

HOUSE BILL NO. 691

2/06 Introduced  
2/06 Referred to Business & Labor  
2/15 Hearing  
2/18 Adverse Committee Report  
2/19 Bill Killed

1 HOUSE BILL NO. 691  
2 INTRODUCED BY Mencher, Hans Dale Brown

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR MOTOR  
5 VEHICLE LIABILITY COVERAGE OF PERSONS WITHOUT REGARD TO THE  
6 MOTOR VEHICLES OWNED OR OPERATED BY THE INSURED; AMENDING  
7 SECTIONS 33-23-201, 33-23-203, AND 61-6-103, MCA."

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

10 NEW SECTION. Section 1. Motor vehicle liability  
11 policy to cover person without regard to vehicles. (1) An  
12 insurance carrier transacting business in this state shall  
13 issue motor vehicle liability policies to or for the benefit  
14 of the person or persons named therein as insured without  
15 regard to the motor vehicles owned or operated by the  
16 insured.

17 (2) A policy of motor vehicle liability insurance must  
18 insure the person or persons named therein when operating  
19 any motor vehicle with the express or implied permission of  
20 the owner against loss from the liability imposed by law  
21 upon such operator for damages arising out of the use by him  
22 of any such motor vehicle.

23 Section 2. Section 61-6-103, MCA, is amended to read:

24 "61-6-103. Motor vehicle liability policy defined. (1)  
25 A "motor vehicle liability policy" as said term is used in

1 this part shall mean an owner's or operator's policy of  
2 liability insurance, certified as provided in 61-6-133 or  
3 61-6-134 as proof of financial responsibility and issued,  
4 except as otherwise provided in 61-6-134, by an insurance  
5 carrier duly authorized to transact business in this state,  
6 to or for the benefit of the person named therein as  
7 insured.

8 (2) Such owner's policy of liability insurance shall:  
9 ~~(a) designate by explicit description or by~~  
10 ~~appropriate reference all motor vehicles with respect to~~  
11 ~~which coverage is thereby to be granted; and~~

12 (b) insure the person named therein and any other  
13 person, as insured, using any such motor vehicle or motor  
14 vehicles with the express or implied permission of such  
15 named insured the owner, against loss from the liability  
16 imposed by law for damages arising out of the ownership,  
17 maintenance, or use of such motor vehicle or motor vehicles  
18 within the United States of America or the Dominion of  
19 Canada, subject to limits exclusive of interest and costs,  
20 with respect to each such motor vehicle, as follows:

21 ~~(a)~~ (a) \$25,000 because of bodily injury to or death of  
22 one person in any one accident and subject to said limit for  
23 one person;

24 ~~(b)~~ (b) \$50,000 because of bodily injury to or death  
25 of two or more persons in any one accident; and



1       ~~{11}(c)~~ \$5,000 because of injury to or destruction of  
2 property of others in any one accident.

3       ~~{3}--Such--operator's--policy--of--liability--insurance~~  
4 ~~shall insure the person named as insured therein against~~  
5 ~~loss from the liability imposed upon him by law for damages~~  
6 ~~arising out of the use by him of any motor vehicle not owned~~  
7 ~~by him, within the same territorial limits and subject to~~  
8 ~~the same limits of liability as are set forth above with~~  
9 ~~respect to an owner's policy of liability insurance.~~

10       ~~{4}(3)~~ Such motor vehicle liability policy shall state  
11 the name and address of the named insured, the coverage  
12 afforded by the policy, the premium charged therefor, the  
13 policy period, and the limits of liability and shall contain  
14 an agreement or be endorsed that insurance is provided  
15 thereunder in accordance with the coverage defined in this  
16 part as respects bodily injury and death or property damage,  
17 or both, and is subject to all the provisions of this part.

18       ~~{5}(4)~~ Such motor vehicle liability policy need not  
19 insure any liability under any workers' compensation law or  
20 any liability on account of bodily injury to or death of an  
21 employee of the insured while engaged in the employment,  
22 other than domestic, of the insured or while engaged in the  
23 operation, maintenance, or repair of any such motor vehicle  
24 or any liability for damage to property owned by, rented to,  
25 in charge of, or transported by the insured.

1       ~~{6}(5)~~ Every motor vehicle liability policy shall be  
2 subject to the following provisions which need not be  
3 contained therein:

4       (a) The liability of the insurance carrier with  
5 respect to the insurance required by this part shall become  
6 absolute whenever injury or damage covered by said motor  
7 vehicle liability policy occurs. Said policy may not be  
8 canceled or annulled as to such liability by any agreement  
9 between the insurance carrier and the insured after the  
10 occurrence of the injury or damage. No statement made by  
11 the insured or on his behalf and no violation of said policy  
12 shall defeat or void said policy.

13       (b) The satisfaction by the insured of a judgment for  
14 such injury or damage shall not be a condition precedent to  
15 the right or duty of the insurance carrier to make payment  
16 on account of such injury or damage.

17       (c) The insurance carrier shall have the right to  
18 settle any claim covered by the policy, and if such  
19 settlement is made in good faith, the amount thereof shall  
20 be deductible from the limits of liability specified in  
21 subsection (2)~~(b)~~ of this section.

