HOUSE BILL NO. 297

INTRODUCED BY SPRING BY REQUEST OF THE INSURANCE COMMISSIONER

	IN THE HOUSE
JANUARY 21, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
	FIRST READING.
JANUARY 30, 1991	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 31, 1991	PRINTING REPORT.
FEBRUARY 1, 1991	SECOND READING, DO PASS.
FEBRUARY 2, 1991	ENGROSSING REPORT.
FEBRUARY 4, 1991	THIRD READING, PASSED. AYES, 100; NOES, 0.
	TRANSMITTED TO SENATE.
	IN THE SENATE
FEBRUARY 5, 1991	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
	FIRST READING.
MARCH 12, 1991	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 14, 1991	SECOND READING, CONCURRED IN.
MARCH 15, 1991	THIRD READING, CONCURRED IN. AYES, 47; NOES, 1.
	RETURNED TO HOUSE.
	IN THE HOUSE
MARCH 16, 1991	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

2	INTRODUCED BY
3	BY REQUEST OF THE INSURANCE COMMISSIONER
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
6	LAWS RELATING TO SURPLUS LINES INSURANCE; ELIMINATING THE
7	PLACEMENT FEE; ALLOWING NONRESIDENT INSURANCE PRODUCERS TO
8	BECOME SURPLUS LINES PRODUCERS; REQUIRING PURCHASING GROUPS
9	TO IDENTIFY A LICENSED INSURANCE PRODUCER WHEN REGISTERING
10	WITH THE DEPARTMENT OF INSURANCE; SUBJECTING SURPLUS LINES
11	PRODUCERS TO PROVISIONS OF THE MONTANA INSURANCE CODE
12	CONCERNING PREMIUM CHANGES AND CANCELLATION; AND AMENDING
13	SECTIONS 33-2-305, 33-2-306, 33-11-108, AND 33-15-1102,
14	MCA."

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

Section 1. Section 33-2-305, MCA, is amended to real:

"33-2-305. Licensing of surplus lines insurance producer -- fee and bond. (1) A person may not procure a contract of surplus lines insurance with an unauthorized insurer unless he is licensed as a resident property, casualty, and surety insurance producer and possesses a current surplus lines insurance license issued by the commissioner.

(2) The commissioner shall issue a surplus lines



- insurance license to any qualified holder of a current
- property, casualty, and surety insurance producer license 2
- 3 only if the insurance producer has:
- 4 (a) remitted to the commissioner the annual fee
- 5 prescribed by 33-2-708;

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- 6 (b) submitted to the commissioner a completed license 7 application on a form supplied by the commissioner;
- 8 (c) been licensed as a property, casualty, and surety 9 insurance producer continuously for 5 years or more; and
- 10 (d) filed with the commissioner and thereafter for as 11 long as the license remains in effect kept in force a bond
- 12 in favor of the state of Montana in the amount of \$10,000,
- 13 with authorized corporate sureties approved by the
- commissioner. The bond must be conditioned 14 insurance producer will conduct business under the license
- 16 in accordance with the provisions of The Surplus Lines
- 17
- Insurance Law and that he will promptly remit the taxes
- 18 provided in 33-2-311. The bond may not be terminated unless
- 19 the surety gives the surplus lines insurance producer, the
- 20 producing insurance producer, and the commissioner at least
- 21 30 days' prior written notice thereof.
- 22 (3) The license expires on April 1 after its date of
 - issue. A surplus lines insurance producer shall renew the
- 24 license on or before March 1 of each year upon payment of
- the annual renewal fee prescribed in 33-2-708. A surplus 25

