# SENATE BILL NO. 335

# INTRODUCED BY HAZELBAKER

# BY REQUEST OF THE INSURANCE DEPARTMENT

# IN THE SENATE

January 30, 1981	Introduced and referred to Committee on Judiciary.
February 19, 1981	Committee recommend bill do pass as amended. Report adopted.
February 20, 1981	Bill printed and placed on members' desks.
February 21, 1981	Second reading, do pass,
February 24, 1981	Correctly engrossed.
February 25, 1981	Third reading, passed. Ayes, 49; Noes, 0. Transmitted to House.
IN THE H	OUSE
March 3, 1981	Introduced and referred to Committee on Business and Industry.
March 12, 1981	Committee recommend bill be concurred in. Report adopted.
March 21, 1981	Motion pass consideration.
March 24, 1981	Second reading, concurred in as amended.
March 27, 1981	On motion to take from third

On motion to take from third reading and refer to second reading this day. Motion adopted. March 28, 1981

March 30, 1981

March 31, 1981

Second reading, concurred in as amended.

On motion rules suspended and bill allowed to be transmitted on 71st legislative day. Motion adopted.

Third reading, concurred in as amended. Ayes, 85; Noes, 10.

IN THE SENATE

April 1, 1981

April 10, 1981

April 11, 1981

Returned from House with amendments.

Second reading, amendments concurred in.

Third reading, amendments concurred in. Ayes, 47; Noes, 0. Sent to enrolling.

Reported correctly enrolled.

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INTRODUCED BILL SB 335

deate BILL NO. 335 1 2 INTRODUCED BY 3 BY REQUEST OF THE INSURANCE DEPARTMENT

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW 6 DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION 7 INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT 8 MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION 9 INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, 33-2-705, 10 AND 33-17-504, MCA; AND REPEALING SECTION 33-1-209, MCA."

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

NEW\_SECTION. Section 1. Short title. [Sections 1
 through 9] may be cited as the "Nationwide Inland Marine
 Definition Act\*.

16 NEW SECTION. Section 2. Purpose. (1) The purpose of [sections 1 through 9] is to describe the kinds of risks and 17 18 coverages which may be classified or identified under state 19 insurance laws as marine, inland marine, or transportation 20 insurance, but [sections 1 through 9] do not include all of 21 the kinds of risks and coverages which may be written, 22 classified, or identified under marine, inland marine, or 23 transportation insuring powers. [Sections 1 through 9] may 24 not be construed to mean that the kinds of risks and 25 coverages described herein are solely marine, inland marine,

1 or transportation insurance in all instances.

2 (2) [Sections 1 through 9] may not be construed to
3 restrict or limit in any way the exercise of any insuring
4 powers granted under charters and licenses whether used
5 separately, in combination, or otherwise.

<u>NEH\_SECTION</u> Section 3. Imports. Imports may be
 covered by marine, inland marine, and transportation
 policies subject to the following conditions:

9 (1) Imports are covered wherever they are located,
10 without restriction as to time, provided the coverage of the
11 issuing companies includes hazards of transportation.

12 (2) Property is an import and the proper subject of 13 marine, inland marine, or transportation insurance as long 14 as the property remains segregated in such a way that it can 15 be identified and has not become incorporated into and mixed 16 with the general mass of property in the United States; 17 property ceases to be an import and the proper subject of 18 marine, inland marine, or transportation insurance when it 19 has been:

20 (a) sold and delivered by the importer, factor, or
21 consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

25 (c) delivered for manufacture, processing, or change

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in form to premises of the importer or another, to be used
 for such purposes.

3 <u>NEW\_SECTION</u> Section 4. Exports. Exports may be 4 covered by marine, inland marine, and transportation 5 policies subject to the following conditions:

6 (1) Exports are covered wherever they are located,
7 without restriction as to time, provided the coverage of the
8 issuing companies includes hazards of transportation.

9 (2) Property is an export and the proper subject of 10 marine, inland marine, or transportation insurance when 11 designated or while being prepared for export and remains an 12 export unless diverted for domestic trade. If the property 13 is diverted for domestic trade, the provisions of [section 14 5] apply. This section does not apply to long established 15 methods of insuring certain commodities such as cotton.

NEW SECTION. Section 5. Domestic shipments. Domestic 16 17 shipments may be covered by marine, inland marine, and transportation policies subject to the following conditions: 18 (1) Domestic shipments on consignment for sale, 19 distribution, exhibit, trial, approval, or auction may be 20 covered while in transit, while in the custody of others, 21 and while being returned, except that the policy may not 22 23 cover property while it is on premises owned, leased, or operated by the consignor. 24

25 (2) Domestic shipments not on consignment may be

covered if the coverage of the issuing companies includes
 hazards of transportation beginning and ending within the
 United States. Such shipments are not covered at the
 manufacturing premises or after arrival at premises owned,
 leased, or operated by the assured or the purchaser.

6 NEW SECTION. Section 6. Instrumentalities of 7 transportation and commerce, Bridges, tunnels, and other R instrumentalities of transportation and communication 9 (excluding buildings and improvements, furniture. 10 furnishings, fixed contents, and supplies held in storage) 11 may be covered by marine, inland marine, and transportation policies. This category includes: 12

13 (1) bridges, tunnels, and other similar
14 instrumentalities, including auxiliary facilities and
15 equipment attendant thereto;

16 (2) piers, wharves, docks, slips, drydocks, and marine
17 railways;

18 (3) pipelines, including on-line propulsion,
19 regulating, and other equipment appurtenant to such
20 pipelines but excluding all property at manufacturing,
21 producing, refining, converting, treating, or conditioning
22 plants;

(4) power transmission, telephone, and telegraph
 lines, excluding all property at generating, converting, or
 transforming stations, substations, and exchanges;

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1 (5) radio and television communication equipment in 2 use as such, including towers and antennas with auxiliary 3 equipment, and appurtenant electrical operating and control 4 apparatus; and

5 (6) outdoor cranes, loading bridges, and similar
6 equipment used to load, unload, and transport.

7 <u>NEW SECTION</u> Section 7. Personal property. Risks 8 generally covered by personal property floaters covering 9 individuals or items of personal property may be covered by 10 marine, inland marine, and transportation policies. This 11 category includes:

12 (1) personal effects floater policies;

13 (2) personal property floaters;

14 (3) government service floaters;

15 (4) personal fur floaters;

16 (5) personal jewelry floaters;

17 (6) wedding present floaters for a period not
18 exceeding 90 days after the date of the wedding;

19 (7) silverware floaters;

(8) fine arts floaters covering paintings, etchings,
pictures, tapestries, art glass windows, and other bona fide
works of art of rarity, historical value, or artistic merit;
(9) stamp and coin floaters;

(10) musical instrument floaters. For purposes of this
 section, radios, televisions, record players, and

1 combinations thereof are not musical instruments.

(11) mobile articles, machinery, and equipment floaters 2 (excluding motor vehicles designed for highway use and motor 3 homes, trailers, and semitrailers except when hauled by 4 tractors not designed for highway use) covering identified 5 6 property of a mobile or floating nature pertaining to or 7 usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from 8 9 premises where such property is usually kept.

10 (12) installment sales and leased property policies 11 covering property pertaining to a household and sold under 12 conditional contract of sale, partial payment contract, or 13 installment sales contract or leased but excluding motor 14 vehicles designed for highway use. Such policies must cover 15 property in transit but shall not extend beyond the 16 termination of the seller's or lessor's interest; and

17 (13) live animal floaters.

18 <u>NEW SECTION</u> Section 8. Commercial property. Risks 19 generally covered by commercial property floaters covering 20 property pertaining to a business, profession, or occupation 21 may be covered by marine, inland marine, and transportation 22 policies. This category includes:

23 (1) radium floaters;

24 (2) physicians' and surgeons' instrument floaters.
25 Such policies may include coverage of such furniture,

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fixtures, and tenant assured's interest in such improvements
 of buildings as are located in that portion of the premises
 occupied by the assured in the practice of his profession.

(3) pattern and die floaters;

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5 (4) theatrical floaters, excluding buildings and 6 improvements, furniture, and fixtures that do not travel 7 about with theatrical troupes;

8 (5) film floaters, including a builders' risk during
9 the production and coverage on completed negatives,
10 positives, and sound records;

11 (6) salesmen's samples floaters;

12 (7) exhibition policies on property while it is on13 exhibition and in transit to or from such exhibitions;

(8) live animal floaters;

15 (9) builders' risks and installation risks policies 16 covering the interest of owner, seller, or contractor 17 against loss or damage to machinery, equipment, building 18 materials, or supplies being used with and during the course 19 of installation, testing, building, renovating, or 20 repairing. These policies may cover property at points or 21 places where work is being performed, while in transit, and 22 during temporary storage or deposit of property designated 23 for an awaiting specific installation, building, renovating 24 or repairing. Such coverage is limited to builders' risks 25 or installation risks where perils in addition to fire and

extended coverage are to be insured. If written for the
 account of the owner, the coverage ceases upon completion of
 work and acceptance thereof; or if written for the account
 of a seller or contractor the coverage terminates when the
 interest of the seller or contractor terminates.

6 (10) mobile articles, machinery, and equipment floaters 7 (excluding motor vehicles designed for highway use and auto 8 homes, trailers, and semitrailers except when hauled by 9 tractors not designed for highway use and snowplows 10 constructed exclusively for highway use) covering identified 11 property of a mobile or floating nature, not on sale or 12 consignment or in the course of manufacture, that has come 13 into custody or control of parties who intend to use such 14 property for which it was manufactured or created. Such 15 policies may not cover furniture and fixtures not 16 customarily used away from premises where such property is 17 usually kept.

18 (11) property in transit to or from and in the custody 19 of bailees (not owned, controlled, or operated by the 20 bailor), but such policies may not cover the bailee's 21 property at his premises.

(12) installment sales and leased property policies
covering property sold under conditional contract of sale,
partial payment contract or installment sales contract or
leased, but excluding motor vehicles designed for highway

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use. These policies must cover property in transit but may 1 2 not extend beyond the termination of the seller's or З lessor\*s interest. This subsection does not include 4 machinery and equipment under certain "lease-back" 5 contracts.

6 (13) garment contracts' floaters;

7 (14) furriers\* or fur storers\* customer\*s policies,
8 which are policies under which certificates or receipts are
9 issued by furriers or fur storers, covering specified
10 articles that are the property of customers;

11 (15) accounts receivable policies and valuable papers 12 and records policies;

13 (16) floor plan policies, covering property for sale
14 while in possession of dealers under a floor plan or any
15 similar plan under which the dealer borrows money from a
16 bank or lending institution to pay the manufacturer, if:

17 (a) the merchandise is specifically identifiable as
18 encumbered to the bank or lending institution;

(b) the dealer's right to sell or otherwise dispose of
the merchandise is conditioned upon its being released from
encumbrance by the bank or lending institution; and

(c) the policies cover property in transit and do not
extend beyond the termination of the dealer's interest;

24 (17) sign and street clock policies, including neon
25 signs, automatic or mechanical signs, and street clocks,

1 while in use as such;

(18) fine arts policies covering paintings, etchings,
pictures, tapestries, art glass windows and other bona fide
works of art of rarity, historical value or artistic merit,
for account of museums, galleries, universities, businesses,
municipalities, and other similar interests;

7 (19) policies covering personal property, which may include coverage of money in locked safes or vaults on the 8 9 assured's premises and may also include coverage of 10 furniture, fixtures, tools, machinery, patterns, molds, 11 dies, and a tenant insured's interest in improvements of 12 buildings, which when sold to the ultimate purchaser may be 13 covered specifically by the owner under inland marine policies includina: 14

15 (a) musical instrument dealers<sup>4</sup> policies, covering 16 property consisting principally of musical instruments and 17 their accessories, but radios, televisions, record players, 18 and combinations of them are not musical instruments for the 19 purposes of this subsection.

