

CHAPTER NO. 342

SENATE BILL NO. 81

INTRODUCED BY DOVER, LOWE

BY REQUEST OF THE STATE COMMISSIONER OF INSURANCE

IN THE SENATE

January 10, 1979	Introduced and referred to Committee on Business and Industry.
February 1, 1979	Committee recommend bill do pass as amended. Report adopted.
February 3, 1979	Printed and placed on members' desks.
February 5, 1979	Second reading, do pass.
February 6, 1979	Considered correctly engrossed.
February 7, 1979	Third reading, passed. Transmitted to second house.

IN THE HOUSE

February 8, 1979	Introduced and referred to Committee on Business and Industry.
March 8, 1979	Committee recommend bill be concurred in. Report adopted.
March 12, 1979	Second reading, concurred in.
March 15, 1979	Third reading, concurred in.

IN THE SENATE

March 16, 1979	Returned from second house. . . Concurred in. Sent to enrolling. Reported correctly enrolled.
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1 *Sen. J. Smith* BILL NO. 81
2 INTRODUCED BY *Don Linn*
3 BY REQUEST OF THE STATE COMMISSIONER OF INSURANCE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A 10-DAY
6 RESCISSION PERIOD ON DISABILITY INSURANCE POLICIES ISSUED BY
7 INSURANCE COMPANIES AND MEMBERSHIP CONTRACTS ISSUED BY
8 HEALTH SERVICE CORPORATIONS; AMENDING SECTION 33-22-201,
9 MCA."
10

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

12 Section 1. Section 33-22-201, MCA, is amended to read:
13 "33-22-201. Format and content. No policy of
14 disability insurance shall be delivered or issued for
15 delivery to any person in this state unless it otherwise
16 complies with this code and complies with the following:

17 (1) The entire money and other considerations therefor
18 shall be expressed therein.

19 (2) The time when the insurance takes effect and
20 terminates shall be expressed therein.

21 (3) It shall purport to insure only one person, except
22 that a policy may insure, originally or by subsequent
23 amendment, upon the application of an adult member of a
24 family who shall be deemed the policyholder, any two or more
25 eligible members of that family, including husband, wife,

1 dependent children or any children under a specified age
2 which shall not exceed 19 years, and any other person
3 dependent upon the policyholder.

4 (4) The style, arrangement, and overall appearance of
5 the policy shall give no undue prominence to any portion of
6 the text, and every printed portion of the text of the
7 policy and of any endorsements or attached papers shall be
8 plainly printed in lightfaced type of a style in general
9 use, the size of which shall be uniform and not less than 10
10 point with a lowercase, unspaced alphabet length not less
11 than 120 point.

12 (5) The "text" shall include all printed matter except
13 the name and address of the insurer, name or title of the
14 policy, the brief description, if any, and captions and
15 subcaptions.

16 (6) The exceptions and reductions of indemnity shall
17 be set forth in the policy and, other than those contained
18 in 33-22-204 through 33-22-231, shall be printed, at the
19 insurer's option, either included with the benefit provision
20 to which they apply or under an appropriate caption such as
21 "Exceptions" or "Exceptions and Reductions", except that if
22 an exception or reduction specifically applies only to a
23 particular benefit of the policy, a statement of such
24 exception or reduction shall be included with the benefit
25 provision to which it applies.

(7) Each such form, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of the first page thereof.

(8) The policy shall contain no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of or reference to a statement of rates or classification of risks or short-rate table filed with the commissioner.

~~(9) Each individual disability policy, except for a single-premium nonrenewable policy, issued for delivery in this state on or after January 1, 1980, shall contain a notice stating in substance that if the person to whom the policy is issued is not satisfied for any reason, he is permitted to return the policy within 10 days of its delivery, or such longer period as the policy may provide, and to have refunded the amount of the premium paid. A policy returned pursuant to this subsection is void from the beginning."~~

NEW SECTION. Section 2. Right of rescission. Each membership contract issued for delivery in this state on or after January 1, 1980, shall contain a notice stating in substance that if the person to whom the contract is issued is not satisfied for any reason, he is permitted to return

the contract within 10 days of its delivery, or such longer period as the contract may provide, and to have refunded the amount of the premium paid. A contract returned pursuant to this section is void from the beginning.

Section 3. Codification. It is intended that section 2 be codified as an integral part of Title 33, chapter 30, part 10, and the provisions of Title 33, chapter 30 apply to section 2.

-End-

Approved by Committee
on Business and Industry

SENATE BILL NO. 81

INTRODUCED BY DOVER, LOWE

BY REQUEST OF THE STATE COMMISSIONER OF INSURANCE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A 10-DAY
RESCISSION PERIOD ON DISABILITY INSURANCE POLICIES ISSUED BY
INSURANCE COMPANIES AND MEMBERSHIP CONTRACTS ISSUED BY
HEALTH SERVICE CORPORATIONS; AMENDING SECTION 33-22-201,
MCA."

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

Section 1. Section 33-22-201, MCA, is amended to read:

"33-22-201. Format and content. No policy of
disability insurance shall be delivered or issued for
delivery to any person in this state unless it otherwise
complies with this code and complies with the following:

(1) The entire money and other considerations therefor
shall be expressed therein.

(2) The time when the insurance takes effect and
terminates shall be expressed therein.