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- (4) A corporation is eligible to be licensed as a surplus lines insurance producer if:
- (a) the corporate license lists the individuals within the corporation who have satisfied the requirements of this part to become surplus lines insurance producers; and
- (b) only those individuals listed on the corporate license transact surplus lines insurance."
- 11 Section 2. Section 33-2-306, MCA, is amended to read:
 - "33-2-306. Surplus lines insurance producer's authority under license acceptance of business from other insurance producers ——placement—fee. (1) Under a surplus lines insurance producer license the licensee may place surplus lines insurance, in compliance with The Surplus Lines Insurance Law, with a foreign or alien insurer not authorized to transact insurance in this state and may act as a surplus lines insurance producer in this state for the insurer.
 - (2) The surplus lines insurance producer may accept surplus lines insurance from a licensed insurance producer of an authorized insurer or, if the commissioner agrees in advance, through an individual, partnership, or corporation that has not been appointed as an insurance producer in this

- state and may compensate him therefor.
- 2 (3) A surplus lines insurance producer who places or 3 renews surplus lines insurance in accordance with subsection 4 (1) may collect:
- 5 (a) an inspection fee for the actual costs of 6 inspecting the risk to be covered; and
- 7 (b) ·· a ··placement--fee-of-θ-5%-of-the-premium-charged-to
 8 cover-the-costs-of-issuing-and-servicing-the-policy--The-fee
 9 may-not-be-less-than-\$1θ-or-more-than-\$1θθ."
- Section 3. Section 33-11-108, MCA, is amended to read:
- 11 "33-11-108. Notice and registration requirements of 12 purchasing groups. (1) A purchasing group that intends to do 13 business in this state shall furnish notice to the 14 commissioner that:
 - (a) identifies the state where the group is domiciled;
- 16 (b) specifies the lines and classifications of 17 liability insurance that the purchasing group intends to 18 purchase;
- 19 (c) identifies the insurer from which the purchasing 20 group intends to purchase its insurance and the domicile of 21 the insurer;
- 22 (d) identifies the insurance producer through which the 23 purchasing group intends to place its business;
- (d)(e) identifies the principal place of business ofthe purchasing group; and

- 4 (2) The purchasing group shall register with and designate the commissioner as its agent solely for the purpose of receiving service of legal documents or process.

 However, such requirements do not apply in the case of a
- 8 purchasing group:
- 9 (a) (i) that was domiciled before April 2, 1986, in any state of the United States; and
- 11 (ii) that was domiciled on and after October 27, 1986, 12 in any state of the United States;
- 13 (b) (i) that, before October 27, 1986, purchased 14 insurance from an insurer licensed in any state; and
- 15 (ii) that, since October 27, 1986, purchased its 16 insurance from an insurer licensed in any state;
- 17 (c) that was a purchasing group under the requirements
 18 of the federal Product Liability Risk Retention Act of 1981
 19 (15 U.S.C. 3901 through 3904) before it was amended by P.L.
- 20 99-563, approved on October 27, 1986; and
- 21 (d) that does not purchase insurance that was not 22 authorized for purposes of an exemption under the federal 23 Product Liability Risk Retention Act of 1981, as in effect 24 before October 27, 1986."
- Section 4. Section 33-15-1102, MCA, is amended to read:

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- 1 "33-15-1102. Definitions. As used in this part, the
 2 following definitions apply unless the context requires
 3 otherwise:
- 4 (1) "Anniversary date" means the month and day that
 5 rates, rating plans, and rating systems are initially
 6 applied to a policy in effect. The term includes each annual
 7 anniversary thereafter unless the insurer establishes a
 8 different date by a filing with the commissioner.
- 9 (2) "Cancellation" means the decision by the insurer to 10 terminate an insurance policy prior to the expiration of its 11 term.
- 12 (3) "Classification" means an arrangement of insurance
 13 risks into an underwriting or rating group according to a
 14 classification system used by an insurer as a basis for
 15 tabulating statistical experience and determining premium
 16 rates.
- 17 (4) "Classification system" means a schedule of 18 classifications and a rule used by an insurer for 19 determining the classifications applicable to an insured.
- 20 (5) "Insurer" means an insurer authorized to transact
 21 property or casualty insurance in this state or an
 22 unauthorized insurer transacting surplus lines insurance in
- 23 this state.
- 24 (6) "Premium" means the contractual consideration 25 charged to an insured for insurance for a specified period

