

HOUSE BILL NO. 567

INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK,
COMPTON, PECK, JENKINS, PISTORIA, DEVLIN, J. HAMMOND,
PATTERSON, IVERSON, GARCIA, REAM, O'CONNELL,
GLASER, BACHINI, HANSEN

IN THE HOUSE

January 30, 1985	Introduced and referred to Committee on Business and Labor.
February 23, 1985	Committee recommend bill do pass as amended. Report adopted.
February 25, 1985	Bill printed and placed on members' desks.
February 26, 1985	Motion pass consideration. On motion, bill placed on second reading this day.
February 27, 1985	Second reading, do pass. On motion, rules suspended and bill placed on third reading this day. Third reading, passed. Transmitted to Senate.

IN THE SENATE

March 5, 1985	Introduced and referred to Committee on Business and Industry.
March 28, 1985	Committee recommend bill be concurrred in as amended. Report adopted.

March 30, 1985 Second reading, concurred in.
April 1, 1985 Third reading, concurred in.
Ayes, 48; Noes, 0.
Returned to House with
amendments.

IN THE HOUSE

April 2, 1985 Received from Senate.
April 8, 1985 Second reading, amendments
concurred in.
On motion, rules suspended and
bill placed on third reading
this day.
Third reading, amendments
concurred in.
Sent to enrolling.
April 12, 1985 Correctly enrolled.
April 15, 1985 Signed by President.
Signed by Speaker.
Delivered to Governor.
April 19, 1985 Returned from Governor with
recommended amendments.
April 20, 1985 Second reading, Governor's
amendments concurred in.
April 22, 1985 Third reading, Governor's
amendments concurred in.
Governor's amendments
transmitted to Senate.

IN THE SENATE

April 22, 1985	Received from House.
April 24, 1985	Second reading, Governor's amendments concurred in.
April 25, 1985	Third reading, Governor's amendments concurred in.
	Returned to House.

IN THE HOUSE

April 25, 1985	Received from Senate.
	Sent to enrolling.
	Reported correctly enrolled.

1 HOUSE BILL NO. 567
 2 INTRODUCED BY Schult Amor Smith M. Hanson McLanick
 3 Cooper Winters Johnson Jensen Chapman Winters
 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING LIFE AND
 5 DISABILITY INSURANCE COMPANIES TO SEND WRITTEN CANCELLATION
 6 NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF
 7 PREMIUMS."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 Section 1. Notice required for cancellation. No
 11 insurer may cancel a life insurance policy, certificate of
 12 insurance, or annuity for nonpayment of premiums until the
 13 insurer has mailed or delivered to the named insured at the
 14 address shown in the policy two written notices of
 15 cancellation, not less than 10 days apart, followed by a
 16 certified letter or phone call, not more than 5 days before
 17 the cancellation, stating the date the cancellation will
 18 become effective, which may not be less than 30 days after
 19 the date of mailing or delivery of the first notice.

20 Section 2. Notice required for cancellation. No
 21 insurer may cancel a disability insurance policy or
 22 certificate of insurance for nonpayment of premiums until
 23 the insurer has mailed or delivered to the named insured at
 24 the address shown in the policy two written notices of
 25 cancellation, not less than 10 days apart, followed by a

1 certified letter or phone call, not more than 5 days before
 2 the cancellation, stating the date the cancellation will
 3 become effective, which may not be less than 30 days after
 4 the date of mailing or delivery of the first notice.

5 Section 3. Extension of authority. Any existing
 6 authority of the commissioner of insurance to make rules on
 7 the subject of the provisions of this act is extended to the
 8 provisions of this act.

9 Section 4. Codification instruction. (1) Section 1 is
 10 intended to be codified as an integral part of Title 33,
 11 chapter 20, part 1, and the provisions of Title 33, chapter
 12 20, apply to section 1.

13 (2) Section 2 is intended to be codified as an
 14 integral part of Title 33, chapter 22, part 1, and the
 15 provisions of Title 33, chapter 22, apply to section 2.