22       (d) The policy, the written application therefor, if  
23 any, and any rider or endorsement which does not conflict  
24 with the provisions of the part shall constitute the entire  
25 contract between the parties.

1        ~~†7†~~(6) No motor vehicle policy shall be subject to  
 2 cancellation, termination, or premium increase, due to  
 3 injury or damage incurred by the insured ~~or-operator~~ unless  
 4 the insured ~~or-operator~~ be found to have violated a traffic  
 5 law or ordinance of the state or a city, be found negligent  
 6 or contributorily negligent in a court of law, or by the  
 7 arbitration proceedings contained in chapter 5 of Title 27,  
 8 or pays damages to another party whether by settlement or  
 9 otherwise. In no event may a premium be increased during the  
 10 term of the policy unless there is a change in exposure.

11        ~~†8†~~(7) Any policy which grants the coverage required  
 12 for a motor vehicle liability policy may also grant any  
 13 lawful coverage in excess of or in addition to the coverage  
 14 specified for a motor vehicle liability policy and such  
 15 excess or additional coverage shall not be subject to the  
 16 provisions of this part. With respect to a policy which  
 17 grants such excess or additional coverage the term "motor  
 18 vehicle liability policy" shall apply only to that part of  
 19 the coverage which is required by this section.

20        ~~†9†~~(8) Any motor vehicle liability policy may provide  
 21 that the insured shall reimburse the insurance carrier for  
 22 any payment the insurance carrier would not have been  
 23 obligated to make under the terms of the policy except for  
 24 the provisions of this part.

25        ~~†10†~~(9) Any motor vehicle liability policy may provide

1 for the prorating of the insurance thereunder with other  
 2 valid and collectable insurance.

3        ~~†11†~~(10) The requirements for a motor vehicle liability  
 4 policy may be fulfilled by the policies of one or more  
 5 insurance carriers which policies together meet such  
 6 requirements.

7        ~~†12†~~(11) Any binder issued pending the issuance of a  
 8 motor vehicle liability policy shall be deemed to fulfill  
 9 the requirements for such a policy.

10        ~~†13†~~(12) A reduced limits endorsement shall not be  
 11 issued by any company to be attached to any policy issued in  
 12 compliance with this section."

13        Section 3. Section 33-23-201, MCA, is amended to read:  
 14        "33-23-201. Motor vehicle liability policies to  
 15 include uninsured motorist coverage -- rejection by insured.  
 16 (1) No automobile liability or motor vehicle liability  
 17 policy insuring against loss resulting from liability  
 18 imposed by law for bodily injury or death suffered by any  
 19 person arising out of the ownership, maintenance, or use of  
 20 a motor vehicle shall be delivered or issued for delivery in  
 21 this state~~7-with-respect-to-any-motor-vehicle-registered-or~~  
 22 ~~principally--garaged--in--this--state,~~ unless coverage is  
 23 provided therein or supplemental thereto, in limits for  
 24 bodily injury or death set forth in 61-6-103, under  
 25 provisions filed with and approved by the commissioner, for

1 the protection of persons insured thereunder who are legally  
2 entitled to recover damages from uninsured owners or  
3 operators of uninsured motor vehicles because of bodily  
4 injury, sickness, or disease, including death, resulting  
5 therefrom.

6 (2) The named insured shall have the right to reject  
7 such coverage. Unless the named insured requests such  
8 coverage in writing, such coverage need not be provided in  
9 or supplemental to a renewal policy where the named insured  
10 had rejected the coverage in connection with the policy  
11 previously issued to him by the same insurer."

12 Section 4. Section 33-23-203, MCA, is amended to read:

13 "33-23-203. Limitation of liability under motor  
14 vehicle liability policy. (1) Unless a motor vehicle  
15 liability policy specifically provides otherwise, the limits  
16 of insurance coverage available under any such policy,  
17 including the limits of liability under uninsured motorist  
18 coverage, shall be determined as follows, regardless of the  
19 number of vehicles persons insured under the policy:

20 (a) the limit of insurance coverage available for any  
21 one accident shall be the limit specified for the vehicle  
22 person involved in the accident;

23 (b) if no vehicle person insured under the policy is  
24 involved in the accident, the limit of insurance coverage  
25 available for any one accident shall be the highest limit of

1 coverage specified for any one vehicle person insured under  
2 the policy; and

3 (c) the limits of coverage specified for each vehicle  
4 person insured under the policy shall not be added together  
5 to determine the limit of insurance coverage available under  
6 the policy for any one accident.

7 (2) A motor vehicle liability policy may also provide  
8 for other reasonable limitations, exclusions, or reductions  
9 of coverage which are designed to prevent duplicate payments  
10 for the same element of loss."

11 NEW SECTION. Section 5. Extension of authority. Any  
12 existing authority of the commissioner of insurance to make  
13 rules on the subject of the provisions of this act is  
14 extended to the provisions of this act.

15 NEW SECTION. Section 6. Codification instruction.  
16 Section 1 is intended to be codified as an integral part of  
17 Title 33, chapter 23, part 2, and the provisions of Title 33  
18 apply to section 1.

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