

1 *Senate* BILL NO. 291
 2 INTRODUCED BY NELSON
 3 BY REQUEST OF THE INSURANCE COMMISSIONER

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 6 40-2807, R.C.M. 1947, TO INCREASE THE CAPITAL AND SURPLUS
 7 REQUIREMENTS FOR INSURANCE COMPANIES TRANSACTING BUSINESS IN
 8 MONTANA AND TO PROVIDE A 3-YEAR SAVING CLAUSE."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 40-2807, R.C.M. 1947, is amended to
 12 read as follows:

13 "40-2807. Capital funds required. (1) To qualify for
 14 authority to transact any one kind (as defined in chapter
 15 29) of insurance, or combinations of kinds of insurance as
 16 shown below, an insurer shall possess and thereafter
 17 maintain unimpaired paid-in capital stock (if a stock
 18 insurer) or surplus (if a foreign mutual or foreign
 19 reciprocal insurer) in amount not less than as applicable
 20 under the schedule below and shall possess when first so
 21 authorized such additional funds as surplus as required
 22 under section 40-2808:

Kind or kinds of insurance	Minimum capital or surplus required
Life	\$100,000,000,000

Disability	100,000,000,000
Life and disability	150,000,000,000
Property	200,000,000,000
Marine	200,000,000,000
Casualty	
All lines except workmen's compensation	
.....	200,000,000,000
All lines, including workmen's compensation	
.....	300,000,000,000
Surety	250,000,000,000
Title	100,000,000,000
Multiple lines (two or more: property, marine,	
casualty or surety)	400,000,000,000
Except, that an insurer holding a valid certificate of authority to transact insurance in this state immediately prior to the effective date of this code may, if otherwise qualified therefor, continue to be so authorized for a period of five (5) years from such effective date by maintaining the same amount of paid-in capital stock (if a stock insurer) or the same amount of surplus (if a mutual or reciprocal insurer) as required by the laws of this state for such authority immediately prior to such effective date, and shall after expiration of such five-year period have or receive authority to transact insurance in this state only if otherwise qualified therefor while having and maintaining	

1 paid-in capital stock (if a stock insurer) or surplus (if a
2 mutual or reciprocal insurer) in applicable amount as
3 otherwise required under this section; except, further, that
4 any such insurer shall not, within such five-year period, be
5 granted authority to transact any other or additional kind
6 of insurance unless it then fully complies with the
7 requirements as to capital and surplus, as applied to all
8 kinds of insurance it then proposes to transact, as provided
9 by this code as to insurers applying for original
10 certificates of authority under this code.

11 (2) As to surplus required for qualification to
12 transact one or more kinds of insurance and thereafter to be
13 maintained, domestic mutual insurers shall be governed by
14 chapter 47, and domestic reciprocal insurers shall be
15 governed by chapter 50.

16 (3) Capital and surplus requirements shall be based
17 upon all the kinds of insurance actually transacted or to be
18 transacted by the insurer in any and all areas in which it
19 operates, whether or not only a portion of such kinds are to
20 be transacted in this state.

21 (4) A life insurer may also grant annuities without
22 additional capital or additional surplus.*

23 Section 2. Saving clause. Insurers transacting
24 business immediately prior to the effective date of this act
25 have 3 years from the effective date of this act to comply

1 with the increased capital and surplus requirements. Such
2 insurers may not be granted authority to transact additional
3 kinds of insurance during this 3-year period unless they
4 comply with the requirements of this act.

-End-

Approved by Committee
on Business and Industry

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20 under the schedule below and shall possess when first so
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22 under section 40-2808:

23	Kind or kinds	Minimum capital or
24	of insurance	surplus required
25	Life	\$100,000,000

1	Disability	100,000,000
2	Life and disability	150,000,000
3	Property	200,000,000
4	Marine	200,000,000
5	Casualty	
6	All lines except workmen's compensation	
7	200,000,000
8	All lines, including workmen's compensation	
9	300,000,000
10	Surety	250,000,000
11	Title	100,000,000
12	Multiple lines (two or more: property, marine,	
13	casualty or surety)	400,000,000
14	Except, that an insurer holding a valid certificate of	
15	authority to transact insurance in this state immediately	
16	prior to the effective date of this code may, if otherwise	
17	qualified therefor, continue to be so authorized for a	
18	period of five (5) years from such effective date by	
19	maintaining the same amount of paid-in capital stock (if a	
20	stock insurer) or the same amount of surplus (if a mutual or	
21	reciprocal insurer) as required by the laws of this state	
22	for such authority immediately prior to such effective date,	
23	and shall after expiration of such five-year period have or	
24	receive authority to transact insurance in this state only	
25	if otherwise qualified therefor while having and maintaining	

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Kind or kinds of insurance	Minimum capital or surplus required
Life	\$100,000,000 \$200,000,000

Disability	100,000,000 200,000,000
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Property	200,000,000 400,000,000
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Title	100,000,000 200,000,000
Multiple lines (two or more: property, marine, casualty or surety)	400,000,000 800,000,000
Except, that an insurer holding a valid certificate of authority to transact insurance in this state immediately prior to the effective date of this code may, if otherwise qualified therefor, continue to be so authorized for a period of five (5) years from such effective date by maintaining the same amount of paid-in capital stock (if a stock insurer) or the same amount of surplus (if a mutual or reciprocal insurer) as required by the laws of this state for such authority immediately prior to such effective date, and shall after expiration of such five-year period have or receive authority to transact insurance in this state only if otherwise qualified therefor while having and maintaining	

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 22 under section 40-2808:
 23 Kind or kinds Minimum capital or
 24 of insurance surplus required
 25 Life~~100,000,000~~200,000

1 Disability ~~100,000,000~~200,000
 2 Life and disability ~~150,000,000~~300,000
 3 Property ~~200,000,000~~400,000
 4 Marine ~~200,000,000~~400,000
 5 Casualty
 6 All lines except workmen's compensation
 7 ~~200,000,000~~400,000
 8 All lines, including workmen's compensation
 9 ~~300,000,000~~600,000
 10 Surety ~~250,000,000~~500,000
 11 Title ~~100,000,000~~200,000
 12 Multiple lines (two or more: property, marine,
 13 casualty or surety) ~~400,000,000~~800,000
 14 Except, that an insurer holding a valid certificate of
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