(3) It shall purport to insure only one person, except
that a policy may insure, originally or by subsequent
amendment, upon the application of an adult member of a
family who shall be deemed the policyholder, any two or more
eligible members of that family, including husband, wife,

dependent children or any children under a specified age
which shall not exceed 19 years, and any other person
dependent upon the policyholder.

(4) The style, arrangement, and overall appearance of
the policy shall give no undue prominence to any portion of
the text, and every printed portion of the text of the
policy and of any endorsements or attached papers shall be
plainly printed in lightfaced type of a style in general
use, the size of which shall be uniform and not less than 10
point with a lowercase, unspaced alphabet length not less
than 120 point.

(5) The "text" shall include all printed matter except
the name and address of the insurer, name or title of the
policy, the brief description, if any, and captions and
subcaptions.

(6) The exceptions and reductions of indemnity shall
be set forth in the policy and, other than those contained
in 33-22-204 through 33-22-231, shall be printed, at the
insurer's option, either included with the benefit provision
to which they apply or under an appropriate caption such as
"Exceptions" or "Exceptions and Reductions", except that if
an exception or reduction specifically applies only to a
particular benefit of the policy, a statement of such
exception or reduction shall be included with the benefit
provision to which it applies.

1 (7) Each such form, including riders and endorsements,
2 shall be identified by a form number in the lower left-hand
3 corner of the first page thereof.

4 (8) The policy shall contain no provision purporting
5 to make any portion of the charter, rules, constitution, or
6 bylaws of the insurer a part of the policy unless such
7 portion is set forth in full in the policy, except in the
8 case of the incorporation of or reference to a statement of
9 rates or classification of risks or short-rate table filed
10 with the commissioner.

11 ~~(9) Each individual disability policy, except for a~~
12 ~~single-premium nonrenewable policy, issued for delivery in~~
13 ~~this state on or after January 1, 1980, shall contain a~~
14 ~~notice stating in substance that if the person to whom the~~
15 ~~policy is issued is not satisfied for any reason, he is~~
16 ~~permitted to return the policy within 10 days of its~~
17 ~~delivery, or such longer period as the policy may provide,~~
18 ~~and to have refunded the amount of the premium paid. A~~
19 ~~policy returned pursuant to this subsection is void from the~~
20 ~~beginning."~~

21 NEW SECTION. Section 2. Right of rescission. Each
22 membership contract, OTHER THAN A GROUP CONTRACT, issued for
23 delivery in this state on or after January 1, 1980, shall
24 contain a notice stating in substance that if the person to
25 whom the contract is issued is not satisfied for any reason,

1 he is permitted to return the contract within 10 days of its
2 delivery, or such longer period as the contract may provide,
3 and to have refunded the amount of the premium paid. A
4 contract returned pursuant to this section is void from the
5 beginning.

6 Section 3. Codification. It is intended that section 2
7 be codified as an integral part of Title 33, chapter 30,
8 part 10, and the provisions of Title 33, chapter 30 apply to
9 section 2.

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A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR A 10-DAY RESCISSION PERIOD ON DISABILITY INSURANCE POLICIES ISSUED BY INSURANCE COMPANIES AND MEMBERSHIP CONTRACTS ISSUED BY HEALTH SERVICE CORPORATIONS; AMENDING SECTION 33-22-201, MCA."

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

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(2) The time when the insurance takes effect and terminates shall be expressed therein.

(3) It shall purport to insure only one person, except that a policy may insure, originally or by subsequent amendment, upon the application of an adult member of a family who shall be deemed the policyholder, any two or more eligible members of that family, including husband, wife,

dependent children or any children under a specified age which shall not exceed 19 years, and any other person dependent upon the policyholder.

(4) The style, arrangement, and overall appearance of the policy shall give no undue prominence to any portion of the text, and every printed portion of the text of the policy and of any endorsements or attached papers shall be plainly printed in lightfaced type of a style in general use, the size of which shall be uniform and not less than 10 point with a lowercase, unspaced alphabet length not less than 120 point.

(5) The "text" shall include all printed matter except the name and address of the insurer, name or title of the policy, the brief description, if any, and captions and subcaptions.

(6) The exceptions and reductions of indemnity shall be set forth in the policy and, other than those contained in 33-22-204 through 33-22-231, shall be printed, at the insurer's option, either included with the benefit provision to which they apply or under an appropriate caption such as "Exceptions" or "Exceptions and Reductions", except that if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of such exception or reduction shall be included with the benefit provision to which it applies.

(7) Each such form, including riders and endorsements, shall be identified by a form number in the lower left-hand corner of the first page thereof.

(8) The policy shall contain no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless such portion is set forth in full in the policy, except in the case of the incorporation of or reference to a statement of rates or classification of risks or short-rate table filed with the commissioner.

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NEW SECTION. Section 2. Right of rescission. Each membership contract, OTHER THAN A GROUP CONTRACT, issued for delivery in this state on or after January 1, 1980, shall contain a notice stating in substance that if the person to whom the contract is issued is not satisfied for any reason,

he is permitted to return the contract within 10 days of its delivery, or such longer period as the contract may provide, and to have refunded the amount of the premium paid. A contract returned pursuant to this section is void from the beginning.

Section 3. Codification. It is intended that section 2 be codified as an integral part of Title 33, chapter 30, part 10, and the provisions of Title 33, chapter 30 apply to section 2.

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