-End-



APPROVED BY COMM. ON
BUSINESS AND LABOR

HOUSE BILL NO. 567

INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK,
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NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF
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insurer may cancel a life insurance policy, certificate of
insurance, or annuity for nonpayment of premiums until the
insurer has mailed or delivered to the named insured at the
address shown in the policy two written notices of
cancellation, not less than 10 days apart, followed by a
certified letter or phone call, not more than 5 days before
the cancellation, stating the date the cancellation will
become effective, which may not be less than 30 days after
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insurer may cancel a disability insurance policy or
certificate of insurance for nonpayment of premiums until~~

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the address shown in the policy two written notices of
cancellation, not less than 10 days apart, followed by a
certified letter or phone call, not more than 5 days before
the cancellation, stating the date the cancellation will
become effective, which may not be less than 30 days after
the date of mailing or delivery of the first notice.~~

SECTION 1. (1) (A) NO INSURANCE COMPANY DOING BUSINESS
IN THIS STATE MAY DECLARE ANY LIFE INSURANCE POLICY OR ANY
NONCANCELABLE OR GUARANTEED RENEWABLE DISABILITY INSURANCE
POLICY OWNED BY A RESIDENT OF THIS STATE FORFEITED OR LAPSED
WITHIN 6 MONTHS AFTER DEFAULT IN PAYMENT OF ANY PREMIUM,
INSTALLMENT, OR INTEREST UNLESS, ON OR BEFORE THE DAY THE
PREMIUM WAS DUE AND PAYABLE AND PRIOR TO THE BEGINNING OF
THE GRACE PERIOD, A WRITTEN NOTICE WAS MAILED TO THE
POLICYOWNER AT HIS LAST-KNOWN ADDRESS (AS SHOWN BY THE
RECORDS OF THE INSURANCE COMPANY), STATING:

(I) THE AMOUNT OF THE PREMIUM, INSTALLMENT, OR
INTEREST DUE ON SUCH POLICY;

(II) THE PLACE WHERE IT MUST BE PAID; AND

(III) THE NAME AND ADDRESS OF THE PERSON OR COMPANY TO
WHICH THE PREMIUM IS PAYABLE.

(B) THE NOTICE MUST ALSO STATE THAT UNLESS THE PREMIUM
OR OTHER SUMS ARE PAID TO THE COMPANY OR ITS AGENT, THE
POLICY WILL LAPSE OR BE FORFEITED, EXCEPT AS TO ANY



1 NONFORFEITURE OPTIONS PROVIDED FOR BY A LIFE INSURANCE
 2 POLICY.

3 (2) "POLICYOWNER", AS USED IN THIS SECTION, MEANS THE
 4 OWNER OF THE POLICY, OR ANY OTHER PERSON DESIGNATED AS THE
 5 PERSON TO RECEIVE PREMIUM NOTICES, AS SHOWN BY THE RECORDS
 6 OF THE INSURANCE COMPANY.

7 (3) THE AFFIDAVIT OF ANY REASONABLE OFFICER, CLERK, OR
 8 AGENT OF THE INSURANCE COMPANY AUTHORIZED TO MAIL THE NOTICE
 9 THAT IT IS THE STANDARD PRACTICE OF THE COMPANY TO MAIL TO
 10 POLICYOWNERS THE NOTICE REQUIRED BY THIS SECTION IS PRIMA
 11 FACIE EVIDENCE THAT THE NOTICE HAS BEEN DULY GIVEN.

12 (4) NO ACTION MAY BE MAINTAINED TO RECOVER UNDER A
 13 LAPSED OR FORFEITED POLICY ON THE GROUND THAT THE INSURANCE
 14 COMPANY FAILED TO COMPLY WITH THIS SECTION UNLESS THE ACTION
 15 IS INSTITUTED WITHIN 2 YEARS FROM THE DUE DATE UPON WHICH
 16 DEFAULT WAS MADE IN PAYING THE PREMIUM, INSTALLMENT, OR
 17 INTEREST FOR WHICH LAPSE OR FORFEITURE IS CLAIMED.

18 (5) THIS SECTION DOES NOT APPLY TO:

- 19 (A) GROUP OR GROUP-TYPE POLICIES;
- 20 (B) INDUSTRIAL LIFE OR INDUSTRIAL DISABILITY POLICIES;
- 21 (C) POLICIES UPON WHICH PREMIUMS ARE PAYABLE MONTHLY

22 OR AT MORE FREQUENT INTERVALS; OR

23 (D) POLICIES FOR WHICH THE PREMIUMS ARE BILLED TO AND
 24 PAYABLE THROUGH AN EMPLOYER.

25 Section 2. Extension of authority. Any existing

1 authority of the commissioner of insurance to make rules on
 2 the subject of the provisions of this act is extended to the
 3 provisions of this act.