(b) camera dealers' policies covering propertyconsisting principally of cameras and their accessories;

22 (c) furrier dealers' policies covering property23 consisting principally of furs and fur garments;

24 (d) equipment dealers\* policies covering mobile
25 equipment consisting of binders, reapers, tractors,

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1	harvesters, harrows, tedders, and other similar agricultural	1	buildings; or
2	equipment and accessories therefor; construction equipment	2	(4) money or securities in safes, vaults, safety
3	consisting of bulldozers, road scrapers, tractors,	3	deposit vaults, or banks or on the assured's premises,
4	compressors, pneumatic tools, and similar equipment and	4	except while in the course of transportation.
5	accessories therefor, but excluding motor vehicles designed	5	Section 10. Section 2-18-809; MCA; is amended to read:
6	for highway use;	6	"2-18-809. Definitions. As used in this part, the
۲	(e) stamp and coin dealers' policies covering property.	7	following definitions apply:
8	of philatelic and numismatic nature;	8	(1) "Advisory council" means the state employee group
9	(f) jewelers* block policies; and	9	benefits advisory council provided for in 2-15-1016.
10	(g) fine arts dealers' policies;	10	(2) "Department" means the department of
11	(20) wool growers' floaters;	11	administration provided for in 2-15-1001.
12	(21) domestic bulk liquids policies covering tanks and	12	(3) "State employee" means an employee of the state;
13	domestic bulk liquids stored therein;	13	specifically including a member or employee of the
14	(22) #difference in conditions# coverage, excluding	14	legislative branch of state government. The term "state
15	fire and extended coverage perils; and	15	employee" does not include employees of counties, cities,
16	(23) electronic data processing policies.	16	towns, school districts, or the Montana university system.
17	NEW_SECTION. Section 9. Exceptions. Unless otherwise	17	(4) "Group benefits" means group hospitalization;
18	permitted, nothing in [sections 3 through 9] may be	18	health, medical, surgical, disability, life, and other
19	construed to permit marine, inland marine, or transportation	19	similar and related group benefits provided to officers and
20	insurance policies to cover:	20	employees of the state. The term "group benefits" does not
21	(1) storage of an assured's merchandise, except as	21	include casualty insurance, defined in 33-1-206; marine
22	specifically provided;	22	insurance, defined authorized in 33-1-209 [sections]
23	(2) merchandise in the course of manufacture which is	23	<u>through9];</u> property insurance, defined in 33-1-210; surety
24	the property of and on the premises of the manufacturer;	24	insurance, defined in 33-1-211; and title insurance, defined
25	(3) furniture, fixtures, and improvements to	25	in 33-1-212."

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1 Section 11. Section 33-2-705. MCA. is amended to read: 2 #33-2-705. Report on premiums and other consideration 3 -- tax. (1) Each authorized insurer and each formerly 4 authorized insurer with respect to premiums so received 5 while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report 6 7 fexcept as to wet marine and transportation insurance taxed under subsection (3) below) in form as prescribed by the 8 9 commissioner showing total direct premium income, including 10 policy, membership, and other fees, premiums paid by 11 application of dividends, refunds, savings, savings coupons, 12 and similar returns or credits to payment of premiums for 13 new or additional or extended or renewed insurance, charges 14 for payment of premium in installments, and all other consideration for insurance from all kinds and classes of 15 16 insurance whether designated as a premium or otherwise, 17 received by it during the preceding calendar year on account 13 of policies covering property, subjects, or risks located, 19 resident, or to be performed in Montana, with proper proportionate allocation of premium as to such property. 20 21 subjects, or risks in Montana insured under policies or 22 contracts covering property, subjects, or risks located or 23 resident in more than one state, after deducting from such 24 total direct premium income applicable cancellations, returned premiums, the unabsorbed portion of any deposit 25

premium, the amount of reduction in or refund of premiums 1 allowed to industrial life policyholders for payment of 2 premiums direct to an office of the insurer, all policy з dividends, refunds, savings, savings coupons, and other 4 5 similar returns paid or credited to policyholders with 6 respect to such policies. As to title insurance. Moremium" includes only the risk portion of the charge for such 7 insurance. No deduction shall be made of the cash surrender я 9 values of policies. Considerations received on annuity contracts shall not be included in total direct premium 10 11 income and shall not be subject to tax.

12 (2) Coincident with the filing of the tax report
13 referred to in subsection (1) above, each such insurer shall
14 pay to the commissioner a tax upon such net premiums. This
15 tax may be computed in either of the following ways:

(a) (i) A domestic insurer may choose to compute its
tax based on the percentage of its admitted assets invested
in Montana securities according to the following schedule:
(A) 2 3/4% of net premiums if the insurer has 0% of
its admitted assets invested in Montana securities;
(B) 2 1/4% of net premiums if the Insurer has at least
25% of its admitted assets invested in Montana securities;

(C) 1 3/4% of net premiums if the insurer has at least
50% of its admitted assets invested in Montana securities;
(D) 1 1/4% of net premiums if the insurer has at least

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1 75% of its admitted assets invested in Montana securities: 2 and 3 (E) 3/4% of net premiums if the insurer has 100% of its admitted assets invested in Montana securities. 4 (ii) "Admitted assets" are those assets allowed in 5 33-2-501. 6 7 (iii) An insurer choosing this method of computation 8 must itemize its Montana securities on a detailed schedule 9 attached to its annual tax report. 10 (b) (i) If the method provided for in subsection (a) 11 is not used, the insurer shall compute its tax at the rate 12 of 2 3/4% of the net premiums. 13 (ii) An insurer choosing this method and having not less than 50% of its paid~in capital stock invested in 14 Montana securities is allowed to deduct whatever tax it may 15 16 have already paid to the state of Montana and its political

10 nave arready pard to the state of Montana and its portition 17 subdivisions, during the same calendar year as to which 18 premium tax is being paid, from the amount otherwise due 19 under this section.

20 (3) For the purpose of subsection (2):

21 (a) "paid-in capital stock" as to a mutual or
22 reciprocal insurer shall be deemed to be an amount equal to
23 10% of the insurer's assets; and

(b) "Montana securities" shall be deemed to include
only general obligations of the state of Montana or of its

political subdivisions, mortgage loans secured by a first
 lien upon real estate located in Nontana, and real estate
 located in Montana owned by the insurer, all if otherwise
 lawful investments of the insurer under this code.

5 (4) (a) On or before March 1 of each year each insurer shall file with the commissioner, on forms as prescribed and 6 7 furnished or accepted by him, a report of its gross 8 underwriting profit on wet marine and transportation 9 insurance, as-defined authorized in 33-1-209 [sections\_1 10 through 9], written in this state during the calendar year 11 next preceding and shall at the same time pay to the 12 commissioner a tax of 3/4 of 1% of such gross underwriting 13 profit.

14 (b) Such gross underwriting profit shall he 15 ascertained by deducting from the net premiums (i.e., gross 16 premiums less all return premiums and premiums for 17 reinsurance) on such wet marine and transportation insurance 18 contracts the net losses paid (i.e., gross losses paid less 19 salvage and recoveries on reinsurance ceded) during such 20 calendar year under such contracts. In the case of insurers 21 issuing participating contracts, such gross underwriting 22 profit' shall not include for computation of the tax 23 prescribed by this subsection (3) the amounts refunded. 24 credited, or paid as participation dividends or savings by 25 such insurers to the holders of such contracts.

1 (5) That portion of the tax paid hereunder by an 2 insurer on account of premiums received for fire insurance 3 shall be separately specified in the report as required by 4 the commissioner, for apportionment as provided by law. 5 Where insurance against fire is included with insurance of property against other perils at an undivided premium, the . 7 insurer shall make such reasonable allocation from such entire premium to the fire portion of the coverage as shall 6 9 be stated in such report and as may be approved or accepted 10 by the commissioner.

11 (6) With respect to authorized insurers the premium 12 tax provided by this section shall be payment in full and in lieu of all other demands for any and all state, county, 13 city, district, municipal, and school taxes, licenses, fees, 14 and excises of whatever kind or character, excepting only 15 16 those prescribed by this code, taxes on real and tangible personal property located in this state, and taxes payable 17 18 under 50-3-109.

19 (7) The commissioner may suspend or revoke the
 20 certificate of authority of any insurer which fails to pay
 21 its taxes as required under this section."

22 Section 12. Section 33-17-504+ MCA+ is amended to 23 read:

24 "33-17-504. Issuing license -- limitations. The
25 commissioner may issue an insurance consultant's license to

any natural person who has complied with the requirements of 1 this chapter with respect to either life insurance, meaning 2 all of those kinds of insurance authorized in 33-1-207, 3 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601, 4 5 or general insurance, meaning all of those kinds of insurance authorized in 33-1-206, 33-1-207, and 33-1-209 6 7 33-1-210 through 33-1-212, and [sections 1\_through\_9]+ as 8 specified in such license.\*

9 Section 13. Codification instruction. Sections 1
10 through 9 are intended to be codified as an integral part of
11 Title 33. chapter 1. part 2. and the provisions of Title 33
12 apply to sections 1 through 9.

13 Section 14. Repealer. Section 33-1-209, MCA, is 14 repealed.

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#### 47th Legislature

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## SB 0335/02

### Approved by Committee on Judiciary

1	SENATE BILL NO. 335
Z	INTRODUCED BY HAZELBAKER
3	BY REQUEST OF THE INSURANCE DEPARTMENT
4	
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW
6	DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION
7	INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT
8	MAY BE INSURED BY MARINE, INLAND MARINE, DR TRANSPORTATION
9	INSURANCE POLICIES; AMENDING SECTIONS Z-18-809, 33-2-705,
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12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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14	through 9] may be cited as the "Nationwide Inland Marine
15	Definition Act".
16	<u>NEW SECTION.</u> Section 2. Purpose. (1) The purpose of
17	[sections 1 through 9} is to describe the kinds of risks and
18	coverages which may be classified or identified under state
19	insurance laws as marine, inland marine, or transportation
20	insurance, but [sections 1 through 9] do not include all of
21	the kinds of risks and coverages which may be written,
22	classified, or identified under marine, inland marine, or

transportation insuring powers. [Sections 1 through 9] may

not be construed to mean that the kinds of risks and

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11 issuing companies includes hazards of transportation.

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20 (a) sold and delivered by the importer, factor, or 21 consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
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in form to premises of the importer or another: to be used
 for such purposes.

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14 instrumentalities, including auxiliary facilities and
15 equipment attendant thereto;

16 (2) piers, wharves, docks, slips, drydocks, and marine 17 railways;

18 (3) pipelines, including on-line propulsion,
19 regulating, and other equipment appurtenant to such
20 pipelines but excluding all property at manufacturing,
21 producing, refining, converting, treating, or conditioning
22 plants;

23 (4) power transmission, telephone, and telegraph
 24 lines, excluding all property at generating, converting, or

25 transforming stations, substations, and exchanges;

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25 Such policies may include coverage of such furniture.

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fixtures, and tenant assured's interest in such improvements
 of buildings as are located in that portion of the premises
 occupied by the assured in the practice of his profession.

4 (3) pattern and die floaters;

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5 (4) theatrical floaters, excluding buildings and 6 improvements, furniture, and fixtures that do not travel 7 about with theatrical troupes;

8 (5) film floaters, including a builders' risk during
9 the production and coverage on completed negatives;
10 positives, and sound records;

11 (6) salesmen's samples floaters;

12 (7) exhibition policies on property while it is on13 exhibition and in transit to or from such exhibitions;

14 (8) live animal floaters;

(9) builders" risks and installation risks policies 15 16 covering the interest of owner, seller, or contractor 17 against loss or damage to machinery, equipment, building materials, or supplies being used with and during the course 18 19 of installation, testing, building, renovating, or 20 repairing. These policies may cover property at points or plagesk, where work is being performed, while in transit, and 21 . 22 during temporary storage or deposit of property designated 23 for an awaiting specific installation, building, renovating or repairing. Such coverage is limited to builders\* risks 24 25 or installation risks where perils in addition to fire and extended coverage are to be insured. If written for the
 account of the owner, the coverage ceases upon completion of
 work and acceptance thereof; or if written for the account
 of a seller or contractor the coverage terminates when the
 interest of the seller or contractor terminates.

(10) mobile articles, machinery, and equipment floaters 6 7 (excluding motor vehicles designed for highway use and ages 8 MOTOR homes, trailers, and semitrailers except when hauled 9 by tractors not designed for highway use and snowplows 10 constructed exclusively for highway use) covering identified property of a mobile or floating nature, not on sale or 11 12 consignment or in the course of manufacture, that has come 13 into custody or control of parties who intend to use such property for which it was manufactured or created. Such 14 15 policies may not cover furniture and fixtures not customarily used away from premises where such property is 16 17 usually kept.

18 (11) property in transit to or from and in the custody 19 of bailees (not owned, controlled, or operated by the 20 bailor), but such policies may not cover the bailee's 21 property at his premises.

(12) installment sales and leased property policies
covering property sold under conditional contract of sale+
partial payment contract or installment sales contract or
leased, but excluding motor vehicles designed for highway

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use. These policies must cover property in transit but may
 not extend beyond the termination of the seller's or
 lessor's interest. This subsection does not include
 machinery and equipment under certain "lease-back"
 contracts.

6 (13) garment contracts' floaters;

7 (14) furriers\* or fur storers\* customer\*s policies\*
8 which are policies under which certificates or receipts are
9 issued by furriers or fur storers, covering specified
10 articles that are the property of customers;

11 (15) accounts receivable policies and valuable papers 12 and records policies;

13 (16) floor plan policies, covering property for sale
14 while in possession of dealers under a floor plan or any
15 similar plan under which the dealer borrows money from a
16 bank or lending institution to pay the manufacturer, if:

17 (a) the merchandise is specifically identifiable as18 encumbered to the bank or lending institution:

(b) the dealer's right to sell or otherwise dispose of
the merchandise is conditioned upon its being released from
encumbrance by the bank or lending institution; and

(c) the policies cover property in transit and do not
extend beyond the termination of the dealer's interest;

(17) sign and street clock policies, including neon
 signs, automatic or mechanical signs, and street clocks;

1 while in use as such;

{18} fine arts policies covering paintings, etchings,
pictures, tapestries, art glass windows and other bona fide
works of art of rarity, historical value or artistic merit,
for account of museums, galleries, universities, businesses,
municipalities, and other similar interests;

7 (19) policies covering personal property, which may include coverage of money in locked safes or vaults on the 8 9 assured's premises and may also include coverage of 10 furniture, fixtures, tools, machinery, patterns, molds, 11 dies, and a tenant insured's interest in improvements of 12 buildings, which when sold to the ultimate purchaser may be 13 covered specifically by the owner under inland marine policies including: 14

15 (a) musical instrument dealers' policies, covering 16 property consisting principally of musical instruments and 17 their accessories, but radios, televisions, record players, 18 and combinations of them are not musical instruments for the 19 purposes of this subsection.

