

Senate Bill 203

In The Senate

January 20, 1981	Introduced and referred to Committee on Judiciary.
January 31, 1981	Committee recommend bill do not pass.

1 *Senate* BILL NO. *203*
 2 INTRODUCED BY *Sen. Van Vleet, Steve Brown, Mike Anderson*

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 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE INSURERS TO
 5 PAY OR DENY CLAIMS WITHIN 45 DAYS OF SUBMISSION; TO PROVIDE
 6 FOR PENALTY AND INTEREST ON A VALID CLAIM REMAINING UNPAID
 7 AFTER 45 DAYS; TO ALLOW THE COURT OR THE INSURANCE
 8 COMMISSIONER TO WAIVE THE PENALTY UNDER EXTENUATING
 9 CIRCUMSTANCES; AND TO ALLOW FOR ATTORNEY'S FEES UPON SUIT TO
 10 RECOVER ON A CLAIM."

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

13 Section 1. Claim to be accepted or rejected -- penalty
 14 -- attorney fees. (1) Claims for benefits under a life,
 15 accident, or health insurance policy shall be rejected or
 16 accepted and paid by the insurer or its agent designated to
 17 receive such claims within 45 days after receipt of the
 18 proofs of loss and supporting evidence.

19 (2) Claims for benefits under a property or casualty
 20 insurance policy shall be rejected or accepted and paid by
 21 the insurer or its agent designated to receive such claims
 22 within 45 days after receipt of the claim and supporting
 23 bills.

24 (3) Failure of an insurer to respond as required under
 25 subsections (1) and (2) subjects the insurer to a penalty of

1 5% of the amount of the claim plus interest at the rate of
 2 18% per year until paid. The penalty, but not the interest,
 3 may be waived by the court upon good cause shown or at the
 4 direction of the commissioner upon receipt by the
 5 commissioner of a letter from the insurer describing
 6 extenuating circumstances if the commissioner decides within
 7 15 days of receipt of the letter that the circumstances
 8 justify waiver of penalty.

9 (4) In an action or proceeding commenced against an
 10 insurance company on an insurance policy or certificate of
 11 any kind of insurance or in a case involving an insurer who
 12 is obligated by a liability insurance policy to defend a
 13 suit or claim or pay a judgment on behalf of a named
 14 insured, if it is determined that the company has refused to
 15 pay the full amount of a loss covered by the policy and that
 16 the refusal is unreasonable or without cause, any court in
 17 which judgment is rendered for a claimant may also award a
 18 reasonable sum as an attorney's fee.

19 Section 2. Codification instruction. Section 1 is
 20 intended to be codified as an integral part of Title 33,
 21 chapter 18, part 2, and the provisions of Title 33, apply to
 22 section 1.

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-2- INTRODUCED BILL
 SB 203