- 1 of time, regardless of the timing of actual charges.
- (7) "Rate" means a monetary amount applied to the units 2 of exposure assigned to a classification and used by an 3 insurer to determine the premium for an insured.
- (8) "Rating plan" means a rule used by an insurer to 6 calculate:
 - (a) the premium for an insured; and

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- (b) the parameter values used in such calculation after 9 application of classification premium rates to units of 10 exposure.
- 11 (9) "Renewal" means an agreement between an insurer and 12 an insured to extend or continue an existing insurance 13 policy for 90 days or more."
 - NEW SECTION. Section 5. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

APPROVED BY COMM. ON BUSINESS AND ECONOMIC DEVELOPMENT

2	INTRODUCED BY SPRING
3	BY REQUEST OF THE INSURANCE COMMISSIONER
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5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
6	LAWS RELATING TO SURPLUS LINES INSURANCE; ELIMINATING THE
7	PLACEMENT FEE; ALLOWING NONRESIDENT INSURANCE PRODUCERS TO
8	BECOME SURPLUS LINES PRODUCERS; REQUIRING PURCHASING GROUPS
9	TO IDENTIFY A bicensed MONTA: 4-LICENSED INSURANCE PRODUCER
LO	WHEN REGISTERING WITH THE DEPARTMENT OF INSURANCE;
11	SUBJECTING SURPLUS LINES PRODUCERS INSURERS TO PROVISIONS OF
L 2	THE MONTANA INSURANCE CODE CONCERNING PREMIUM CHANGES AND
13	CANCELLATION; AND AMENDING SECTIONS 33-2-305, 33-2-306,
L4	33-11-108, AND 33-15-1102, MCA."
L 5	
16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
1.7	Section 1. Section 33-2-305, MCA, is amended to read:
18	"33-2-305. Licensing of surplus lines insurance
19	producer fee and bond. (1) A person may not procure a
20	contract of surplus lines insurance with an unauthorized
21	insurer unless he is licensed as a resident property,
22	casualty, and surety insurance producer and possesses a
23	current surplus lines insurance license issued by the
24	commissioner.
25	(2) The commissioner shall issue a surplus lines

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3	only if the insurance producer has:
4	(a) remitted to the commissioner the annual fee
5	prescribed by 33-2-708;
6	(b) submitted to the commissioner a completed license
7	application on a form supplied by the commissioner;
8	(c) been licensed as a property, casualty, and surety
9	insurance producer continuously for 5 years or more; and
10	(d) filed with the commissioner and thereafter for as
11	long as the license remains in effect kept in force a bond
12	in favor of the state of Montana in the amount of \$10,000,
13	with authorized corporate sureties approved by the
14	commissioner. The bond must be conditioned that the
15	insurance producer will conduct business under the license
16	in accordance with the provisions of The Surplus Lines
17	Insurance Law and that he will promptly remit the taxes
18	provided in 33-2-311. The bond may not be terminated unless
19	the surety gives the surplus lines insurance producer, the
20	producing insurance producer, and the commissioner at least
21	30 days' prior written notice thereof.
22	(3) The license expires on April 1 after its date of

insurance license to any qualified holder of a current property, casualty, and surety insurance producer license

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issue. A surplus lines insurance producer shall renew the

license on or before March 1 of each year upon payment of the annual renewal fee prescribed in 33-2-708. A surplus

SECOND READING

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lines insurance producer who fails to apply for a renewal of the license on or before March 1 shall pay a fine of \$100 before the commissioner renews the license.