20 (b) camera dealers' policies covering property
21 consisting principally of cameras and their accessories;

(c) furrier dealers\* policies covering property
 consisting principally of furs and fur garments;

24 (d) equipment dealers' policies covering mobile
25 equipment consisting of binders, reapers, tractors,

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1	harvesters, harrows, tedders, and other similar agricultural
2	equipment and accessories therefor; construction equipment
3	consisting of bulldozers, road scrapers, tractors,
4	compressors, pneumatic tools, and similar equipment and
5	accessories therefor, but excluding motor vehicles designed
6	for highway use;
7	(e) stamp and coin dealers' policies covering property
8	of philatelic and numismatic nature;
9	(f) jewelers' block policies; and
10	(g) fine arts dealers' policies;
11	(20) wool growers! floaters;
12	(21) domestic bulk liquids policies covering tanks and
13	domestic bulk liquids stored therein;
14	{22} "difference in conditions" coverage, excluding
15	fire and extended coverage perils; and
16	(23) electronic data processing policies.
17	NEW SECTION. Section 9. Exceptions. Unless otherwise
18	permitted, nothing in [sections 3 through 9] may be
19	construed to permit marine, inland marine, or transportation
20	insurance policies to cover:
្រុះរុះ	$\mathbb{R}_{\mathbb{R}}$ storage of an assured's merchandise except as
22	specifically provided;
23	(2) merchandise in the course of manufacture which is
24	the property of and on the premises of the manufacturer;
25	(3) furniture, fixtures, and improvements to

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1	buildings; or
2	(4) money or securities in safes, vaults, safety
3	deposit vaults, or banks or on the assured's premises,
4	except while in the course of transportation.
5	Section 10. Section 2-18-809, MCA+ is amended to read:
6	"2-18-809. Definitions. As used in this part, the
7	following definitions apply:
8	<ol> <li>"Advisory council" means the state employee group</li> </ol>
9	benefits advisory council provided for in 2-15-1016.
10	(2) "Department" means the department of
11	administration provided for in 2-15-1001.
12	(3) "State employee" means an employee of the state,
13	specifically including a member or employee of the
14	legislative branch of state government. The term "state
15	employee" does not include employees of counties, cities,
16	towns, school districts, or the Montana university system.
17	(4) "Group benefits" means group hospitalization.
18	health, medical, surgical, disability, life, and other
19	similar and related group benefits provided to officers and
20	employees of the state. The term "group benefits" does not
21	include casualty insurance, defined in 33-1-206; marine
22	insurance, defined authorized in 33-1-209 [sections1
23	<u>through 9]</u> ; property insurance, defined in 33-1-210; surety
24	insurance, defined in 33-1-211; and title insurance, defined
25	in 33-1-212."

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ł Section 11. Section 33-2-705. MCA. is amended to read: 2 #33-2-705. Report on premiums and other consideration 3 -- tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received 4 5 while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report 6 7 (except as to wet marine and transportation insurance taxed 8 under subsection (3) below) in form as prescribed by the 9 commissioner showing total direct premium income, including 10 policy, membership, and other fees, premiums paid by 11 application of dividends, refunds, savings, savings coupons, 12 and similar returns or credits to payment of premiums for 13 new or additional or extended or renewed insurance, charges 14 for payment of premium in installments, and all other 15 consideration for insurance from all kinds and classes of insurance whether designated as a premium or otherwise, 16 17 received by it during the preceding calendar year on account 18 of policies covering property, subjects, or risks located. 19 resident, or to be performed in Montana, with proper 20 proportionate allocation of premium as to such property, 21 subjects, or risks in Montana insured under policies or contracts covering property, subjects, or risks located or 22 23 resident in more than one state, after deducting from such 24 total direct premium income applicable cancellations, 25 returned premiums, the unabsorbed portion of any deposit

1 premium, the amount of reduction in or refund of premiums 2 allowed to industrial life policyholders for payment of 3 premiums direct to an office of the insurer, all policy dividends, refunds, savings, savings coupons, and other 4 5 similar returns paid or credited to policyholders with respect to such policies. As to title insurance, "premium" 6 7 includes only the risk portion of the charge for such 8 insurance. No deduction shall be made of the cash surrender 9 values of policies. Considerations received on annuity 10 contracts shall not be included in total direct premium 11 income and shall not be subject to tax.

12 (2) Coincident with the filing of the tax report 13 referred to in subsection (1) above, each such insurer shall 14 pay to the commissioner a tax upon such net premiums. This 15 tax may be computed in either of the following ways:

16 (a) (i) A domestic insurer may choose to compute its
17 tax based on the percentage of its admitted assets invested
18 in Montana securities according to the following schedule:
19 (A) 2 3/4% of net premiums if the insurer has 0% of
20 its admitted assets invested in Montana securities;

(B) 2 1/4% of net premiums if the insurer has at least
22 25% of its admitted assets invested in Montana securities;
(C) 1 3/4% of net premiums if the insurer has at least
50% of its admitted assets invested in Montana securities;
(D) 1 1/4% of net premiums if the insurer has at least

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75% of its admitted assets invested in Montana securities;
 and

3 (E) 3/42 of net premiums if the insurer has 1002 of
4 its admitted assets invested in Montana securities.

5 (ii) "Admitted assets" are those assets allowed in
6 33-2-501.

7 (iii) An insurer choosing this method of computation
8 must itemize its Montana securities on a detailed schedule
9 attached to its annual tax report.

(b) (i) If the method provided for in subsection (a)
is not used, the insurer shall compute its tax at the rate
of 2 3/4% of the net premiums.

13 (ii) An insurer choosing this method and having not 14 less than 50% of its paid-in capital stock invested in 15 Montana securities is allowed to deduct whatever tax it may 16 have already paid to the state of Montana and its political 17 subdivisions, during the same calendar year as to which 18 premium tax is being paid, from the amount otherwise due 19 under this section.

(3) For the purpose of subsection (2):

20

(21) (a) "paid an capital stock" as to a mutual or 22 reciprocal insurer shall be deemed to be an amount equal to 23 10% of the insurer's assets; and

(b) "Nontana securities" shall be deemed to include
only general obligations of the state of Montana or of its

political subdivisions, mortgage loans secured by a first
 lien upon real estate located in Montana, and real estate
 located in Montana owned by the insurer, all if otherwise
 lawful investments of the insurer under this code.

5 (4) (a) On or before March 1 of each year each insurer 6 shall file with the commissioner, on forms as prescribed and 7 furnished or accepted by him, a report of its gross 8 underwriting profit on wet marines INLAND MARINEs and 9 transportation insurance, as-defined authorized in 33-1-209 10 [sections 1 through 9], written in this state during the 11 calendar year next preceding and shall at the same time pay to the commissioner a tax of 3/4 of 1% of such gross 12 13 underwriting profit.

14 (b) Such gross underwriting profit shall be 15 ascertained by deducting from the net premiums (i.e., gross 16 premiums less all return premiums and premiums for 17 reinsurance) on such wet marine and transportation insurance contracts the net losses paid (i.e., gross losses paid less 18 19 salvage and recoveries on reinsurance ceded) during such calendar year under such contracts. In the case of insurers 20 21 issuing participating contracts, such gross underwriting profit shall not include for computation of the tax 22 23 prescribed by this subsection (3) the amounts refunded, 24 credited, or paid as participation dividends or savings by such insurers to the holders of such contracts. 25

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1 (5) That portion of the tax paid hereunder by an 2 insurer on account of premiums received for fire insurance shall be separately specified in the report as required by 3 4 the commissioner, for apportionment as provided by law. 5 Where insurance against fire is included with insurance of 6 property against other perils at an undivided premium+ the 7 insurer shall make such reasonable allocation from such 8 entire premium to the fire portion of the coverage as shall 9 be stated in such report and as may be approved or accepted 10 by the commissioner.

11 (6) With respect to authorized insurers the premium 12 tax provided by this section shall be payment in full and in lieu of all other demands for any and all state, county, 13 14 city, district, municipal, and school taxes, licenses, fees, 15 and excises of whatever kind or character, excepting only those prescribed by this code, taxes on real and tangible 16 17 personal property located in this state, and taxes payable under 50-3-109. 18

19 (7) The commissioner may suspend or revoke the
20 certificate of authority of any insurer which fails to pay
21 its taxes as required under this section."

22 Section 12. Section 33-17-504. MCA, is amended to 23 read:

24 "33-17-504. Issuing license -- limitations. The
25 commissioner may issue an insurance consultant's license to

1 any natural person who has complied with the requirements of this chapter with respect to either life insurance, meaning Z 3 all of those kinds of insurance authorized in 33-1-207, 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601. 4 or general insurance, meaning all of those kinds of 5 insurance authorized in 33-1-206, 33-1-207, and 33-1-209 ٨ 33-1-210 through 33-1-212, and [sections 1 through 9], as 7 specified in such license." 8

9 Section 13. Codification instruction. Sections 1
10 through 9 are intended to be codified as an integral part of
11 Title 33. chapter 1. part 2. and the provisions of Title 33
12 apply to sections 1 through 9.

Section 14. Repeater. Section 33-1-209, MCA, is
 repeated.

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1	SENATE BILL NO. 335	1	or t
z	INTRODUCED BY HAZELBAKER	2	
3	BY REQUEST OF THE INSURANCE DEPARTMENT	3	rest
4		4	роже
5	A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW	5	s epa
6	DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION	6	
7	INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT	7	COVE
8	MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION	8	po i i
9	INSURANCE POLICIES; AMENDING SECTIONS 2-18-809, 33-2-705,	9	
10	AND 33-17-504, MCA; AND REPEALING SECTION 33-1-209, MCA."	10	with
11		11	i 551
12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:	12	
13	NEW SECTION. Section 1. Short title. [Sections 1	13	mar i
14	through 9] may be cited as the "Nationwide Inland Marine	14	as t
15	Definition Act".	15	be i
16	<u>NEW SECTION.</u> Section 2. Purpose. (1) The purpose of	16	witł
17	[sections 1 through 9] is to describe the kinds of risks and	17	prop
18	coverages which may be classified or identified under state	18	mar i
19	insurance laws as marine, inland marine, or transportation	19	has
20	insurance, but [sections 1 through 9] do not include all of	20	
21	the kinds of risks and coverages which may be written.	21	cons
22	classified, or identified under marine, inland marine, or	22	
23	transportation insuring powers. [Sections 1 through 9] may	23	sale
24	not be construed to mean that the kinds of risks and	24	sale
25	coverages described herein are solely marine, inland marine,	25	

or transportation insurance in all instances.

(2) [Sections 1 through 9] may not be construed to
 restrict or limit in any way the exercise of any insuring
 powers granted under charters and licenses whether used
 separately, in combination, or otherwise.

6 <u>NEW SECTION</u>. Section 3. Imports. Imports may be 7 covered by marine. inland marine. and transportation 8 policies subject to the following conditions:

9 (1) Imports are covered wherever they are located.
 10 without restriction as to time, provided the coverage of the
 11 issuing companies includes hazards of transportation.

12 (2) Property is an import and the proper subject of 13 marine, inland marine, or transportation insurance as long 14 as the property remains segregated in such a way that it can 15 be identified and has not become incorporated into and mixed 16 with the general mass of property in the United States; 17 property ceases to be an import and the proper subject of 18 marine, inland marine, or transportation insurance when it 19 has been:

20 (a) sold and delivered by the importer, factor, or21 consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

5 (c) delivered for manufacture, processing, or change

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E in form to premises of the importer or another; to be used 2 for such purposes.

<u>NEW SECTION</u> Section 4. Exports may be
 covered by marine, inland marine, and transportation
 policies subject to the following conditions:

6 (1) Exports are covered wherever they are located.
7 without restriction as to time. provided the coverage of the
8 issuing companies includes hazards of transportation.

9 (2) Property is an export and the proper subject of 10 marine, inland marine, or transportation insurance when 11 designated or while being prepared for export and remains an 12 export unless diverted for domestic trade. If the property 13 is diverted for domestic trade, the provisions of [section 14 5] apply. This section does not apply to long established 15 methods of insuring certain commodities such as cotton.

16 NEW SECTION. Section 5. Domestic shipments. Domestic 17 shipments may be covered by marine, inland marine, and 18 transportation policies subject to the following conditions: 19 (1) Domestic shipments on consignment for sale, 20 distribution, exhibity trial, approval, or auction may be covered while in transite while in the custody of others. Sec. 24 22 and while being returned, except that the policy may not 23 cover property while it is on premises owned, leased, or 24 operated by the consignor.

