

SENATE BILL NO. 165

INTRODUCED BY GOODOVER, BOYLAN, LYNCH, B. WILLIAMS

IN THE SENATE

January 19, 1985	Introduced and referred to Committee on Business and Industry.
January 26, 1985	Committee recommend bill do pass as amended. Report adopted.
January 28, 1985	Bill printed and placed on members' desks.
January 29, 1985	Second reading, do pass.
January 30, 1985	Considered correctly engrossed.
January 31, 1985	Third reading, passed. Ayes, 48; Noes, 0.
	Transmitted to House.

IN THE HOUSE

February 27, 1985	Introduced and referred to Committee on Business and Labor.
March 12, 1985	Committee recommend bill be concurred in. Report adopted.
March 15, 1985	Second reading, concurred in.
March 18, 1985	Third reading, concurred in.
	Returned to Senate.

IN THE SENATE

March 18, 1985	Received from House.
March 19, 1985	Sent to enrolling.
March 21, 1985	Correctly enrolled.
	Signed by President.
March 22, 1985	Signed by Speaker.
	Delivered to Governor.
March 26, 1985	Returned from Governor with recommended amendments.
April 2, 1985	Second reading, Governor's amendments concurred in.
April 4, 1985	Third reading, Governor's amendments concurred in. Ayes, 49; Noes, 0.
	Governor's amendments transmitted to House.

IN THE HOUSE

April 4, 1985	Received from Senate.
April 9, 1985	Second reading, Governor's amendments concurred in.
April 10, 1985	Third reading, Governor's amendments concurred in.
April 15, 1985	Returned to Senate.

IN THE SENATE

April 15, 1985	Received from House.
	Sent to enrolling.
	Reported correctly enrolled.

1 *Senate* BILL NO. *165*
 2 INTRODUCED BY *Bowdler* *Byler*
 3 *Spel* *Bob Winters*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE CREDIT
 5 TRANSACTION DURATION PERIOD FOR CREDIT LIFE AND DISABILITY
 6 POLICIES EXEMPT FROM REGULATION; AMENDING SECTION 33-21-102,
 7 MCA; AND PROVIDING AN APPLICABILITY DATE."
 8

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

10 Section 1. Section 33-21-102, MCA, is amended to read:

11 "33-21-102. Purpose and scope. (1) The purpose of this
 12 chapter is to promote the public welfare by regulating
 13 credit life insurance and credit disability insurance.
 14 Nothing in this chapter is intended to prohibit or
 15 discourage reasonable competition. The provisions of this
 16 chapter shall be liberally construed.

17 (2) All life insurance and all disability insurance
 18 sold in connection with loans or other credit transactions
 19 shall be subject to the provisions of this chapter except
 20 such insurance sold in connection with a loan or other
 21 credit transaction of more than ~~10~~ 15 years' duration."

22 NEW SECTION. Section 2. Extension of authority. Any
 23 existing authority of the commissioner of insurance to make
 24 rules on the subject of the provisions of this act is
 25 extended to the provisions of this act.

1 NEW SECTION. Section 3. Applicability. This act
 2 applies to policies of credit life and disability insurance
 3 delivered or issued for delivery on or after October 1,
 4 1985.

-End-

INTRODUCED BILL
SB 165



APPROVED BY COMM. ON
BUSINESS & INDUSTRY

SENATE BILL NO. 165

INTRODUCED BY GOODOVER, BOYLAN, LYNCH, B. WILLIAMS

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE CREDIT TRANSACTION DURATION PERIOD FOR CREDIT LIFE AND DISABILITY POLICIES EXEMPT FROM REGULATION; AMENDING SECTION SECTIONS 33-20-1105 AND 33-21-102, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

SECTION 1. SECTION 33-20-1105, MCA, IS AMENDED TO

READ:

"33-20-1105. Debtor groups. The lives of a group of individuals may be insured under a policy issued to a creditor, who shall be deemed the policyholder, to insure the debtors of the creditor, subject to the following requirements:

(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor whose indebtedness--is--repayable--either--in--installments--or--in--one sum--at--the--end--of--a--period--not--in--excess--of--18--months--from the--initial--date--of--the--debt or all of any class or classes thereof determined by conditions pertaining to the indebtedness or the purchase giving rise to the indebtedness. The policy may provide that the term "debtors"

shall include the debtors of one or more subsidiary corporations and the debtors of one or more affiliated corporations, proprietors, or partnerships if the business of the policyholder and of such affiliated corporations, proprietors, or partnerships is under common control.