4 Section 3. Codification instruction. ~~{}~~ Section 1 is
 5 intended to be codified as an integral part of Title 33,
 6 chapter 20, part 1, and the provisions of Title 33, chapter
 7 20, apply to section 1.

8 ~~{2}--Section--2--is--intended--to--be--codified--as--an~~
 9 ~~integral-part-of-Title-33,--chapter--22,--part--1,--and--the~~
 10 ~~provisions-of-Title-33,--chapter-22,--apply-to-section-2-~~

-End-

HOUSE BILL NO. 567

INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK,
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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING LIFE AND
DISABILITY INSURANCE COMPANIES TO SEND WRITTEN CANCELLATION
NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF
PREMIUMS."

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

~~Section 17--Notice--required--for--cancellation,--No
insurer--may--cancel--a--life--insurance--policy,--certificate--of
insurance,--or--annuity--for--nonpayment--of--premiums--until--the
insurer--has--mailed--or--delivered--to--the--named--insured--at--the
address--shown--in--the--policy--two--written--notices--of
cancellation,--not--less--than--10--days--apart,--followed--by--a
certified--letter--or--phone--call,--not--more--than--5--days--before
the--cancellation,--stating--the--date--the--cancellation--will
become--effective,--which--may--not--be--less--than--30--days--after
the--date--of--mailing--or--delivery--of--the--first--notice.~~

~~Section 27--Notice--required--for--cancellation,--No
insurer--may--cancel--a--disability--insurance--policy--or
certificate--of--insurance--for--nonpayment--of--premiums--until~~

~~the--insurer--has--mailed--or--delivered--to--the--named--insured--at
the--address--shown--in--the--policy--two--written--notices--of
cancellation,--not--less--than--10--days--apart,--followed--by--a
certified--letter--or--phone--call,--not--more--than--5--days--before
the--cancellation,--stating--the--date--the--cancellation--will
become--effective,--which--may--not--be--less--than--30--days--after
the--date--of--mailing--or--delivery--of--the--first--notice.~~

SECTION 1. (1) (A) NO INSURANCE COMPANY DOING BUSINESS
IN THIS STATE MAY DECLARE ANY LIFE INSURANCE POLICY OR ANY
NONCANCELABLE OR GUARANTEED RENEWABLE DISABILITY INSURANCE
POLICY OWNED BY A RESIDENT OF THIS STATE FORFEITED OR LAPSED
WITHIN 6 MONTHS AFTER DEFAULT IN PAYMENT OF ANY PREMIUM,
INSTALLMENT, OR INTEREST UNLESS, ON OR BEFORE THE DAY THE
PREMIUM WAS DUE AND PAYABLE AND PRIOR TO THE BEGINNING OF
THE GRACE PERIOD, A WRITTEN NOTICE WAS MAILED TO THE
POLICYOWNER AT HIS LAST-KNOWN ADDRESS (AS SHOWN BY THE
RECORDS OF THE INSURANCE COMPANY), STATING:

(I) THE AMOUNT OF THE PREMIUM, INSTALLMENT, OR
INTEREST DUE ON SUCH POLICY;

(II) THE PLACE WHERE IT MUST BE PAID; AND

(III) THE NAME AND ADDRESS OF THE PERSON OR COMPANY TO
WHICH THE PREMIUM IS PAYABLE.

(B) THE NOTICE MUST ALSO STATE THAT UNLESS THE PREMIUM
OR OTHER SUMS ARE PAID TO THE COMPANY OR ITS AGENT, THE
POLICY WILL LAPSE OR BE FORFEITED, EXCEPT AS TO ANY

1 NONFORFEITURE OPTIONS PROVIDED FOR BY A LIFE INSURANCE
 2 POLICY.

3 (2) "POLICYOWNER", AS USED IN THIS SECTION, MEANS THE
 4 OWNER OF THE POLICY, OR ANY OTHER PERSON DESIGNATED AS THE
 5 PERSON TO RECEIVE PREMIUM NOTICES, AS SHOWN BY THE RECORDS
 6 OF THE INSURANCE COMPANY.