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25

(2) Domestic shipments not on consignment may be

covered if the coverage of the issuing companies includes
 hazards of transportation beginning and ending within the
 United States. Such shipments are not covered at the
 manufacturing premises or after arrival at premises owned.
 leased, or operated by the assured or the purchaser.

6 NEW SECTION. Section 6. Instrumentalities of 7 transportation and commerce. Bridges, tunnels, and other 8 instrumentalities of transportation and communication 9 texcluding buildings and improvements. furniture. 10 furnishings, fixed contents, and supplies held in storage) 11 may be covered by marine, inland marine, and transportation 12 policies. This category includes:

13 (1) bridges, tunnels, and other similar 14 instrumentalities, including auxiliary facilities and 15 equipment attendant thereto;

16 [2] piers, wharves, docks, slips, drydocks, and marine 17 railways;

18 (3) pipelines, including on-line propulsion, 19 regulating, and other equipment appurtenant to such 20 pipelines but excluding all property at manufacturing, 21 producing, refining, converting, treating, or conditioning 22 plants;

(4) power transmission, telephone, and telegraph
 lines, excluding all property at generating, converting, or
 transforming stations, substations, and exchanges;

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1 (5) radio and television communication equipment in 2 use as such, including towers and antennas with auxiliary 3 equipment, and appurtenant electrical operating and control 4 apparatus; and

5 (6) outdoor cranes, loading bridges, and similar
6 equipment used to load, unload, and transport.

7 <u>NEW SECTION</u>. Section 7. Personal property. Risks 8 generally covered by personal property floaters covering 9 individuals or items of personal property may be covered by 10 marine, inland marine, and transportation policies. This 11 cateopry includes:

12 (1) personal effects floater policies;

13 [2] personal property floaters;

14 (3) government service floaters;

15 (4) personal fur floaters;

16 (5) personal jewelry floaters;

17 (6) wedding present floaters for a period not 18 exceeding 90 days after the date of the wedding;

19 (7) silverware floaters;

(8) fine arts floaters covering paintings, etchings,
pictures, tapestries, art glass windows, and other bona fide
works of art of rarity, historical value, or artistic merit;
(9) stamp and coin floaters;

(10) musical instrument floaters. For purposes of this
 section, radios, televisions, record players, and

i combinations thereof are not musical instruments.

2 (11) mobile articles, machinery, and equipment floaters 3 (excluding motor vehicles designed for highway use and motor 4 homes, trailers, and semitrailers except when hauled by 5 tractors not designed for highway use) covering identified 6 property of a mobile or floating nature pertaining to or 7 usual to a household. Such policies shall not cover furniture and fixtures not customarily used away from 8 9 premises where such property is usually kept.

10 (12) installment sales and leased property policies 11 covering property pertaining to a household and sold under 12 conditional contract of sale, partial payment contract, or 13 installment sales contract or leased but excluding motor 14 vehicles designed for highway use. Such policies must cover 15 property in transit but shall not extend beyond the 16 termination of the seller's or lessor's interest; and

17 (13) live animal floaters.

18 <u>NEW\_SECTION</u>. Section 8. Commercial property. Risks
19 generally covered by commercial property floaters covering
20 property pertaining to a business. profession. or occupation
21 may be covered by marine, inland marine, and transportation
22 policies. This category includes:

23 (1) radium floaters;

24 (2) physicians' and surgeons' instrument floaters.
25 Such policies may include coverage of such furniture;

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fixtures, and tenant assured's interest in such improvements
 of buildings as are located in that portion of the premises
 occupied by the assured in the practice of his profession.

(3) pattern and die floaters;

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5 (4) theatrical floaters, excluding buildings and
6 improvements, furniture, and fixtures that do not travel
7 about with theatrical troupes;

8 (5) film floaters. including a builders' risk during
9 the production and coverage on completed negatives.
10 positives, and sound records:

11 (6) salesmen's samples floaters;

12 (7) exhibition policies on property while it is on
13 exhibition and in transit to or from such exhibitions;

14 (8) live animal floaters;

15 (9) builders' risks and installation risks policies covering the interest of owner, seller, or contractor 16 37 against loss or damage to machinery, equipment, building materials, or supplies being used with and during the course 18 19 œ€ installation, testing, building, repovating, or . 20 repairing. These molicies may cover property at points or planets where anothers beingtoerformed, while in transity and standel r 22 during temporary storage or deposit of property designated 23 for an awaiting specific installation, building, renovating 24 or repairing. Such coverage is limited to builders\* risks 25 or installation risks where perils in addition to fire and

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 account of the owner, the coverage ceases upon completion of
 work and acceptance thereof; or if written for the account
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 interest of the seller or contractor terminates.

(10) mobile articles, machinery, and equipment floaters 6 7 (excluding motor vehicles designed for highway use and auto NOTOR homes, trailers, and semitrailers except when hauled 8 9 by tractors not designed for highway use and snovalows 10 constructed exclusively for highway use) covering identified property of a mobile or floating nature, not on sale or 11 12 consignment or in the course of manufacture, that has come 13 into custody or control of parties who intend to use such 14 property for which it was manufactured or created. Such 15 policies may not cover furniture and fixtures net 16 customarily used away from premises where such property is usually kept. 17

18 (11) property in transit to or from and in the custody 19 of bailees (not owned, controlled, or operated by the 20 bailor), but such policies may not cover the bailee's 21 property at his premises.

(12) installment sales and leased property policies
covering property sold under conditional contract of sales
partial payment contract or installment sales contract or
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10 articles that are the property of customers;

(15) accounts receivable policies and valuable papers
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13 (16) floor plan policies, covering property for sale
14 while in possession of dealers under a floor plan or any
15 similar plan under which the dealer borrows money from a
16 bank or lending institution to pay the manufacturer, if:

17 (a) the merchandise is specifically identifiable as18 encumbered to the bank or lending institution;

(b) the dealer\*s right to sell or otherwise dispose of
the merchandise is conditioned upon its being released from
encumbrance by the bank or lending institution; and

22 (c) the policies cover property in transit and do not
23 extend beyond the termination of the dealer's interest:

24 (17) sign and street clock policies, including mean
25 signs, automatic or mechanical signs, and street clocks,

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1 while in use as such;

(18) fine arts policies covering paintings, etchings,
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works of art of rarity, historical value or artistic merit,
for account of museums, galleries, universities, businesses,
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7 (19) policies covering personal property, which may 8 include coverage of money in locked safes or vaults on the 9 assured's premises and may also include coverage of 10 furniture, fixtures, tools, machinery, patterns, molds, 11 dies, and a tenant insured's interest in improvements of 12 buildings, which when sold to the ultimate purchaser may be 13 covered specifically by the owner under inland marine 14 policies including:

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21 consisting principally of cameras and their accessories;

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3	consisting of buildozers, road scrapers, tractors,
4	compressors, pneumatic tools, and similar equipment and
5	accessories therefore but excluding motor vehicles designed
6	for highway use;
7	(e) stamp and coin dealers' policies covering property
8	of philatelic and numismatic nature;
9	(f) jewelers block policies; and
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11	(20) wool growers' floaters;
12	(21) domestic bulk liquids policies covering tanks and
13	domestic bulk liquids stored therein;
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25	(3) furniture, fixtures, and improvements to
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9	benefits advisory council provided for in 2-15-1016.
10	(2) "Department" means the department of
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12	(3) "State employee" means an employee of the state:
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22	insurance, defined authorized in 33-1-209 [sections 1
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24	insurance, defined in 33-1-211; and title insurance, defined
25	in 33-1-212.**

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1 Section 11. Section 33-2-705, NCA, is amended to read: 2 "33-2-705. Report on premiums and other consideration 3 -- tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received 4 5 while an authorized insurer in this state shall file with the commissioner, on or before March 1 each year, a report 6 7 (except as to wet marine and transportation insurance taxed 8 under subsection (3) below) in form as prescribed by the 9 commissioner showing total direct premium income, including policy, membership, and other fees, premiums paid by 10 11 application of dividends, refunds, savings, savings coupons, 12 and similar returns or credits to payment of premiums for 13 new or additional or extended or renewed insurance, charges 14 for payment of premium in installments, and all other 15 consideration for insurance from all kinds and classes of 16 insurance whether designated as a premium or otherwise, 17 received by it during the preceding calendar year on account 18 of policies covering property, subjects, or risks located, 19 resident, or to be performed in Montana, with proper 20 proportionate allocation of premium as to such property, 21 subjects, or risks in Montana insured under policies or 22 contracts covering property, subjects, or risks located or **Z**3 resident in more than one states after deducting from such 24 total direct premium income applicable cancellations. 25 returned premiums, the unabsorbed portion of any deposit

1 premium, the amount of reduction in or refund of premiums 2 allowed to industrial life policyholders for payment of 3 premiums direct to an office of the insurer, all policy 4 dividends, refunds, savings, savings coupons, and other 5 similar returns paid or credited to policyholders with 6 respect to such policies. As to title insurance, "premium" 7 includes only the risk portion of the charge for such insurance. No deduction shall be made of the cash surrender 8 9 values of policies. Considerations received on annuity 10 contracts shall not be included in total direct premium 11 income and shall not be subject to tax.

12 (2) Coincident with the filing of the tax report
13 referred to in subsection (1) above, each such insurer shall
14 pay to the commissioner a tax upon such net premiums. This
15 tax may be computed in either of the following ways:

16 (a) (i) A domestic insurer may choose to compute its
17 tax based on the percentage of its admitted assets invested
18 in Montana securities according to the following schedule:
19 (A) 2 3/4% of net premiums if the insurer has 0% of
20 its admitted assets invested in Montana securities;

(B) 2 1/4% of net premiums if the insurer has at least
25% of its admitted assets invested in Montana securities;
(C) 1 3/4% of net premiums if the insurer has at least
50% of its admitted assets invested in Montana securities;
(D) 1 1/4% of net premiums if the insurer has at least

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75% of its admitted assets invested in Nontana securities;
 and

3 (E) 3/42 of net premiums if the insurer has 1002 of
4 its admitted assets invested in Montana securities.

5 (ii) "Admitted assets" are those assets allowed in
6 33-2-501.

7 (iii) An insurer choosing this method of computation
8 must itemize its Montana securities on a detailed schedule
9 attached to its annual tax report.

10 (b) (i) If the method provided for in subsection (a) 11 is not used, the insurer shall compute its tax at the rate 12 of 2 3/6% of the net premiums.

13 (ii) An insurer choosing this method and having not 14 less than 50% of its paid-in capital stock invested in 15 Montana securities is allowed to deduct whatever tax it may 16 have already paid to the state of Montana and its political 17 subdivisions, during the same calendar year as to which 18 premium tax is being paid, from the amount otherwise due 19 under this section.

20 (13) For the purpose of subsection (2):

(2) (2) (2) "paidwin" capital stock" as to a mutual or 22 reciprocal insurer shall be deemed to be an amount equal to 23 10% of the insurer's assets; and

24 (b) "Nontana securities" shall be deemed to include
25 only general obligations of the state of Montana or of its

political subdivisions. mortgage loans secured by a first
 lien upon real estate located in Montana, and real estate
 located in Montana owned by the insurer, all if otherwise
 lawful investments of the insurer under this code.

5 (4) (a) On or before March 1 of each year each insurer 6 shall file with the commissioner, on forms as prescribed and 7 furnished or accepted by him, a report of its gross R underwriting profit on wet marine, INLAND MARINE, and 9 transportation insurance, as-defined authorized in 33-1-209 [sections 1 through 9], written in this state during the 10 11 calendar year next preceding and shall at the same time pay 12 to the commissioner a tax of 3/4 of 1% of such gross 13 underwriting profit.

14 (b) Such gross underwriting profit shall be ascertained by deducting from the net premiums fisess gross 15 16 premiums less all return premiums and premiums for reinsurance) on such wet marine and transportation insurance 17 18 contracts the net losses paid (i.e., gross losses paid less 19 salvage and recoveries on reinsurance ceded) during such 20 calendar year under such contracts. In the case of insurers 21 issuing participating contracts, such gross underwriting profit shall not include for computation of the tax 22 prescribed by this subsection (3) the amounts refunded 23 24 credited, or paid as participation dividends or savings by 25 such insurers to the holders of such contracts.

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1 (5) That portion of the tax paid hereunder by an insurer on account of premiums received for fire insurance 2 shall be separately specified in the report as required by 3 the commissionery for apportionment as provided by law. 4 5 Where insurance against fire is included with insurance of 6 property against other perils at an undivided premium, the 7 insurer shall make such reasonable allocation from such entire premium to the fire portion of the coverage as shall 8 9 be stated in such report and as may be approved or accepted 10 by the commissioner.

11 (6) with respect to authorized insurers the premium tax provided by this section shall be payment in full and in 12 13 lieu of all other demands for any and all state, county. 14 city, district, municipal, and school taxes, licenses, fees, and excises of whatever kind or character, excepting only 15 16 those prescribed by this code, taxes on real and tangible personal property located in this state, and taxes payable 17 18 under 50-3-109.

19 (7) The commissioner may suspend or revoke the
20 certificate of authority of any insurer which fails to pay
21 its taxes as required under this section."

