

HOUSE BILL NO. 94

INTRODUCED BY C. SMITH, THAYER, JONES,  
GRADY, HARP, BRANDEWIE

IN THE HOUSE

JANUARY 7, 1987                   INTRODUCED AND REFERRED TO COMMITTEE  
ON BUSINESS & LABOR.

FEBRUARY 10, 1987                COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 11, 1987                PRINTING REPORT.

FEBRUARY 12, 1987                SECOND READING, DO PASS.

FEBRUARY 13, 1987                ENGROSSING REPORT.

                                  THIRD READING, PASSED.  
                                  AYES, 89; NOES, 1.

                                  TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 16, 1987                INTRODUCED AND REFERRED TO COMMITTEE  
ON BUSINESS & INDUSTRY.

MARCH 12, 1987                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

MARCH 17, 1987                   SECOND READING, CONCURRED IN.

MARCH 19, 1987                   THIRD READING, CONCURRED IN.  
                                  AYES, 49; NOES, 0.

                                  RETURNED TO HOUSE.

IN THE HOUSE

MARCH 19, 1987                   RECEIVED FROM SENATE.

                                  SENT TO ENROLLING.

1 HB BILL NO. 94  
 2 INTRODUCED BY Clyde Smith, Hugh Janssen  
 3 HARP Ben Lewis

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO MAKE OPTIONAL  
 5 MEMBERSHIP IN A RATING ORGANIZATION FOR THE STATE  
 6 COMPENSATION INSURANCE FUND; AND AMENDING SECTIONS  
 7 39-71-2302 AND 39-71-2304, MCA."

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

10 Section 1. Section 39-71-2302, MCA, is amended to  
 11 read:

12 "39-71-2302. General requirements for electing  
 13 coverage under plan. Every employer subject to the  
 14 provisions of compensation plan No. 3 shall at the times and  
 15 in the manner prescribed by the division pay to the division  
 16 a premium based on a percentage of his payroll as determined  
 17 by the division, which shall ~~may~~ be a member of a rating  
 18 organization in accordance with the provisions of this  
 19 chapter."

20 Section 2. Section 39-71-2304, MCA, is amended to  
 21 read:

22 "39-71-2304. Determination of rates and  
 23 classifications by division. (1) The division is hereby  
 24 given full power and authority to determine premium rates  
 25 and classifications as in its judgment and experience and-as

1 ~~a-member-of-a-rating-organization-as-is--otherwise--provided~~  
 2 ~~for--in-this-chapter~~ may be necessary or expedient, provided  
 3 that no change in the classification or rates prescribed  
 4 shall be effective until 30 days after the date of the order  
 5 making such change.

6 (2) The industrial insurance program shall be neither  
 7 more nor less than self-supporting. Employments affected by  
 8 the provisions hereof shall be divided by the division, ~~as-a~~  
 9 ~~member--of--a-rating-organization,~~ into classes, whose rates  
 10 may be readjusted at such times as the division ~~as-a--member~~  
 11 ~~of--such--rating--organization~~ may actuarially determine.  
 12 Separate accounts shall be kept of the amounts collected and  
 13 expended in each class for actuarially determining rates,  
 14 but for payment of compensation and dividends, the  
 15 industrial insurance expendable trust fund shall be one and  
 16 indivisible.

17 (3) The division ~~as--a--member--of--such--rating~~  
 18 ~~organization~~ shall determine the hazards of the different  
 19 classes of occupations or industries and fix the premiums  
 20 therefor at the lowest rate consistent with maintenance of  
 21 an actuarially sound industrial insurance fund and the  
 22 creation of actuarially sound surplus and reserves, and for  
 23 such purpose may adopt a system of schedule rating in such a  
 24 manner as to take account of the peculiar hazard of each  
 25 risk and shall utilize the experience and information

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 HB 94



1 afforded to it ~~as-a-member-of-such-rating-organization.~~

2 (4) In addition, compensation plan No. 3 shall use an  
3 experience rating system for employers enrolled under it.  
4 This system shall reward employers with a better than  
5 average safety record, penalize employers with a worse than  
6 average safety record, and may provide for premium volume  
7 discount.