(2) The premium for the policy shall be paid by the policyholder, either from the creditor's funds or from charges collected from the insured debtors, or from both. A policy on which part or all of the premium is to be derived from the collection from the insured debtors of identifiable charges not required of uninsured debtors shall not include, in the class or classes of debtors eligible for insurance, debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least 75% of the then eligible debtors elect to pay the required charges. A policy on which no part of the premium is to be derived from the collection of such identifiable charges must insure all eligible debtors or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least 100 persons yearly or may reasonably be expected to receive at least 100 new entrants during the first policy year and only if the policy reserves to the insurer the



1 right to require evidence of individual insurability if less
2 than 75% of the new entrants become insured. The policy may
3 exclude from the classes eligible for insurance classes of
4 debtors determined by age.

5 (4) The amount of insurance on the life of any debtor
6 shall at no time exceed the amount owed by him to the
7 creditor. ~~Where the indebtedness is repayable in one sum to~~
8 ~~the creditor, the insurance on the life of any debtor shall~~
9 ~~in no instance be in effect for a period in excess of 5~~
10 ~~years, except that such insurance may be continued for an~~
11 ~~additional period not exceeding 6 months in the case of~~
12 ~~default, extension, or recasting of the loan.~~

13 (5) The insurance shall be payable to the
14 policyholder. Each payment shall reduce or extinguish the
15 unpaid indebtedness of the debtor to the extent of such
16 payment."

17 Section 2. Section 33-21-102, MCA, is amended to read:

18 "33-21-102. Purpose and scope. (1) The purpose of this
19 chapter is to promote the public welfare by regulating
20 credit life insurance and credit disability insurance.
21 Nothing in this chapter is intended to prohibit or
22 discourage reasonable competition. The provisions of this
23 chapter shall be liberally construed.

24 (2) All life insurance and all disability insurance
25 sold in connection with loans or other credit transactions

1 shall be subject to the provisions of this chapter except
2 such insurance sold in connection with a loan or other
3 credit transaction of more than ~~10~~ 15 years' duration."

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

8 NEW SECTION. Section 4. Applicability. This act
9 applies to policies of credit life and disability insurance
10 delivered or issued for delivery on or after October 1,
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14 individuals may be insured under a policy issued to a
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16 the debtors of the creditor, subject to the following
17 requirements:

18 (1) The debtors eligible for insurance under the
19 policy shall be all of the debtors of the creditor whose
20 ~~indebtedness--is--repayable--either--in--installments--or--in--one~~
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1 shall include the debtors of one or more subsidiary
2 corporations and the debtors of one or more affiliated
3 corporations, proprietors, or partnerships if the business
4 of the policyholder and of such affiliated corporations,
5 proprietors, or partnerships is under common control.

6 (2) The premium for the policy shall be paid by the
7 policyholder, either from the creditor's funds or from
8 charges collected from the insured debtors, or from both. A
9 policy on which part or all of the premium is to be derived
10 from the collection from the insured debtors of identifiable
11 charges not required of uninsured debtors shall not include,
12 in the class or classes of debtors eligible for insurance,
13 debtors under obligations outstanding at its date of issue
14 without evidence of individual insurability unless at least
15 75% of the then eligible debtors elect to pay the required
16 charges. A policy on which no part of the premium is to be
17 derived from the collection of such identifiable charges
18 must insure all eligible debtors or all except any as to
19 whom evidence of individual insurability is not satisfactory
20 to the insurer.

21 (3) The policy may be issued only if the group of
22 eligible debtors is then receiving new entrants at the rate
23 of at least 100 persons yearly or may reasonably be expected
24 to receive at least 100 new entrants during the first policy
25 year and only if the policy reserves to the insurer the

1 right to require evidence of individual insurability if less
 2 than 75% of the new entrants become insured. The policy may
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PROPOSED GOVERNOR'S AMENDMENT
TO SENATE BILL 165,
REFERENCE COPY

1. Title, Line 4
Following: "ENTITLED: "AN ACT"
INSERT: "GENERALLY REVISING THE LAW REGARDING DEBTOR
GROUP LIFE, CREDIT LIFE, AND CREDIT DISABILITY
INSURANCE POLICIES;"

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