7 (3) THE AFFIDAVIT OF ANY REASONABLE OFFICER, CLERK, OR
 8 AGENT OF THE INSURANCE COMPANY AUTHORIZED TO MAIL THE NOTICE
 9 THAT IT IS THE STANDARD PRACTICE OF THE COMPANY TO MAIL TO
 10 POLICYOWNERS THE NOTICE REQUIRED BY THIS SECTION IS PRIMA
 11 FACIE EVIDENCE THAT THE NOTICE HAS BEEN DULY GIVEN.

12 (4) NO ACTION MAY BE MAINTAINED TO RECOVER UNDER A
 13 LAPSED OR FORFEITED POLICY ON THE GROUND THAT THE INSURANCE
 14 COMPANY FAILED TO COMPLY WITH THIS SECTION UNLESS THE ACTION
 15 IS INSTITUTED WITHIN 2 YEARS FROM THE DUE DATE UPON WHICH
 16 DEFAULT WAS MADE IN PAYING THE PREMIUM, INSTALLMENT, OR
 17 INTEREST FOR WHICH LAPSE OR FORFEITURE IS CLAIMED.

18 (5) THIS SECTION DOES NOT APPLY TO:

19 (A) GROUP OR GROUP-TYPE POLICIES;

20 (B) INDUSTRIAL LIFE OR INDUSTRIAL DISABILITY POLICIES;

21 (C) POLICIES UPON WHICH PREMIUMS ARE PAYABLE MONTHLY
 22 OR AT MORE FREQUENT INTERVALS; OR

23 (D) POLICIES FOR WHICH THE PREMIUMS ARE BILLED TO AND
 24 PAYABLE THROUGH AN EMPLOYER.

25 Section 2. Extension of authority. Any existing

1 authority of the commissioner of insurance to make rules on
 2 the subject of the provisions of this act is extended to the
 3 provisions of this act.

4 Section 3. Codification instruction. {1} Section 1 is
 5 intended to be codified as an integral part of Title 33,
 6 chapter 20, part 1, and the provisions of Title 33, chapter
 7 20, apply to section 1.

8 {2}--Section--2--is--intended--to--be--codified--as--an
 9 integral-part-of-Title-33,--chapter--22,--part--1,--and--the
 10 provisions-of-Title-33,--chapter--22,--apply-to-section-2.

-End-

MARCH 26 19 85

MARCH 26 19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration HOUSE BILL No. 567

third reading copy (blue color)

REQUIRE WRITTEN NOTICE OF CANCELLATION OF LIFE & HEALTH INSURANCE POLICIES (Thayer)

Respectfully report as follows: That HOUSE BILL No. 567

be amended as follows

Following: line 12, page 1

Strike: everything after the enacting clause and insert:

"Section 1. Notice required for cancellation. No insurer may cancel a life insurance policy, certificate of insurance, or annuity for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy one written notice of cancellation in addition to any billing statement, stating the date the cancellation, will become effective, which may not be less than 30 days after the date of mailing or delivery of the notice.

Section 2. Contents of notice--proof--limitation on recovery--exemptions.

(1) (a) The notice of cancellation shall state:

(i) the amount of the premium, installment, or interest due on such policy;

(ii) the place where it must be paid; and

(continued)

XXXXXX

XXXXXX

Chairman

(iii) the name and address of the person or company to which the premium is payable.

(b) the notice must also state that unless the premium or other sums are paid to the company or its agent, the policy will lapse or be forfeited, except as to any nonforfeiture options provided for by a life insurance policy.

(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive premium notices, as shown by the records of the insurance company.

(3) The affidavit of any responsible officer, clerk, or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice has been duly given.

(4) No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section unless the action is instituted within 2 years from the due date upon which default was made in paying the premium, installment, or interest for which lapse or forfeiture is claimed.

(5) This section does not apply to:

(a) group or group-type policies;

(b) industrial life or industrial disability policies;

(c) policies upon which premiums are payable monthly or at more frequent intervals; or

(d) policies for which the premiums are billed to and payable through an employer.

Section 3. Notice required for cancellation. No insurer may cancel a disability insurance policy or certificate of insurance for nonpayment of premiums until the insurer has mailed or delivered to the named insured at the address shown in the policy one written notice of cancellation in addition to any billing statement, stating the date the cancellation will become effective, which may not be less than 30 days after the date of mailing or delivery of the notice.

(continued)

MARCH 26 19 85

Section 4. Contents of notice--proof--limitation on recovery--exemptions.