8 (5) The division in fixing rates shall provide for the  
9 expenses of administering the industrial insurance  
10 expendable trust fund allowed by law, the disbursements on  
11 account of injuries and deaths of employees in each class,  
12 an actuarially sound catastrophe reserve, reserves  
13 actuarially determined to meet anticipated and unexpected  
14 losses, and such other reserves and surplus as may be  
15 determined by the division ~~as--a--member--of--such--rating~~  
16 ~~organization.~~ The amounts of such reserves and surplus shall  
17 be as determined from time to time by the division to be  
18 adequate but not excessive for the purposes intended."

19 NEW SECTION. Section 3. Extension of authority. Any  
20 existing authority of the division of workers' compensation  
21 to make rules on the subject of the provisions of this act  
22 is extended to the provisions of this act.

-End-

APPROVED BY COMM. ON BUSINESS AND LABOR

1 HOUSE BILL NO. 94  
 2 INTRODUCED BY C. SMITH, THAYER, JONES,  
 3 GRADY, HARP, BRANDEWIE  
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 6 MEMBERSHIP IN A RATING ORGANIZATION FOR THE STATE  
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 8 33-16-1005, 39-71-2302, AND 39-71-2304, MCA."  
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 15 provisions of compensation plan No. 3 shall at the times and  
 16 in the manner prescribed by the division pay to the division  
 17 a premium based on a percentage of his payroll as determined  
 18 by the division, which ~~shall~~ may be a member of a rating  
 19 organization in accordance with the provisions of this  
 20 chapter. THE DIVISION AND THE RATING ORGANIZATION SHALL  
 21 EXCHANGE FINANCIAL AND STATISTICAL DATA, INCLUDING BUT NOT  
 22 LIMITED TO PAYROLL EXPOSURE AND ACCIDENT INFORMATION, FOR  
 23 RATEMAKING EXPERIENCE MODIFICATION AND OTHER PURPOSES  
 24 REGARDLESS OF WHETHER THE DIVISION IS A MEMBER OF THE RATING  
 25 ORGANIZATION."

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 16 may be readjusted at such times as the division ~~as a member~~  
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 18 Separate accounts shall be kept of the amounts collected and  
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 22 indivisible.  
 23 (3) The division ~~as a member of such rating~~  
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 25 classes of occupations or industries and fix the premiums



1 therefor at the lowest rate consistent with maintenance of  
 2 an actuarially sound industrial insurance fund and the  
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 7 afforded to it ~~as-a-member-of-such-rating-organization.~~

8 (4) In addition, compensation plan No. 3 shall use an  
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 23 be as determined from time to time by the division to be  
 24 adequate but not excessive for the purposes intended."

25 SECTION 3. SECTION 33-16-1005, MCA, IS AMENDED TO

1 READ:

2 "33-16-1005. Membership in rating organization  
 3 required -- exception -- filings with commissioner. (1)  
 4 Every insurer, ~~including except~~ the division of workers'  
 5 compensation, writing workers' compensation insurance in  
 6 this state shall be a member of a workers' compensation  
 7 rating organization. No insurer may, at the same time,  
 8 belong to more than one rating organization with respect to  
 9 such insurance.

10 (2) A rating organization shall file with the  
 11 insurance commissioner every manual of classifications and  
 12 rules and every rating plan and advisory manual rates,  
 13 including every modification of the foregoing. Every such  
 14 filing shall state the effective date thereof. Any insurer  
 15 writing pursuant to compensation plan No. 2 shall adhere to  
 16 the manual rules and classifications and rating plans of the  
 17 rating organization of which it is a member and may adopt by  
 18 reference, in whole or in part, the advisory manual rates  
 19 filed under this section. Nothing in this section, however,  
 20 requires adherence by any insurer to any rates established  
 21 or published by any rating organization."

22 NEW SECTION. Section 4. Extension of authority. Any  
 23 existing authority of the division of workers' compensation  
 24 to make rules on the subject of the provisions of this act  
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