22 listed in subsection (3).

23 (b) The law or portion of the law making a statutory  
 24 appropriation must specifically state that a statutory  
 25 appropriation is made as provided in this section.

1 (3) The following laws are the only laws containing  
 2 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
 3 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304; 15-1-111;  
 4 15-25-123; 15-31-702; 15-36-112; 15-37-117; 15-65-121;  
 5 15-70-101; 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404;  
 6 17-5-424; 17-5-804; 19-8-504; 19-9-702; 19-9-1007;  
 7 19-10-205; 19-10-305; 19-10-506; 19-11-512; 19-11-513;  
 8 19-11-606; 19-12-301; 19-13-604; 20-6-406; 20-8-111;  
 9 20-9-361; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-1016;  
 10 23-5-1027; 27-12-206; [section 6]; 37-51-501; 39-71-2504;  
 11 53-6-150; 53-24-206; 61-2-406; 61-5-121; 67-3-205;  
 12 75-1-1101; 75-5-1108; 75-11-313; 76-12-123; 80-2-103;  
 13 82-11-136; 82-11-161; 90-3-301; 90-4-215; 90-4-613;  
 14 90-6-331; 90-9-306; and section 13, House Bill No. 861, Laws  
 15 of 1985.

16 (4) There is a statutory appropriation to pay the  
 17 principal, interest, premiums, and costs of issuing, paying,  
 18 and securing all bonds, notes, or other obligations, as due,  
 19 that have been authorized and issued pursuant to the laws of  
 20 Montana. Agencies that have entered into agreements  
 21 authorized by the laws of Montana to pay the state  
 22 treasurer, for deposit in accordance with 17-2-101 through  
 23 17-2-107, as determined by the state treasurer, an amount  
 24 sufficient to pay the principal and interest as due on the  
 25 bonds or notes have statutory appropriation authority for

1 such payments. (In subsection (3), pursuant to sec. 10, Ch.  
2 664, L. 1987, the inclusion of 39-71-2504 terminates June  
3 30, 1991.)"

4 NEW SECTION. **Section 8.** Codification instruction.  
5 [Sections 1 through 5 6] are intended to be codified as an  
6 integral part of Title 33, chapter 16, and the provisions of  
7 Title 33, chapter 16, apply to [sections 1 through 5 6].

-End-