(1) (a) The notice of cancellation shall state:

- (i) the amount of the premium, installment, or interest due on such policy;
 - (ii) the place where it must be paid; and
 - (iii) the name and address of the person or company to which the premium is payable.
- (b) The notice must also state that unless the premium or other sums are paid to the company or its agent, the policy will lapse or be forfeited.

(2) "Policyowner", as used in this section, means the owner of the policy, or any other person designated as the person to receive premium notices, as shown by the records of the insurance company.

(3) The affidavit of any responsible officer, clerk, or agent of the insurance company authorized to mail the notice that it is the standard practice of the company to mail to policyowners the notice required by this section is prima facie evidence that the notice has been duly given.

(4) No action may be maintained to recover under a lapsed or forfeited policy on the ground that the insurance company failed to comply with this section unless the action is instituted within 2 years from the due date upon which default was made in paying the premium, installment, or interest for which lapse or forfeiture is claimed.

(5) This section does not apply to:

- (a) group or group-type policies;
- (b) industrial life or industrial disability policies;
- (c) policies upon which premiums are payable monthly or at more frequent intervals; or

(continued)

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MARCH 26 19 85

(d) policies for which the premiums are billed to and payable through an employer.

Section 5. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

Section 6. Codification instruction. (1) Section 1 and 2 are intended to be codified as an integral part of Title 33, chapter 20, part 1, and the provisions of Title 33, chapter 20, apply to sections 1 and 2.

(2) Sections 3 and 4 are intended to be codified as an integral part of Title 33, chapter 22, part 1, and the provisions of Title 33, chapter 22, apply to sections 3 and 4."

KB
AND AS AMENDED
BE CONCURRED IN

Mike Halligan
Sen. Mike Halligan

1 HOUSE BILL NO. 567

2 INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK,
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 8 DISABILITY INSURANCE COMPANIES TO SEND WRITTEN CANCELLATION
 9 NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF
 10 PREMIUMS."
 11

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

13 (Refer to Third Reading Bill)

14 Strike everything after the enacting clause and insert:

15 Section 1. Notice required for cancellation. No
 16 insurer may cancel a life insurance policy, certificate of
 17 insurance, or annuity for nonpayment of premiums until the
 18 insurer has mailed or delivered to the named insured at the
 19 address shown in the policy one written notice of
 20 cancellation in addition to any billing statement, stating
 21 the date the cancellation will become effective, which may
 22 not be less than 30 days after the date of mailing or
 23 delivery of the notice.

24 Section 2. Contents of notice -- proof -- limitation
 25 on recovery -- exemptions. (1) (a) The notice of

1 cancellation shall state;

2 (i) the amount of the premium, installment, or
 3 interest due on such policy;

4 (ii) the place where it must be paid; and

5 (iii) the name and address of the person or company to
 6 which the premium is payable.

7 (b) The notice must also state that unless the premium
 8 or other sums are paid to the company or its agent, the
 9 policy will lapse or be forfeited, except as to any
 10 nonforfeiture options provided for by a life insurance
 11 policy.

12 (2) "Policyowner", as used in this section, means the
 13 owner of the policy or any other person designated as the
 14 person to receive premium notices, as shown by the records
 15 of the insurance company.

16 (3) The affidavit of any responsible officer, clerk,
 17 or agent of the insurance company authorized to mail the
 18 notice that it is the standard practice of the company to
 19 mail to policyowners the notice required by this section is
 20 prima facie evidence that the notice has been duly given.

21 (4) No action may be maintained to recover under a
 22 lapsed or forfeited policy on the ground that the insurance
 23 company failed to comply with this section unless the action
 24 is instituted within 2 years from the due date upon which
 25 default was made in paying the premium, installment, or

1 interest for which lapse or forfeiture is claimed.

2 (5) This section does not apply to:

3 (a) group or group-type policies;

4 (b) industrial life or industrial disability policies;

5 (c) policies upon which premiums are payable monthly
6 or at more frequent intervals; or

7 (d) policies for which the premiums are billed to and
8 payable through an employer.

9 Section 3. Notice required for cancellation. No
10 insurer may cancel a disability insurance policy or
11 certificate of insurance for nonpayment of premiums until
12 the insurer has mailed or delivered to the named insured at
13 the address shown in the policy one written notice of
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16 not be less than 30 days after the date of mailing or
17 delivery of the notice.

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20 cancellation shall state:

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25 which the premium is payable.