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- (4) A corporation is eliqible to be licensed as a surplus lines insurance producer if:
- (a) the corporate license lists the individuals within the corporation who have satisfied the requirements of this part to become surplus lines insurance producers; and
- (b) only those individuals listed on the corporate license transact surplus lines insurance." 10
- Section 2. Section 33-2-306, MCA, is amended to read: 11
 - *33-2-306. Surplus lines insurance producer's authority under license -- acceptance of business from other insurance producers ---- acement--fee. (1) Under a surplus lines insurance producer license the licensee may place surplus lines insurance, in compliance with The Surplus Lines Insurance Law, with a foreign or alien insurer not authorized to transact insurance in this state and may act as a surplus lines insurance producer in this state for the insurer.
 - (2) The surplus lines insurance producer may accept surplus lines insurance from a licensed insurance producer of an authorized insurer or, if the commissioner agrees in advance, through an individual, partnership, or corporation that has not been app inted as an insurance producer in this

-3-

- 1 state and may compensate him therefor.
- 2 (3) A surplus lines insurance producer who places or renews surplus lines insurance in accordance with subsection (1) may collect:
- 5 tat an inspection fee for the actual costs of inspecting the risk to be covered; -and
- 7 tb}--a--placement--fee-of-0.5%-of-the-premium-charged-to 8 cover-the-costs-of-issuing-and-servicing-the-policy--The-fee may-not-be-less-than-\$10-or-more-than-\$100."
- 10 Section 3. Section 33-11-108, MCA, is amended to read:
 - *33-11-108. Notice and registration requirements of purchasing groups. (1) A purchasing group that intends to do business in this state shall furnish notice to commissioner that:
- 15 (a) identifies the state where the group is domiciled;
- 16 (b) specifies the lines and classifications of 17 liability insurance that the purchasing group intends to 18 purchase;
- 19 (c) identifies the insurer from which the purchasing 20 group intends to purchase its insurance and the domicile of 21 the insurer;
- 22 (d) identifies the MONTANA-LICENSED insurance producer 23 OR MONTANA-LI BENSED SURPLUS INSURANCE LINES PRODUCER through 24 which the purchasing group intends to place its business;
- 25 (d)(e) identifies the principal place of business of

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- 1 the purchasing group; and
- 2 te)(f) provides information required by the 3 commissioner to verify that the purchasing group is 4 qualified under 33-11-102(6).
- 5 (2) The purchasing group shall register with and 6 designate the commissioner as its agent solely for the 7 purpose of rectiving service of legal documents or process. 8 However, such requirements do not apply in the case of a 9 purchasing group:
- 10 (a) (i) that was domiciled before April 2, 1986, in any 11 state of the United States; and
- 12 (ii) that was domiciled on and after October 27, 1986, 13 in any state of the United States;
- (b) (i) that, before October 27, 1986, purchased insurance from an insurer licensed in any state; and
- 16 (ii) that, since October 27, 1986, purchased its
- 17 insurance from an insurer licensed in any state;
- 18 (c) that was a purchasing group under the requirements
- of the federal Product Liability Risk Retention Act of 1981
- 20 (15 U.S.C. 3901 through 3904) before it was amended by P.L.
- 21 99-563, approved on October 27, 1986; and
- 22 (d) that does not purchase insurance that was not
- 23 authorized for purposes of an exemption under the federal
- 24 Product Liability Risk Retention Act of 1981, as in effect
- 25 before October 27, 1986."

- Section 4. Section 33-15-1102, MCA, is amended to read:
- 2 "33-15-1102. Definitions. As used in this part, the 3 following definitions apply unless the context requires
- 4 otherwise:
- 5 (1) "Anniversary date" means the month and day that
 6 rates, rating plans, and rating systems are initially
 7 applied to a policy in effect. The term includes each annual
 8 anniversary thereafter unless the insurer establishes a
- 9 different date by a filing with the commissioner.
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 11 terminate an insurance policy prior to the expiration of its
 12 term.
- 13 (3) "Classification" means an arrangement of insurance
 14 risks into an underwriting or rating group according to a
 15 classification system used by an insurer as a basis for
 16 tabulating statistical experience and determining premium
 17 rates.
- 18 (4) "Classification system" means a schedule of 19 classifications and a rule used by an insurer for
- 20 determining the classifications applicable to an insured.
- 22 property or casualty insurance in this state or an
- 23 unauthorized insurer transacting surplus lines insurance in
- 24 this state.