22 Section 12. Section 33-17-504, MCA, is amended to 23 read:

24 "33-17-504. Issuing license -- limitations. The 25 commissioner may issue an insurance consultant's license to

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1 any natural person who has complied with the requirements of this chapter with respect to either life insurance, meaning 2 3 all of those kinds of insurance authorized in 33-1-207+ 4 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601. 5 or general insurance, meaning all of those kinds of 6 insurance authorized in 33-1-206, 33-1-207, and 33-1-209 7 33-1-210 through 33-1-212, and [sections 1 through 9], as 8 specified in such license.\*

9 Section 13. Codification instruction. Sections 1
10 through 9 are intended to be codified as an integral part of
11 Title 33. chapter 1. part 2. and the provisions of Title 33
12 apply to sections 1 through 9.

13 Section 14. Repeater. Section 33-1-209, MCA, is 14 repeated.

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1 coverages described herein are solely marine, inland marine, 1 SENATE BILL NO. 335 2 or transportation insurance in all instances. 2 INTRODUCED BY HAZELBAKER 3 (2) [Sections | through 9] may not be construed to 3 BY REQUEST OF THE INSURANCE DEPARTMENT 4 restrict or limit in any way the exercise of any insuring 4 5 powers granted under charters and licenses whether used 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW 6 separately, in combination, or otherwise. 6 DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION 7 NEW SECTION. Section 3. Imports. Imports may be 7 INSURANCE: DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT 8 covered by marine, inland marine, and transportation MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION 8 policies subject to the following conditions: 9 9 INSURANCE POLICIES: AMENDING SECTIONS 2-18-809+ 33-1-209+ 10 (1) Imports are covered wherever they are located. 10 33-2-705+ AND 33-17-504+ MCA+--AND--REPEALING--SEETION 11 without restriction as to time, provided the coverage of the 11 33-1-289--HEA." 12 issuing companies includes hazards of transportation. 12 13 (2) Property is an import and the proper-subject of 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 14 marine, inland marine, or transportation insurance as long 14 NEW SECTION. Section 1. Short title. [Sections 1] as the property remains segregated in such a way that it can 15 15 through 9] may be cited as the "Nationwide Inland Marine 16 be identified and has not become incorporated into and mixed Definition Act". 16 with the general mass of property in the United States; 17 17 NEW SECTION. Section 2. Purpose. (1) The purpose of property ceases to be an import and the proper subject of 18 18 [sections 1 through 9] is to describe the kinds of risks and 19 marine, inland marine, or transportation insurance when it 19 coverages which may be classified or identified under state 20 has been: 20 insurance laws as marine, inland marine, or transportation 21 (a) sold and delivered by the importer, factor, or 21 insurance, but fsections 1 through 9) do not include all of 22 consignee; 22 the kinds of risks and coverages which may be written. 23 (b) removed from its place of storage and placed on 23 classified, or identified under marine, inland marine, or 24 sale as part of an importer's stock in trade at a point of 24 transportation insuring powers. [Sections 1 through 9] may 25 sale or distribution; or 25 not be construed to mean that the kinds of risks and

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1 (c) delivered for manufacture, processing, or change 2 in form to premises of the importer or another, to be used 3 for such purposes.

4 <u>NEW SECTION</u>. Section 4. Exports. Exports may be 5 covered by marine, inland marine, and transportation 6 policies subject to the following conditions:

7 (1) Exports are covered wherever they are located,
8 without restriction as to time, provided the coverage of the
9 issuing companies includes hazards of transportation.

10 (2) Property is an export and the proper subject of 11 marine, inland marine, or transportation insurance when 12 designated or while being prepared for export and remains an 13 export unless diverted for domestic trade. If the property 14 is diverted for domestic trade, the provisions of [section 15 5] apply. This section does not apply to long established 16 methods of insuring certain commodities such as cotton.

17 NEW SECTION. Section 5. Domestic shipments. Domestic 18 shipments may be covered by marine, inland marine, and 19 transportation policies subject to the following conditions: 20 (1) Domestic shipments on consignment for sale, 21 distribution, exhibit, trial, approval, or auction may be 22 covered while in transit, while in the custody of others, 23 and while being returned, except that the policy may not 24 cover property while it is on premises owned, leased, or 25 operated by the consignor.

1 (2) Domestic shipments not on consignment may be 2 covered if the coverage of the issuing companies includes 3 hazards of transportation beginning and ending within the 4 United States. Such shipments are not covered at the 5 manufacturing premises or after arrival at premises owned. 6 leased, or operated by the assured or the purchaser. 7 NEW SECTION. Section 6. Instrumentalities of 8 transportation and commerce. Bridges, tunnels, and other 9 instrumentalities of transportation and communication 10 {excluding buildings and improvements, furniture, 11 furnishings, fixed contents, and supplies held in storage) 12 may be covered by marine, infand marine, and transportation 13 policies. This category includes: 14 (1) bridges, tunnels, similar and other 15 instrumentalities, including auxiliary facilities and 16 equipment attendant thereto; 17 (2) piers, wharves, docks, slips, drydocks, and marine

18 railways;
19 (3) pipelines, including on-line propulsion,
20 regulating, and other equipment appurtenant to such
21 pipelines but excluding all property at manufacturing,
22 producing, refining, converting, treating, or conditioning
23 plants;

24 (4) power transmission, telephone, and telegraph25 lines, excluding all property at generating, converting, or

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1 transforming stations, substations, and exchanges;

(5) radio and television communication equipment in
use as such, including towers and antennas with auxiliary
equipment, and appurtenant electrical operating and control
apparatus; and

6 (6) outdoor cranes, loading bridges, and similar
7 equipment used to load, unload, and transport.

8 <u>NEW SECTION</u>. Section 7. Personal property. Risks 9 generally covered by personal property floaters covering 10 individuals or items of personal property may be covered by 11 marine, inland marine, and transportation policies. This 12 category includes:

13 (1) personal effects floater policies;

14 (2) personal property floaters;

15 (3) government service floaters;

16 (4) personal fur floaters;

17 (5) personal jewelry floaters;

18 (6) wedding present floaters for a period not 19 exceeding 90 days after the date of the wedding;

20 (7) silverware floaters;

(8) fine arts floaters covering paintings, etchings,
pictures, tapestries, art glass windows, and other bona fide
works of art of rarity, historical value, or artistic merit;
(9) stamp and coin floaters;

25 (10) musical instrument floaters. For purposes of this

section, radios, televisions, record players, and
 combinations thereof are not musical instruments.

з (11) mobile articles, machinery, and equipment floaters (excluding motor vehicles designed for highway use and motor 4 homes, trailers, and semitrailers except when hauled by 5 tractors not designed for highway use) covering identified 6 7 property of a mobile or floating nature pertaining to or я usual to a household. Such policies shall not cover 9 furniture and fixtures not customarily used away from premises where such property is usually kept. 10

11 (12) installment sales and leased property policies 12 covering property pertaining to a household and sold under 13 conditional contract of sale, partial payment contract, or 14 installment sales contract or leased but excluding motor 15 vehicles designed for highway use. Such policies must cover 16 property in transit but shall not extend beyond the 17 termination of the seller's or lessor's interest; and

18 (13) live animal floaters.

19 <u>NEW\_SECTION</u>. Section B. Commercial property. Risks
20 generally covered by commercial property floaters covering
21 property pertaining to a business, profession, or occupation
22 may be covered by marine, inland marine, and transportation
23 policies. This category includes:

24 (1) radium floaters;

25 (2) physicians' and surgeons' instrument floaters.

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Such policies may include coverage of such furniture,
 fixtures, and tenant assured s interest in such improvements
 of buildings as are located in that portion of the premises
 occupied by the assured in the practice of his profession.

5 (3) pattern and die floaters;

6 (4) theatrical floaters, excluding buildings and
7 improvements, furniture, and fixtures that do not travel
8 about with theatrical troupes;

9 (5) film floaters, including a builders\* risk during
10 the production and coverage on completed negatives,
11 positives, and sound records;

12 (6) salesments samples floaters;

13 (7) exhibition policies on property while it is on
14 exhibition and in transit to or from such exhibitions;

15 (8) live animal floaters;

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(9) builders' risks and installation risks policies 16 17 covering the interest of owner, seller, or contractor against loss or damage to machinery, equipment, building 18 19 materials, or supplies being used with and during the course 20 of installation, testing, building, renovating, or 21 repairing. These policies may cover property at points or 22 places where work is being performed, while in transit, and 23 during temporary storage or deposit of property designated 24 for an awaiting specific installation, building, renovating 25 or repairing. Such coverage is limited to builders\* risks

1 or installation risks where perils in addition to fire and 2 extended coverage are to be insured. If written for the 3 account of the owner, the coverage ceases upon completion of 4 work and acceptance thereof; or if written for the account 5 of a seller or contractor the coverage terminates when the 6 interest of the seller or contractor terminates.

7 (10) mobile articles, machinery, and equipment floaters 8 (excluding motor vehicles designed for highway use and auto 9 MOTOR homes, trailers, and semitrailers except when hauled 10 by tractors not designed for highway use and snowplows 11 constructed exclusively for highway usel covering identified 12 property of a mobile or floating nature, not on sale or 13 consignment or in the course of manufacture, that has come 14 into custody or control of parties who intend to use such 15 property for which it was manufactured or created. Such 16 policies may not cover furniture and fixtures not customarily used away from premises where such property is 17 18 usually kept.

19 (11) property in transit to or from and in the custody
20 of bailees (not owned, controlled, or operated by the
21 bailor), but such policies may not cover the bailee's
22 property at his premises.

(12) installment sales and leased property policies
covering property sold under conditional contract of sale,
partial payment contract or installment sales contract or

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leased: but excluding motor vehicles designed for highway
 use. These policies must cover property in transit but may
 not extend beyond the termination of the seller's or
 lessor's interest. This subsection does not include
 machinery and equipment under certain "lease-back"
 contracts.

(13) garment contracts\* floaters;

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8 (14) furriers\* or fur storers\* customer\*s policies,
9 which are policies under which certificates or receipts are
10 issued by furriers or fur storers, covering specified
11 articles that are the property of customers;

12 (15) accounts receivable policies and valuable papers13 and records policies;

14 (16) floor plan policies, covering property for sale
15 while in possession of dealers under a floor plan or any
16 similar plan under which the dealer 'borrows money from a
17 bank or lending institution to pay the manufacturer, if:

18 (a) the merchandise is specifically identifiable as19 encumbered to the bank or lending institution;

(b) the dealer's right to sell or otherwise dispose of
the merchandise is conditioned upon its being released from
encumbrance by the bank or lending institution; and

23 (c) the policies cover property in transit and do not
24 extend beyond the termination of the dealer's interest;
25 (17) sign and street clock policies, including neon

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signs, automatic or mechanical signs, and street clocks,
 while in use as such;

(18) fine arts policies covering paintings, etchings,
pictures, tapestries, art glass windows and other bona fide
works of art of rarity, historical value or artistic merit,
for account of museums, galleries, universities, businesses,
municipalities, and other similar interests;

(19) policies covering personal property, which may 8 9 include coverage of money in locked safes or vaults on the assured's premises and may also include coverage of 10 furniture, fixtures, tools, machinery, patterns, molds, 11 12 dies, and a tenant insured's interest in improvements of 13 buildings, which when sold to the ultimate purchaser may be 14 covered specifically by the owner under inland warine 15 policies including:

(a) musical instrument dealers' policies, covering
property consisting principally of musical instruments and
their accessories, but radios, televisions, record players,
and combinations of them are not musical instruments for the
purposes of this subsection.