1 (b) The notice must also state that unless the premium
2 or other sums are paid to the company or its agent, the
3 policy will lapse or be forfeited.

4 (2) "Policyowner", as used in this section, means the
5 owner of the policy or any other person designated as the
6 person to receive premium notices, as shown by the records
7 of the insurance company.

8 (3) The affidavit of any responsible officer, clerk,
9 or agent of the insurance company authorized to mail the
10 notice that it is the standard practice of the company to
11 mail to policyowners the notice required by this section is
12 prima facie evidence that the notice has been duly given.

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14 lapsed or forfeited policy on the ground that the insurance
15 company failed to comply with this section unless the action
16 is instituted within 2 years from due date upon which
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18 interest for which lapse or forfeiture is claimed.

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23 or at more frequent intervals; or

24 (d) policies for which the premiums are billed to and
25 payable through an employer.

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2 authority of the commissioner of insurance to make rules on
3 the subject of the provisions of this act is extended to the
4 provisions of this act.

5 Section 6. Codification instruction. (1) Sections 1
6 and 2 are intended to be codified as an integral part of
7 Title 33, chapter 20, part 1, and the provisions of Title
8 33, chapter 20, apply to sections 1 and 2.

9 (2) Sections 3 and 4 are intended to be codified as an
10 integral part of Title 33, chapter 22, part 1, and the
11 provisions of Title 33, chapter 22, apply to sections 3 and
12 4.

-End-

GOVERNOR'S PROPOSED AMENDMENTS TO
HOUSE BILL NO. 567
REFERENCE COPY
APRIL 19, 1985

1. Page 1, line 16 through line 17.
Following: "policy" on line 16
Strike: ", certificate of insurance,"
2. Page 1, line 18.
Following: "insured"
Insert: "and policyowner, where they are not the same,"
Following: "at the"
Insert: "last known post office"
3. Page 1, line 19.
Following: "in the"
Strike: "policy"
Insert: "records of the company"
4. Page 1, line 23.
Following: "notice."
Insert: "Said 30 days shall run concurrently with the
grace period required by Section 33-20-104, MCA."
5. Page 3, line 2.
Following: "(5)"
Strike: "This section"
Insert: "Section 1"
6. Page 3, lines 6 through 8.
Following: "intervals"
Strike: "; or" on line 6 through "employer" on line 8.
7. Page 3, line 10 through 11.
Following: "policy"
Strike: "or certificate of insurance"

8. Page 3, line 12.
Following: "insured"
Insert: "and policyowner, where they are not the same,"

9. Page 3, line 13.
Following: "the"
Insert: "last known post office"
Following: "in the"
Strike: "policy"
Insert: "records of the company"

10. Page 3, line 17.
Following: "notice."
Insert: "Said 30 days shall run concurrently with any
grace period required by Section 33-22-206, MCA."

11. Page 4, line 19.
Following: "(5)"
Strike: "This section"
Insert: "Section 3"

12. Page 4, lines 23 through 25
Following: "intervals"
Strike: "; or" on line 23 through "employer" on line 25.

-END-

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2 INTRODUCED BY SCHULTZ, SIMON, ERNST, HANSON, MCCORMICK,
3 COMPTON, PECK, JENKINS, PISTORIA, DEVLIN, J. HAMMOND,
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9 NOTICES BEFORE CANCELING POLICIES FOR NONPAYMENT OF
10 PREMIUMS."
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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 (Refer to Third Reading Bill)

14 Strike everything after the enacting clause and insert:

15 Section 1. Notice required for cancellation. No
16 insurer may cancel a life insurance policy, ~~certificate~~ of
17 insurance, or annuity for nonpayment of premiums until the
18 insurer has mailed or delivered to the named insured AND
19 POLICYOWNER, WHERE THEY ARE NOT THE SAME, at the LAST-KNOWN
20 POST OFFICE address shown in the policy RECORDS OF THE
21 COMPANY one written notice of cancellation in addition to
22 any billing statement, stating the date the cancellation
23 will become effective, which may not be less than 30 days
24 after the date of mailing or delivery of the notice. SAID
25 30 DAYS SHALL RUN CONCURRENTLY WITH THE GRACE PERIOD

1 REQUIRED BY 33-20-104.

2 Section 2. Contents of notice -- proof -- limitation
3 on recovery -- exemptions. (1) (a) The notice of
4 cancellation shall state;

5 (i) the amount of the premium, installment, or
6 interest due on such policy;

7 (ii) the place where it must be paid; and

8 (iii) the name and address of the person or company to
9 which the premium is payable.