25 (6) "Premium" means the contractual consideration

(5) "I surer" means an insurer authorized to transact

- charged to an insured for insurance for a specified period of time, regardless of the timing of actual charges.
- 3 (7) "Rate" means a monetary amount applied to the units
 4 of exposure assigned to a classification and used by an
 5 insurer to determine the premium for an insured.
- 6 (8) "Rating plan" means a rule used by an insurer to
 7 calculate:
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- 9 (b) the parameter values used in such calculation after
 10 application of classification premium rates to units of
 11 exposure.
 - (9) "Renewal" means an agreement between an insurer and an insured to extend or continue an existing insurance policy for 90 days or more."
 - NEW SECTION. Section 5. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

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52nd Legislature

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1	HOUSE BILL NO. 297
2	INTRODUCED BY SPRING
3	BY REQUEST OF THE INSURANCE COMMISSIONER
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
6	LAWS RELATING TO SURPLUS LINES INSURANCE; ELIMINATING THE
7	PLACEMENT FEE; ALLOWING NONRESIDENT INSURANCE PRODUCERS TO
8	BECOME SURPLUS LINES PRODUCERS; REQUIRING PURCHASING GROUPS
9	TO IDENTIFY A BIGENSED MONTAL A-LICENSED INSURANCE PRODUCER
10	WHEN REGISTERING WITH THE DEPARTMENT OF INSURANCE;
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12	THE MONTANA INSURANCE CODE CONCERNING PREMIUM CHANGES AND
13	CANCELLATION; AND AMENDING SECTIONS 33-2-305, 33-2-306,
14	33-11-108, AND 33-15-1102, MCA."
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16	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
17	Section 1. Section 33-2-305, MCA, is amended to read:
18	"33-2-305. Licensing of surplus lines insurance
19	producer fee and bond. (1) A person may not procure a
20	contract of surplus lines insurance with an unauthorized
21	insurer unless he is licensed as a resident property,
22	casualty, and surety insurance producer and possesses a
23	current surplus lines insurance license issued by the
24	commissioner.
25	(2) The commissioner shall issue a surplus lines

2 property, casualty, and surety insurance producer license only if the insurance producer has: 4 (a) remitted to the commissioner the annual fee prescribed by 33-2-708; 6 (b) submitted to the commissioner a completed license 7 application on a form supplied by the commissioner; В (c) been licensed as a property, casualty, and surety 9 insurance producer continuously for 5 years or more; and 10 (d) filed with the commissioner and thereafter for as long as the license remains in effect kept in force a bond 11 12 in favor of the state of Montana in the amount of \$10,000, with authorized corporate sureties approved by the 13 14 commissioner. The bond must be conditioned that the 15 insurance producer will conduct business under the license 16 in accordance with the provisions of The Surplus Lines 17 Insurance Law and that he will promptly remit the taxes 18 provided in 33-2-311. The bond may not be terminated unless 19 the surety gives the surplus lines insurance producer, the 20 producing insurance producer, and the commissioner at least

30 days' prior written notice thereof.

insurance license to any qualified holder of a current

(3) The license expires on April 1 after its date of 23 issue. A surplus lines insurance producer shall renew the 24 license on or before March 1 of each year upon payment of the annual renewal fee prescribed in 33-2-708. A surplus 25 THIRD READING

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lines insurance producer who fails to apply for a renewal of the license on or before March 1 shall pay a fine of \$100 before the commissioner renews the license.