(b) camera dealers' policies covering property
 consisting principally of cameras and their accessories;

23 (c) furrier dealers\* policies covering property
 24 consisting principally of furs and fur garments;

25 (d) equipment dealers' policies covering mobile

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1	equipment consisting of binders, reapers, tractors,	1	(3) furniture, fixtures, and improvements to
Z	harvesters, harrows, tedders, and other similar agricultural	2	buildings; or
3	equipment and accessories therefor; construction equipment	3	(4) money or securities in safes, vaults, safety
4	consisting of bulldozers, road scrapers, tractors,	4	deposit vaults, or banks or on the assured's premises,
5	compressors, pneumatic tools, and similar equipment and	5	except while in the course of transportation.
6	accessories therefore but excluding motor vehicles designed	6	Section 10. Section 2-18-809, MCA, is amended to read:
7	for highway use;	7	"2-18-809. Definitions. As used in this part, the
8	(e) stamp and coin dealers' policies covering property	8	following definitions apply:
9	of philatelic and numismatic nature;	9	(1) "Advisory council" means the state employee group
10	(f) jewelers* block policies; and	10	benefits advisory council provided for in 2-15-1016.
11	(g) fine arts dealers' policies;	11	(2) "Department" means the department of
12	(20) wool growers' floaters;	12	administration provided for in 2-15-1001.
13	(21) domestic bulk liquids policies covering tanks and	13	(3) "State employee" means an employee of the state;
14	domestic bulk liquids stored therein;	14	specifically including a member or employee of the
15	(22) "difference in conditions" coverages excluding	15	legislative branch of state government. The term "state
16	fire and extended coverage perils; and	16	employee <sup>m</sup> does not include employees of counties, cities,
17	(23) electronic data processing policies.	17	towns, school districts, or the Montana university system.
18	NEW SECTION. Section 9. Exceptions. Unless otherwise	18	(4) "Group benefits" means group hospitalization,
19	permitted, nothing in [sections 3 through 9] may be	19	health, medical, surgical, disability, life, and other
20	construed to permit marine, inland marine, or transportation	20	similar and related group benefits provided to officers and
s ( ` 21	insurance policies to cover:	21	employees of the state. The term "group benefits" does not
22	{1} storage of an assured's merchandise, except as	22	include casualty insurance, defined in 33-1-206; marine
23	specifically provided;	23	insurance, defined authorized in 33-1-209 [sections_1
24	(2) merchandise in the course of manufacture which is	24	through 9]; property insurance, defined in 33-1-210; surety
25	the property of and on the premises of the manufacturer;	25	insurance, defined in 33-1-211; and title insurance, defined
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1	in 33-1-212."
z	SECTION 11. SECTION 33-1-209, MCA, IS AMENDED TO READ:
3	"33-1-209. Marinevmarine protection and indemnityv
4	and wet marine <b>andtransportation</b> in <b>surance. (1)</b> Ma <b>rine</b>
5	insurance includes+
6	ta <del>}insuranceagainstany</del> and <b>all-kinds-o</b> f-lass-or
7	damage-to+
8	t <del>i}vesselsy-crafty-aircrafty-carsyautomobilesyand</del>
9	vehiclesofeverykindasvellas-all-goodsv-freightsv
10	cargoesymerchandiseyeffectsydisbursementsyprofitsy
11	#oneysybułłionyprecioussconesysecuritiesychoses-in
12	action==evidences-of-debt=-valuablepopers=bottomryand
13	respondentiainterestsy-and-all-other-kinds-of-property-and
14	interests-therein-in-respecttovappertainingtovorin
15	connectionwithany-and-all-risks-or-perils-of-navigation;
16	transity-or-transportationy-including-war-risksy-an-or-under
17	any-seas-or-othet-watersy-on-tand-or-in-theairyorwhile
18	beingossembledypackedycratedybaledycompressedyor
19	similarly-prepared-for-shipment-or-while-awaitingthesame
20	or-during-any-delaysy-storagey-transshipmenty-or-reshipmenty
21	incidenttheretovincluding-morine-builder*s-risks-and-all
22	p <del>ersonal-property-floater-risks</del> t
23	tiij-personortopropertyinconnectionwithor
24	appertainingtoamarineyinlandmarineytransityor
25	transportation-insurance-including-liability-for-loss-of-or

subject-matter-of-suck--insurance--but--not--including--life insurancey-surety-bondsy-or-insurance-sqainst-ioss-by-reason of-bodily-injury-to-the-person-arising-out-of-the-ownerships meintenance, or-use-of-automobilest fili)-prectous--stonesy--jewelsy-jewelnys-goldy-silvery and-other-precious-metalsy-whether-used-in-business-or-trade or--otherwise--and--whether--the--same--be--in--course---of transportation-or-otherwiset-and fivi-bridgesy--tunnelsy--and-other-instrumentalitics-of transportetion-and-communication-excluding-buildingsy-their furniture-and-furnishingsr-fixed-contentsy-and-supplies-held in-storagey-unless-firey-tornadoy-sprinkler--leskogey--haily explosiony--earthquakey-rioty-and/or-civil-commotion-Bre-the only-hazards-to--be--coveredt--piersy--wharvesy--docksy--and stipsy--excluding--the--risks--of--firey--tornodoy-sprinkter teakages-hatte-explosions--earthquakes--rioty--and/or--civit commetions--other--aids--to--nevigation--and-transportations including-dry-docks-and-marine-railwaysy-against-all--risks; fb+ marine protection and indemnity insurance, meaning insurance against, or against legal liability of the insured for, loss, damage, or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, construction of any vessel, craft, or repair, or

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damage-to-eithery-arising-out-of-or-in-connection--with--the

constructiony--repairy-operationy-maintenancey-or-use-of-the

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instrumentality in use in ocean or inland waterways.
 including liability of the insured for personal injury.
 illness, or death or for loss of or damage to the property
 of another person.

5 (2) For the purposes of this code wet marine and
6 transportation insurance is that part of marine insurance
7 which includes only:

8 (a) insurance upon vessels, crafts, and hulls and of
9 interests therein or with relation thereto;

10 (b) insurance of marine builders\* risks, marine war 11 risks, and contracts of marine protection and indemnity 12 insurance;

13 (c) insurance of freights and disbursements pertaining 14 to a subject of insurance coming within this subsection; and 15 (d) insurance of personal property and interests 16 therein, in course of exportation from or importation into 17 any country and in course of transportation coastwise or on 18 inland waters, including transportation by land, water, or 19 air from point of origin to final destination, in respect 20 to, appertaining to, or in connection with any and all risks 21 or perils of navigation, transit, or transportation while 1 122 ... being prepared for and while awaiting shipment and during 23 any delays, storage, transshipment, or reshipment incident 24 thereto.\*

25 Section 12. Section 33-2-705, MCA, is amended to read:

1 #33-2-705. Report on premiums and other consideration Z -- tax. (1) Each authorized insurer and each formerly authorized insurer with respect to premiums so received 3 4 while an authorized insurer in this state shall file with 5 the commissioner, on or before March 1 each year, a report 6 fexcept as to wet marine and transportation insurance taxed 7 under subsection (3) below) in form as prescribed by the 8 commissioner showing total direct premium income, including 9 policy, membership, and other fees, premiums paid by application of dividends, refunds, savings, savings coupons, 10 11 and similar returns or credits to payment of premiums for 12 new or additional or extended or renewed insurance, charges 13 for payment of premium in installments, and all other 14 consideration for insurance from all kinds and classes of 15 insurance whether designated as a premium or otherwise, 16 received by it during the preceding calendar year on account 17 of policies covering property, subjects, or risks located. 18 resident, or to be performed in Montana, with proper 19 proportionate allocation of premium as to such property. 20 subjects, or risks in Montana insured under policies or 21 contracts covering property, subjects, or risks located or 22 resident in more than one state, after deducting from such 23 total direct premium income applicable cancellations. 24 returned premiums, the unabsorbed portion of any deposit

25 premium, the amount of reduction in or refund of premiums

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1 allowed to industrial life policyholders for payment of 2 premiums direct to an office of the insurer, all policy 3 dividends, refunds, savings, savings coupons, and other 4 similar returns paid or credited to policyholders with -5 respect to such policies. As to title insurance, "premium" 6 includes only the risk portion of the charge for such 7 insurance. No deduction shall be made of the cash surrender 8 values of policies. Considerations received on annuity 9 contracts shall not be included in total direct premium 10 income and shall not be subject to tax.

(2) Coincident with the filing of the tax report
referred to in subsection (1) above, each such insurer shall
pay to the commissioner a tax upon such net premiums. This
tax may be computed in either of the following ways:

15 (a) (i) A domestic insurer may choose to compute its
16 tax based on the percentage of its admitted assets invested
17 in Montana securities according to the following schedule:
18 (A) 2 3/4% of net premiums if the insurer has 0% of
19 its admitted assets invested in Montana securities;

(B) 2 1/4% of net premiums if the insurer has at least
25% of its admitted assets invested in Montana securities;
(C) 1 3/4% of net premiums if the insurer has at least
50% of its admitted assets invested in Montana securities;
(D) 1 1/4% of net premiums if the insurer has at least
75% of its admitted assets invested in Montana securities;

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1 and

2 (E) 3/4% of net premiums if the insurer has 100% of
3 its admitted assets invested in Montana securities.

4 (11) "Admitted assets" are those assets allowed in
5 33-2-501.

6 (iii) An insurer choosing this method of computation
7 must itemize its Montana securities on a detailed schedule
8 attached to its annual tax report.

9 (b) (i) If the method provided for in subsection (a)
10 is not used, the insurer shall compute its tax at the rate
11 of 2 3/4% of the net premiums.

12 (ii) An insurer choosing this method and having not 13 less than 50% of its paid-in capital stock invested in 14 Montana securities is allowed to deduct whatever tax it may 15 have already paid to the state of Hontana and its political 16 subdivisions, during the same calendar year as to which 17 premium tax is being paid, from the amount otherwise due 18 under this section.

19 (3) For the purpose of subsection (2):

20 (a) "paid-in capital stock" as to a mutual or
21 reciprocal insurer shall be deemed to be an amount equal to
22 10% of the insurer's assets; and

(b) "Hontana securities" shall be deemed to include
only general obligations of the state of Montana or of its
political subdivisions, mortgage loans secured by a first

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lien upon real estate located in Montana, and real estate
 located in Montana owned by the insurer, all if otherwise
 lawful investments of the insurer under this code.

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4 (4) (a) On or before March 1 of each year each insurer 5 shall file with the commissioner, on forms as prescribed and 6 furnished or accepted by him, a report of its gross 7 underwriting profit on wet marine, INLAND MARINE, and 8 transportation insurance, as-defined authorized in 33-1-209 9 [sections 1 through 9], written in this state during the 10 calendar year next preceding and shall at the same time pay to the commissioner a tax of 3/4 of 1% of such gross 11 12 underwriting profit.

13 (b) Such gross underwriting profit shall he 14 ascertained by deducting from the net premiums (i.e., gross 15 premiums less all return premiums and premiums for 16 reinsurance) on such wet marine and transportation insurance 17 contracts the net losses paid (i.e., gross losses paid less 18 salvage and recoveries on reinsurance ceded) during such 19 calendar year under such contracts. In the case of insurers 20 issuing participating contracts, such gross underwriting -21 profit shall not include for computation of the tax 22 prescribed by this subsection (3) the amounts refunded. 23 credited, or paid as participation dividends or savings by 24 such insurers to the holders of such contracts.

25 (5) That portion of the tax paid hereunder by an

insurer on account of premiums received for fire insurance 1 2 shall be separately specified in the report as required by the commissioner, for apportionment as provided by law. 3 Where insurance against fire is included with insurance of property against other perils at an undivided premium, the 5 insurer shall make such reasonable allocation from such 6 entire premium to the fire portion of the coverage as shall 7 be stated in such report and as may be approved or accepted R • by the commissioner.

10 (6) With respect to authorized insurers the premium tax provided by this section shall be payment in full and in 11 12 lieu of all other demands for any and all state, county. city, district, municipal, and school taxes, licenses, fees, 13 and excises of whatever kind or character, excepting only 14 15 those prescribed by this code, taxes on real and tangible 16 personal property located in this state, and taxes payable 17 under 50-3-109-

18 (7) The commissioner may suspend or revoke the
19 certificate of authority of any insurer which fails to pay
20 its taxes as required under this section."

21 Section 13. Section 33-17-504, MCA, is amended to 22 read:

23 "33-17-504. Issuing license -- limitations. The
 24 commissioner may issue an insurance consultant's license to
 25 any natural person who has complied with the requirements of

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1 this chapter with respect to either life insurance, meaning 2 all of those kinds of insurance authorized in 33-1-207, 3 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601, 4 or general insurance, meaning all of those kinds of 5 insurance authorized in 33-1-206, 33-1-207, and-33-1-209 6 <u>33-1-210</u> through 33-1-212, and [sections 1 through 9]; as 7 specified in such license."

8 Section 14. Codification instruction. Sections 1 9 through 9 are intended to be codified.as an integral part of 10 Title 33, chapter 1, part 2, and the provisions of Title 33 11 apply to sections 1 through 9.

12 Section-15+--Repeater+----Section---33-1-209+--MGA+--is

13 repeatedy

-End-

47th Legislature

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SENATE BILL NO. 335 1 INTRODUCED BY HAZELBAKER Z з BY REQUEST OF THE INSURANCE DEPARTMENT 4 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADOPT A NEW DEFINITION OF MARINE, INLAND MARINE, AND TRANSPORTATION 6 7 INSURANCE; DESCRIBING THE KINDS OF RISKS AND COVERAGES THAT 8 MAY BE INSURED BY MARINE, INLAND MARINE, OR TRANSPORTATION INSURANCE POLICIES: AMENDING SECTIONS 2-18-809. 33-1-209. 9 10 33-2-705+ AND 33-17-504+ MCA+--AND--REPEALING--SEEFION 33-1-209y-ME\*." 11

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

14 <u>NEW\_SECTION.</u> Section 1. Short title. [Sections 1 15 through 9] may be cited as the "Nationwide Inland Marine 16 Definition Act".

17 NEW\_SECTION. Section 2. Purpose. (1) The purpose of 18 [sections 1 through 9] is to describe the kinds of risks and 19 coverages which may be classified or identified under state insurance laws as marine+ inland marine+ or transportation 20 51 insurance, but [sections | through 9] do not include all of 22 the kinds of risks and coverages which may be written. 23 classified, or identified under marine, inland marine, or 24 transportation insuring powers. [Sections 1 through 9] may 25 not be construed to mean that the kinds of risks and

coverages described herein are solely marine, inland marine, or transportation insurance in all instances.