10 (b) The notice must also state that unless the premium
11 or other sums are paid to the company or its agent, the
12 policy will lapse or be forfeited, except as to any
13 nonforfeiture options provided for by a life insurance
14 policy.

15 (2) "Policyowner", as used in this section, means the
16 owner of the policy or any other person designated as the
17 person to receive premium notices, as shown by the records
18 of the insurance company.

19 (3) The affidavit of any responsible officer, clerk,
20 or agent of the insurance company authorized to mail the
21 notice that it is the standard practice of the company to
22 mail to policyowners the notice required by this section is
23 prima facie evidence that the notice has been duly given.

24 (4) No action may be maintained to recover under a
25 lapsed or forfeited policy on the ground that the insurance

1 company failed to comply with this section unless the action
 2 is instituted within 2 years from the due date upon which
 3 default was made in paying the premium, installment, or
 4 interest for which lapse or forfeiture is claimed.

5 (5) ~~This section [SECTION 1]~~ does not apply to:

- 6 (a) group or group-type policies;
- 7 (b) industrial life or industrial disability policies;

8 OR

9 (c) policies upon which premiums are payable monthly
 10 or at more frequent intervals; ~~or~~

11 ~~(d) policies for which the premiums are billed to and~~
 12 ~~payable through an employer.~~

13 Section 3. Notice required for cancellation. No
 14 insurer may cancel a disability insurance policy or
 15 ~~certificate of insurance~~ for nonpayment of premiums until
 16 the insurer has mailed or delivered to the named insured AND
 17 POLICYOWNER, WHERE THEY ARE NOT THE SAME, at the LAST-KNOWN
 18 POST OFFICE address shown in the policy RECORDS OF THE
 19 COMPANY one written notice of cancellation in addition to
 20 any billing statement, stating the date the cancellation
 21 will become effective, which may not be less than 30 days
 22 after the date of mailing or delivery of the notice. SAID
 23 30 DAYS SHALL RUN CONCURRENTLY WITH ANY GRACE PERIOD
 24 REQUIRED BY 33-22-206.

25 Section 4. Contents of notice -- proof -- limitation

1 on recovery -- exemptions. (1) (a) The notice of
 2 cancellation shall state:

3 (i) the amount of the premium, installment, or
 4 interest due on such policy;

5 (ii) the place where it must be paid; and

6 (iii) the name and address of the person or company to
 7 which the premium is payable.

8 (b) The notice must also state that unless the premium
 9 or other sums are paid to the company or its agent, the
 10 policy will lapse or be forfeited.

11 (2) "Policyowner", as used in this section, means the
 12 owner of the policy or any other person designated as the
 13 person to receive premium notices, as shown by the records
 14 of the insurance company.

15 (3) The affidavit of any responsible officer, clerk,
 16 or agent of the insurance company authorized to mail the
 17 notice that it is the standard practice of the company to
 18 mail to policyowners the notice required by this section is
 19 prima facie evidence that the notice has been duly given.

20 (4) No action may be maintained to recover under a
 21 lapsed or forfeited policy on the ground that the insurance
 22 company failed to comply with this section unless the action
 23 is instituted within 2 years from due date upon which
 24 default was made in paying the premium, installment, or
 25 interest for which lapse or forfeiture is claimed.

- 1 (5) ~~This section~~ [SECTION 3] does not apply to:
2 (a) group or group-type policies;
3 (b) industrial life or industrial disability policies;

4 OR

5 (c) policies upon which premiums are payable monthly
6 or at more frequent intervals, ~~or~~

7 ~~(d) policies for which the premiums are billed to and~~
8 ~~payable through an employer.~~

9 Section 5. Extension of authority. Any existing
10 authority of the commissioner of insurance to make rules on
11 the subject of the provisions of this act is extended to the
12 provisions of this act.

13 Section 6. Codification instruction. (1) Sections 1
14 and 2 are intended to be codified as an integral part of
15 Title 33, chapter 20, part 1, and the provisions of Title
16 33, chapter 20, apply to sections 1 and 2.

17 (2) Sections 3 and 4 are intended to be codified as an
18 integral part of Title 33, chapter 22, part 1, and the
19 provisions of Title 33, chapter 22, apply to sections 3 and
20 4.

-End-