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 - (2) The surplus lines insurance producer may accept surplus lines insurance from a licensed insurance producer of an authorized insurer or, if the commissioner agrees in advance, through an individual, partnership, or corporation that has not been apprinted as an insurance producer in this

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- state and may compensate him therefor.
- 2 (3) A surplus lines insurance producer who places or
 3 renews surplus lines insurance in accordance with subsection
 4 (1) may collect:
- 5 (a) an inspection fee for the actual costs of 6 inspecting the risk to be covered; and
- Section 3. Section 33-11-108, MCA, is amended to read:
- 11 "33-11-108. Notice and registration requirements of 12 purchasing groups. (1) A purchasing group that intends to do 13 business in this state shall furnish notice to the 14 commissioner that:
 - (a) identifies the state where the group is domiciled;
- 16 (b) specifies the lines and classifications of 17 liability insurance that the purchasing group intends to 18 purchase;
- 19 (c) identifies the insurer from which the purchasing 20 group intends to purchase its insurance and the domicile of 21 the insurer;
- 22 (d) identifies the MONTANA-LICENSED insurance producer
 23 OR MONTANA-LICENSED SURPLUS INSURANCE LINES PRODUCER through
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- 25 (d)(e) identifies the principal place of business of

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-5-

25 before October 27, 1986."

Section 4. Section 33-15-1102, MCA, is amended to read:

2 *33-15-1102. Definitions. As used in this part, the 3 following definitions apply unless the context requires 4 otherwise:

- (1) "Anniversary date" means the month and day that rates, rating plans, and rating systems are initially applied to a policy in effect. The term includes each annual anniversary thereafter unless the insurer establishes a different date by a filing with the commissioner.
- 10 (2) "Cancellation" means the decision by the insurer to
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- 12 (9) "Renewal" means an agreement between an insurer and
 13 an insured to extend or continue an existing insurance
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- NEW SECTION. Section 5. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

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. 4	33-11-108, AND 33-15-1102, MCA."
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25	(2) The commissioner shall issue a surplus line
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HOUSE BILL NO. 297

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3	only if the insurance producer has:
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6	(b) submitted to the commissioner a completed license
7	application on a form supplied by the commissioner:

- (c) been licensed as a property, casualty, and surety 9 insurance producer continuously for 5 years or more; and 10 (d) filed with the commissioner and thereafter for as 11 long as the license remains in effect kept in force a bond 12 in favor of the state of Montana in the amount of \$10,000, 13 authorized corporate sureties approved by the 14 commissioner. The bond must be conditioned that 15 insurance producer will conduct business under the license
 - Insurance Law and that he will promptly remit the taxes provided in 33-2-311. The bond may not be terminated unless the surety gives the surplus lines insurance producer, the

in accordance with the provisions of The Surplus Lines

- 20 producing insurance producer, and the commissioner at least
- 21 30 days' prior written notice thereof.

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22 (3) The license expires on April 1 after its date of issue. A surplus lines insurance producer shall renew the 23 24 license on or before March 1 of each year upon payment of 25 the annual renewal fee prescribed in 33-2-708. A surplus

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indepulsed in the control of the con

lines insurance producer who fails to apply for a renewal of the license or or before March 1 shall pay a fine of \$100 before the commissioner renews the license.

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- (4) A corporation is eligible to be licensed as a surplus lines insurance producer if:
- (a) the corporate license lists the individuals within the corporation who have satisfied the requirements of this part to become surplus lines insurance producers; and
- 9 (b) only those individuals listed on the corporate
 10 license transact surplus lines insurance."
- Section 2. Section 33-2-306, MCA, is amended to read:
 - "33-2-306. Surplus lines insurance producer's authority under license -- acceptance of business from other insurance producers ----p'accement--fee. (1) Under a surplus lines insurance producer license the licensee may place surplus lines insurance, in compliance with The Surplus Lines Insurance Law, with a foreign or alien insurer not authorized to transact insurance in this state and may act as a surplus lines insurance producer in this state for the insurer.
 - (2) The surplus lines insurance producer may accept surplus lines insurance from a licensed insurance producer of an authorized insurer or, if the commissioner agrees in advance, through an individual, partnership, or corporation that has not been appointed as an insurance producer in this

-3-

- state and may compensate him therefor.
- 2 (3) A surplus lines insurance producer who places or renews surplus lines insurance in accordance with subsection
- 4 (1) may collect:

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- (a) an inspection fee for the actual costs of inspecting the risk to be covered; -and
- (b)--a--placement--fee-of-0-5%-of-the-premium-charged-to cover-the-costs-of-issuing-and-servicing-the-policy--The-fee may-not-be-less-than-\$10-or-more-than-\$100."
- Section 3. Section 33-11-108, MCA, is amended to read:
- 11 **33-11-108. Notice and registration requirements of 12 purchasing groups. (1) A purchasing group that intends to do 13 business in this state shall furnish notice to the 14 commissioner that:
 - (a) identifies the state where the group is domiciled;
 - (b) specifies the lines and classifications of liability insurance that the purchasing group intends to purchase;
 - (c) identifies the insurer from which the purchasing group intends to purchase its insurance and the domicile of the insurer;
 - (d) identifies the MONTANA-LICENSED insurance producer
 OR MONTANA-LICENSED SURPLUS INSURANCE LINES PRODUCER through
 which the purchasing group intends to place its business;
 - (d)(e) identifies the principal place of business of

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1	the	purchasing	group;	and
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- 2 (e)(f) provides information required by the
 3 commissioner to verify that the purchasing group is
 4 qualified under 33-11-102(6).
- 5 (2) The purchasing group shall register with and 6 designate the commissioner as its agent solely for the 7 purpose of receiving service of legal documents or process. 8 However, such requirements do not apply in the case of a
- 9 purchasing group:
- (a) (i) that was domiciled before April 2, 1986, in any state of the United States; and
- (ii) that was domiciled on and after October 27, 1986,in any state of the United States;
- 14 (b) (i) that, before October 27, 1986, purchased
 15 insurance from an insurer licensed in any state; and
- (ii) that, since October 27, 1986, purchased its insurance from an insurer licensed in any state;
- (c) that was a purchasing group under the requirements
 of the federal Product Liability Risk Retention Act of 1981
- 20 (15 U.S.C. 3901 through 3904) before it was amended by P.L.
- 21 99-563, approved on October 27, 1986; and
- 22 (d) that does not purchase insurance that was not
- 23 authorized for purposes of an exemption under the federal
- 24 Product Liability Risk Retention Act of 1981, as in effect
- 25 before October 27, 1986."

Section 4. Section 33-15-1102, MCA, is amended to read:

2 *33-15-1102. Definitions. As used in this part, the

following definitions apply unless the context requires

4 otherwise:

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rates.

this state.

- (1) "Anniversary date" means the month and day that rates, rating plans, and rating systems are initially applied to a policy in effect. The term includes each annual anniversary thereafter unless the insurer establishes a different date by a filing with the commissioner.
- 10 (2) "Cancellation" means the decision by the insurer to
 11 terminate an insurance policy prior to the expiration of its
 12 term.
- 13 (3) "Classification" means an arrangement of insurance
 14 risks into an underwriting or rating group according to a
 15 classification system used by an insurer as a basis for
 16 tabulating statistical experience and determining premium
- 18 (4) "Classification system" means a schedule of 19 classifications and a rule used by an insurer for 20 determining the classifications applicable to an insured.
- 21 (5) "1 surer" means an insurer authorized to transact
 22 property or casualty insurance in this state or an
 23 unauthorized insurer transacting surplus lines insurance in
 - (6) "Premium" means the contractual consideration

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- charged to an insured for insurance for a specified period
 of time, regardless of the timing of actual charges.
- (7) "Rate" means a monetary amount applied to the units
 of exposure assigned to a classification and used by an
 insurer to determine the premium for an insured.
- 6 (8) "Rating plan" means a rule used by an insurer to
 7 calculate:
 - (a) the premium for an insured; and

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- 9 (b) the parameter values used in such calculation after
 10 application of classification premium rates to units of
 11 exposure.
- 12 (9) "Renewal" means an agreement between an insurer and
 13 an insured to extend or continue an existing insurance
 14 policy for 90 days or more."
 - NEW SECTION. Section 5. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.