3 (2) [Sections 1 through 9] may not be construed to
4 restrict or limit in any way the exercise of any insuring
5 powers granted under charters and licenses whether used
6 separately, in combination, or otherwise.

<u>NEW SECTION</u>. Section 3. Imports. Imports may be
 covered by marine, inland marine, and transportation
 policies subject to the following conditions:

(1) Imports are covered wherever they are located.
 without restriction as to time. provided the coverage of the
 issuing companies includes hazards of transportation.

13 (2) Property is an import and the proper subject of 14 marine, inland marine, or transportation insurance as long 15 as the property remains segregated in such a way that it can 16 be identified and has not become incorporated into and mixed with the general mass of property in the United States; 17 property ceases to be an import and the proper subject of 18 19 marine, inland marine, or transportation insurance when it 20 has been:

21 (a) sold and delivered by the importer. factor. or 22 consignee;

(b) removed from its place of storage and placed on
sale as part of an importer's stock in trade at a point of
sale or distribution; or

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SECOND PRINTING SB 335 REFERENCE BILL

(c) delivered for manufacture, processing, or change
 in form to premises of the importer or another, to be used
 for such purposes.

4 <u>NEW\_SECTION</u>. Section 4. Exports. Exports may be 5 covered by marine, inland marine, and transportation 6 policies subject to the following conditions:

7 (1) Exports are covered wherever they are located,
8 without restriction as to time, provided the coverage of the
9 issuing companies includes hazards of transportation.

10 (2) Property is an export and the proper subject of 11 marine, inland marine, or transportation insurance when 12 designated or while being prepared for export and remains an 13 export unless diverted for domestic trade. If the property 14 is diverted for domestic trade, the provisions of [section 15 5] apply. This section does not apply to long established 16 methods of insuring certain commodities such as cotton.

17 NEW\_SECTION. Section 5. Domestic shipments. Domestic 18 shipments may be covered by marine, inland marine, and 19 transportation policies subject to the following conditions: 20 (1) Domestic shipments on consignment for sale, 21 distribution, exhibit, trial, approval, or auction may be covered while in transit, while in the custody of others, 22 and while being returned. except that the policy may not 23 cover property while it is on premises owned, leased, or 24 25 operated by the consignor.

1 (2) Domestic shipments not on consignment may be 2 covered if the coverage of the issuing companies includes 3 hazards of transportation beginning and ending within the 4 United States. Such shipments are not covered at the 5 manufacturing premises or after arrival at premises owned. 6 leased, or operated by the assured or the purchaser.

7 NEW SECTION. Section 6. Instrumentalities of 8 transportation and commerce. Bridges, tunnels, and other 9 instrumentalities of transportation and communication 10 (excluding buildings and improvements. furniture. furnishings, fixed contents, and supplies held in storage) 11 12 may be covered by marine, inland marine, and transportation policies. This category includes: 13

14 (1) bridges, tunnels, and other similar 15 instrumentalities, including auxiliary facilities and 16 equipment attendant thereto;

17 (2) piers, wharves, docks, slips, drydocks, and marine
 18 railways;

19 (3) pipelines, including on-line propulsion,
20 regulating, and other equipment appurtenant to such
21 pipelines but excluding all property at manufacturing,
22 producing, refining, converting, treating, or conditioning
23 plants;

24 (4) power transmission, telephone, and telegraph25 lines, excluding all property at generating, converting, or

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1 transforming stations, substations, and exchanges; 2 (5) radio and television communication equipment in 3 use as such, including towers and antennas with auxiliary 4 equipment, and appurtenant electrical operating and control 5 apparatus; and 6 (6) outdoor cranes, loading bridges, and similar 7 equipment used to load, unload, and transport. 8 NEW SECTION. Section 7. Personal property. Risks 9 generally covered by personal property floaters covering individuals or items of personal property may be covered by 10 11 marine, inland marine, and transportation policies. This 12 category includes: 13 (1) personal effects floater policies; 14 (2) personal property floaters; 15 (3) government service floaters; 16 (4) personal fur floaters; (5) personal jewelry floaters; 17 18 (6) wedding present floaters for a period not 19 exceeding 90 days after the date of the wedding; 20 (7) silverware floaters; 21 (8) fine arts floaters covering paintings, etchings, 22 pictures, tapestries, art glass windows, and other bona fide 23 works of art of rarity. historical value, or artistic merit; 24 (9) stamp and coin floaters; 25 (10) musical instrument floaters. For purposes of this -5-SB 335

section, radios, televisions, record players, and
 combinations thereof are not musical instruments.

3 (11) mobile articles, machinery, and equipment floaters 4 (excluding motor vehicles designed for highway use and motor 5 homes, trailers, and semitrailers except when hauled by tractors not designed for highway use) covering identified 6 property of a mobile or floating nature pertaining to or 7 usual to a household. Such policies shall not cover 8 9 furniture and fixtures not customarily used away from premises where such property is usually kept. 10

11 (12) installment sales and leased property policies 12 covering property pertaining to a household and sold under 13 conditional contract of sale, partial payment contract, or 14 installment sales contract or leased but excluding motor 15 vehicles designed for highway use. Such policies must cover 16 property in transit but shall not extend beyond the 17 termination of the seller's or lessor's interest; and

18 (13) live animal floaters.

19 <u>NEW\_SECTION</u>. Section 8. Commercial property. Risks 20 generally covered by commercial property floaters covering 21 property pertaining to a business, profession, or occupation 22 may be covered by marine, inland marine, and transportation 23 policies. This category includes: 24 (1) radium floaters;

25 (2) physicians' and surgeons' instrument floaters.

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Such policies may include coverage of such furniture.
 fixtures, and tenant assured's interest in such improvements
 of buildings as are located in that portion of the premises
 occupied by the assured in the practice of his profession.

5 (3) pattern and die floaters;

6 (4) theatrical floaters, excluding buildings and
7 improvements, furniture, and fixtures that do not travel
8 about with theatrical troupes;

9 (5) film floaters, including a builders' risk during
10 the production and coverage on completed negatives,
11 positives, and sound records;

12 (6) salesmen's samples floaters;

13 (7) exhibition policies on property while it is on
 14 exhibition and in transit to or from such exhibitions:

15 (8) live animal floaters;

16 (9) builders\* risks and installation risks policies 17 covering the interest of owner, seller, or contractor 18 against loss or damage to machinery, equipment, building 19 materials, or supplies being used with and during the course of installation, testing, building, renovating, or 20 repairing. These policies may cover property at points or 21 22 places where work is being performed, while in transit, and 23 during temporary storage or deposit of property designated 24 for an awaiting specific installation, building, renovating 25 or repairing. Such coverage is limited to builders' risks 1 or installation risks where perils in addition to fire and 2 extended coverage are to be insured. If written for the 3 account of the owner, the coverage ceases upon completion of 4 work and acceptance thereof; or if written for the account 5 of a seller or contractor the coverage terminates when the 6 interest of the seller or contractor terminates.

7 (10) mobile articles, machinery, and equipment fluaters 8 (excluding motor vehicles designed for highway use and auto 9 MOTOR homes, trailers, and semitrailers except when hauled 10 by tractors not designed for highway use and snowplows constructed exclusively for highway use) covering identified 11 12 property of a mobile or floating nature, not on sale or 13 consignment or in the course of manufacture, that has come into custody or control of parties who intend to use such 14 15 property for which it was manufactured or created. Such 16 policies may not cover furniture and fixtures not 17 customarily used away from premises where such property is usually kept. 18

19 (11) property in transit to or from and in the custody 20 of bailees (not owned, controlled, or operated by the 21 bailor), but such policies may not cover the bailee's 22 property at his premises.

(12) installment sales and leased property policies
covering property sold under conditional contract of sale,
partial payment contract or installment sales contract or

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leased, but excluding motor vehicles designed for highway
 use. These policies must cover property in transit but may
 not extend beyond the termination of the seller's or
 lessor's interest. This subsection does not include
 machinery and equipment under certain "lease-back"
 contracts.

7 (13) garment contracts' floaters;

8 (14) furriers\* or fur storers\* customer\*s policies,
9 which are policies under which certificates or receipts are
10 issued by furriers or fur storers, covering specified
11 articles that are the property of customers;

12 (15) accounts receivable policies and valuable papers13 and records policies;

(16) floor plan policies, covering property for sale
while in possession of dealers under a floor plan or any
similar plan under which the dealer borrows money from a
bank or lending institution to pay the manufacturer, if:

(a) the merchandise is specifically identifiable as
 encumbered to the bank or lending institution;

(b) the dealer's right to sell or otherwise dispose of
the merchandise is conditioned upon its being released from
encumbrance by the bank or lending institution; and

(c) the policies cover property in transit and do not
extend beyond the termination of the dealer's interest;

25 (17) sign and street clock policies, including neon

1 signs, automatic or mechanical signs, and street clocks, 2 while in use as such:

3 (18) fine arts policies covering paintings, etchings,
4 pictures, tapestries, art glass windows and other bona fide
5 works of art of rarity, historical value or artistic merit,
6 for account of museums, galleries, universities, businesses,
7 municipalities, and other similar interests:

(19) policies covering personal property, which may 8 9 include coverage of money in locked safes or vaults on the 10 assured's premises and may also include coverage of 11 furniture, fixtures, tools, machinery, patterns, molds, 12 dies, and a tenant insured's interest in improvements of buildings, which when sold to the ultimate purchaser may be 13 14 covered specifically by the owner under inland marine 15 policies including:

(a) musical instrument dealers' policies, covering
property consisting principally of musical instruments and
their accessories, but radios, televisions, record players,
and combinations of them are not musical instruments for the
purposes of this subsection.

(b) camera dealers' policies covering property
 consisting principally of cameras and their accessories;

23 (c) furrier dealers' policies covering property
24 consisting principally of furs and fur garments;

25 (d) equipment dealers' policies covering mobile

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ł equipment consisting of binders, reapers, tractors, harvesters, harrows, tedders, and other similar agricultural 2 3 equipment and accessories therefor; construction equipment 4 consisting of bulldozers, road scrapers, tractors, 5 compressors, pneumatic tools, and similar equipment and accessories therefor, but excluding motor vehicles designed 6 7 for highway use; 8 (e) stamp and coin dealers\* policies covering property 9 of philatelic and numismatic nature: 10 (f) jewelers' block policies; and (q) fine arts dealers' policies; 12 12 (20) wool growers' floaters:

13 (21) domestic bulk liquids policies covering tanks and
 14 domestic bulk liquids stored therein;

15 (22) "difference in conditions" coverage, excluding
16 fire and extended coverage perils; and

17 (23) electronic data processing policies.

18 <u>NEW\_SECTION</u>. Section 9. Exceptions. Unless otherwise 19 permitted, nothing in [sections 3 through 9] may be 20 construed to permit marine, inland marine, or transportation 21 insurance policies to cover:

22 (1) storage of an assured's merchandise, except as 23 specifically provided;

24 (2) merchandise in the course of manufacture which is25 the property of and on the premises of the manufacturer;

(3) furniture, 1 fixtures. improvements to hne buildings; or z 3 (4) money or securities in safes, vaults, safety deposit vaults, or banks or on the assured's premises, 4 except while in the course of transportation. 5 Section 10. Section 2-18-809, MCA, is amended to read: 6 7 "2-18-809, Definitions, As used in this part, the 8 following definitions apply: 9 (1) "Advisory council" means the state employee group benefits advisory council provided for in 2-15-1016. 10 11 {2} "Department" the department of means administration provided for in 2-15-1001. 12 13 (3) "State employee" means an employee of the state. 14 specifically including a member or employee of the 15 legislative branch of state government. The term "state employee" does not include employees of counties, cities, 16 17 towns, school districts, or the Montana university system. 18 (4) "Group benefits" means group hospitalization. 19 health, medical, surgical, disability, life, and other 20 similar and related group benefits provided to officers and

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employees of the state. The term "group benefits" does not

include casualty insurance, defined in 33-1-206; marine

insurance, defined authorized in 33-1-209 33-1-209 AND

[sections 1 through 9]; property insurance, defined in

33-1-210; surety insurance, defined in 33-1-211; and title

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1	insurance, defined in 33-1-212."
2	SECTION 11. SECTION 33-1-209, MCA, IS AMENDED TO READ:
3	"33-1-209. Marine <del>v-marine</del> protection and indemnity <del>v</del>
4	and wet marine andtransportation insurance. (1) Marine
5	insurance includes*
6	<del>{d}insurance-against-any-and-allkindsoflossor</del>
7	damage-to+
8	ti}vesselsycraft+aircrafty-carsy-automobilesy-and
9	vehicles-of-every-kindaswellasallgoodsyfreightsy
10	cargoesymerchandiseyeffectsydisbursementsyprofitsy
11	moneysy-bullionypreciousstonesysecuritiesychosesin
12	actionyevidencesofdebtyvaluable-papersy-bottomry-and
13	respondentia-interestay-and-all-other-kinds-af-propertyand
14	intereststhereininrespecttoxappertaining-tox-or-in
15	connection-with-any-and-all-risks-or-perilsofnavigationv
16	transity-or-transportationy-including-war-risksy-on-or-under
17	anyseasorother-watersy-on-land-or-in-the-airy-or-while
18	beingassembledypackedycratedybaledycompressedyor
19	similarlypreparedfor-shipment-or-while-awaiting-the-same
20	or-during-any-delaysy-storagey-transshipmenty-or-reshipmenty
21	incident-theretoy-including-morine-builder*s-risksandall
22	personal-property-floater-risks;
23	fit}-person-ortopropertyinconnectionwithor
24	appertainingtoamarineyinlandmarineytransityor
25	transportation-insurancey-including-liability-for-loss-of-or

2 constructiony-repairy-operationy-maintenancey-or-use-of--the 3 subject--matter--of--such--insurance--but-not-including-life insurancey-surety-bondsy-or-insurance-against-loss-by-reason 4 5 of-badily-injury-to-the-person-arising-out-of-the-ownershipy maintenancev-or-use-of-outomobiles; 6 7 titi)-precious-stonesy-jewelsy-jewelryy--goldy--silvery 8 and-other-precious-metalsy-whether-used-in-business-or-trade 9 or---otherwise----and--whether--the--same--be--in--eourse--of 10 transportation-or-otherwiset-and 11 (iv)-bridgesy-tunnelsy-and-other--instrumentalities--of 12 trensportation-and-communicationy-excluding-buildingsy-their furniture-and-furnishingsv-fixed-contentsy-and-supplies-held 13 in--storagev--unless-firev-tornadov-sprinkler-leakagev-haily 14 15 explosionv-corthquekey-riotv-and/or-civil-commotion-are--the 16 only--hazards--to--be--covered;--piersy--whorvesy-docksy-and 17 stipsy-excluding--the--risks--of--firey--tornadoy--sprinkter 18 teakagev--hotty--explosiony--earthquakey--rioty-and/or-civit 19 commotion;-other--aids--to--navigation--and--transportationv including--dry-docks-and-marine-railwaysy-against-all-riskst 20 21 (b) marine protection and indemnity insurance, meaning insurance against, or against legal liability of the insured 22 23 for, loss, damage, or expense arising out of or incident to 24 the ownership, operation, chartering, maintenance, use, 25 repairs or construction of any vessels crafts or

damage--to--eithery-arising-out-of-or-in-connection-with-the

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1 instrumentality in use in ocean or inland waterways, 2 including liability of the insured for personal injury, 3 illness, or death or for loss of or damage to the property 4 of another person.

5 (2) For the purposes of this code wet marine and 6 transportation insurance is that part of marine insurance 7 which includes only:

8 (a) insurance upon vessels, crafts, and hulls and of
9 interests therein or with relation thereto;

10 (b) insurance of 'marine builders' risks, marine war 11 risks, and contracts of marine protection and indemnity 12 insurance;

13 (c) insurance of freights and disbursements pertaining 14 to a subject of insurance coming within this subsection; and 15 (d) insurance of personal property and interests 16 therein, in course of exportation from or importation into 17 any country and in course of transportation coastwise or on inland waters, including transportation by land, water, or 18 19 air from point of origin to final destination, in respect 20 to, appertaining to, or in connection with any and all risks or parils of navigation, transit, or transportation while 21 22 being prepared for and while awaiting shipment and during any delays, storage, transshipment, or reshipment incident 23 24 thereto."

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Section 12. Section 33-2-705, MCA, is amended to read:

1 "33-2-705. Report on premiums and other consideration 2 -- tax. (1) Each authorized insurer and each formerly 3 authorized insurer with respect to premiums so received 4 while an authorized insurer in this state shall file with 5 the commissioner, on or before March 1 each year, a report lexcept as to wet marine and transportation insurance taxed 6 7 under subsection (3) (4) below) in form as prescribed by the 8 commissioner showing total direct premium income, including 9 policy, membership, and other fees, premiums paid by 10 application of dividends, refunds, savings, savings coupons, 11 and similar returns or credits to payment of premiums for 12 new or additional or extended or renewed insurance, charges 13 for payment of premium in installments, and all other 14 consideration for insurance from all kinds and classes of 15 insurance whether designated as a premium or otherwise. 16 received by it during the preceding calendar year on account 17 of policies covering property, subjects, or risks located. 18 resident, or to be performed in Montana, with proper 19 proportionate allocation of premium as to such property, 20 subjects, or risks in Montana insured under policies or 21 contracts covering property, subjects, or risks located or 2 Z resident in more than one state, after deducting from such 23 total direct premium income applicable cancellations. returned premiums, the unabsorbed portion of any deposit 24 premium, the amount of reduction in or refund of premiums 25

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1 allowed to industrial life policyholders for payment of 2 premiums direct to an office of the insurer, all policy 3 dividends, refunds, savings, savings coupons, and other 4 similar returns paid or credited to policyholders with 5 respect to such policies. As to title insurance, "premium" 6 includes only the risk portion of the charge for such 7 insurance. No deduction shall be made of the cash surrender 8 values of policies. Considerations received on annuity 9 contracts shall not be included in total direct premium 10 income and shall not be subject to tax.

11 (2) Coincident with the filing of the tax report referred to in subsection (1) above, each such insurer shall pay to the commissioner a tax upon such net premiums. This tax may be computed in either of the following ways:

15 (a) (i) A domestic insurer may choose to compute its
16 tax based on the percentage of its admitted assets invested
17 in Montana securities according to the following schedule:
18 (A) 2 3/4% of net premiums if the insurer has 0% of
19 its admitted assets invested in Montana securities;

(a) 2 1/4% of net premiums if the insurer has at least
25% of its admitted assets invested in Montana securities;
(C) 1 3/4% of net premiums if the insurer has at least
50% of its admitted assets invested in Montana securities;
(D) 1 1/4% of net premiums if the insurer has at least
75% of its admitted assets invested in Montana securities;

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1 and

2 (E) 3/4% of net premiums if the insurer has 100% of
3 its admitted assets invested in Montana securities.

4 (ii) "Admitted assets" are those assets allowed in
5 33-2-501.

6 (iii) An insurer choosing this method of computation
7 must itemize its Montana securities on a detailed schedule
8 attached to its annual tax report.

9 (b) (i) If the method provided for in subsection (a) 10 is not used, the insurer shall compute its tax at the rate 11 of 2 3/4% of the net premiums.

12 (ii) An insurer choosing this method and having not 13 less than 50% of its paid-in capital stock invested in 14 Montana securities is allowed to deduct whatever tax it may 15 have already paid to the state of Montana and its political 16 subdivisions, during the same calendar year as to which 17 premium tax is being paid, from the amount otherwise due 18 under this section.

19 (3) For the purpose of subsection (2):

(a) "paid-in capital stock" as to a mutual or
 reciprocal insurer shall be deemed to be an amount equal to
 10% of the insurer's assets; and

(b) "Montana securities" shall be deemed to include
anly general obligations of the state of Montana or of its
political subdivisions, mortgage loans secured by a first

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lien upon real estate located in Montana, and real estate
 located in Montana owned by the insurer, all if otherwise
 lawful investments of the insurer under this code.

(4) (a) On or before March 1 of each year each insurer 4 shall file with the commissioner. on forms as prescribed and 5 6 furnished or accepted by him, a report of its gross 7 underwriting profit on wet WEI marine, INLAND MARINE, and 8 transportation insurance, as-defined authorized in 33-1-209 9 33-1-209 AND [sections ] through 9], written in this state during the calendar year next preceding and shall at the 10 same time pay to the commissioner a tax of 3/4 of 1% of such 11 12 gross underwriting profit.

13 gross underwriting profit shall be (b) Such ascertained by deducting from the net premiums (i.e., gross 14 15 premiums less all return premiums and premiums for reinsurance) on such wet marine and transportation insurance 16 contracts the net losses paid (i.e., gross losses paid less 17 salvage and recoveries on reinsurance ceded) during such 18 calendar year under such contracts. In the case of insurers 19 20 issuing participating contracts, such gross underwriting profit shall not include for computation of the tax 21 prescribed by this subsection (3) the amounts refunded. 22 credited, or paid as participation dividends or savings by 23 such insurers to the holders of such contracts. 24

25 (5) That portion of the tax paid hereunder by an

1 insurer on account of premiums received for fire insurance 2 shall be separately specified in the report as required by 3 the commissioner, for apportionment as provided by law. Where insurance against fire is included with insurance of 4 property against other perils at an undivided premium, the 5 6 insurer shall make such reasonable allocation from such 7 entire premium to the fire portion of the coverage as shall 8 be stated in such report and as may be approved or accepted 9 by the commissioner.

(6) With respect to authorized insurers the premium 10 tax provided by this section shall be payment in full and in 11 lieu of all other demands for any and all state, county, 12 13 city, district, municipal, and school taxes, licenses, fees, and excises of whatever kind or characters excepting only 14 15 those prescribed by this code, taxes on real and tangible personal property located in this state, and taxes payable 16 17 under 50-3-109.

18 (7) The commissioner may suspend or revoke the
19 certificate of authority of any insurer which fails to pay
20 its taxes as required under this section."

21 Section 13. Section 33-17-504+ MEA+ is amended to 22 read:

\*33-17-504. Issuing license -- limitations. The
 commissioner may issue an insurance consultant's license to
 any natural person who has complied with the requirements of

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this chapter with respect to either life insurance, meaning 1 2 all of those kinds of insurance authorized in 33-1-207, 3 33-1-208, 33-20-1001, 33-21-103, 33-22-501, and 33-22-601, 4 or general insurance, meaning all of those kinds of 5 insurance authorized in 33-1-206, 33-1-207, and--33-1-209 33-1-210 33-1-209 through 33-1-212, and [sections 1 through 6 7 9] as specified in such license." Section 14. Codification instruction. Sections 1 8

9 through 9 are intended to be codified as an integral part of 10 Title 33, chapter 1, part 2, and the provisions of Title 33 11 apply to sections 1 through 9.

12 Section-14w--Repeaters---Section--33-1-289y---HEAy---is

13 repeateds

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-End-

House amendments to Senate Bill 335: 1. Page 12, line 23. Following: "33-1-209" Insert: "33-1-209 and" 2. Page 16, line 7. Following: "subsection" Strike: "(3)" Insert: "(4)" 3. Page 19, line 7. Following: "wet" Insert: "wet" 4. Page 19, line 8. Following: "33-1-209" Insert: "33-1-209 and" 5. Page 21, line 6. Strike: "33-1-209"

1. Title, line 9. Following: "2-18-809," Insert: "33-1-209," 2. Title, line 10. Following: "33-17-504, MCA" Strike: "; AND REPEALING SECTION 33-1-209, MCA" 3. Page 13. line 25 on page 12 Following: Insert: "Section 10. Section 33-1-209, MCA, is amended to read: "33-1-209. Marine,-marine protection and indemnity, and wet marine and-transportation insurance. (1) Marine insurance includes: (a) insurance against any and all kinds of loss or damage to -(i) vessels, craft, aircraft, cars, automobiles, and vehicles of every kind as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests, and all other kinds of property and interests. therein in respect to, appertaining to, or in connection with any and all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed, or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment, or reshipment, incident -thereto, including-marine builder's risks and all personal propertyfloater risks; (ii) person or to property in connection with or appertaining to a marine, inland marine, transit, or transportation insurance, including liability for loss of or damage to either, arising out of or in con--nection with the construction, repair, operation, maintenance, or useof the subject matter of such insurance but not including life insurance; surety bonds, or insurance against loss by reason of bodily injury to the person arising out of the ownership, maintenance, or use of automobiles,

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(iii) precious stones, jewels, jewelry, gold, silver, and other precious metals, whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise; and

(iv) bridges, tunnels, and other instrumentalities of transportation and communication, excluding buildings, their furniture and furnishings, fixed contents, and supplies held in storage, unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot, and/or civil commotion are the only hazards to be covered; piers, wharves, docks, and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, carthquake, riot, and/or civil commotion; other aids to navigation and transportation, including dry docks and marine railways, against all risks; (b) marine protection and indemnity insurance, meaning insurance against, or against legal liability of the insured for, loss, damage, or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, repair, or construction of any vessel, craft, or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness, or death or for loss of or damage to the property of another person.

(2) For the purposes of this code wet marine and transportation insurance is that part of marine insurance which includes only:

(a) insurance upon vessels, crafts, and hulls and of interests therein or with relation thereto;

(b) insurance of marine builders' risks, marine war risks, and contracts of marine protection and indemnity insurance;

(c) insurance of freights and disbursements pertaining to a subject of insurance coming within this subsection; and

(d) insurance of personal property and interests therein, in course of exportation from or importation into any country and in cours of transportation coastwise or on inland waters, including transportati by land, water, or air from point of origin to final destination, in respect to, appertaining to, or in connection with any and all risks or perils of navigation, transit, or transportation while being prepared for and while awaiting shipment and during any delays, storage transshipment, or reshipment incident thereto.""

Renumber: subsequent sections.

4. Page 18, lines 13 and 14. Following: line 12 Strike: section 14 in its entirety.