

HOUSE BILL NO. 98
INTRODUCED BY MANUEL

IN THE HOUSE

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

JANUARY 15, 1987 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

JANUARY 16, 1987 PRINTING REPORT.

JANUARY 17, 1987 SECOND READING, DO PASS.

JANUARY 19, 1987 ENGROSSING REPORT.

 THIRD READING, PASSED.

 TRANSMITTED TO SENATE.

IN THE SENATE

JANUARY 21, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

FEBRUARY 7, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

FEBRUARY 11, 1987 SECOND READING, CONCURRED IN.

FEBRUARY 13, 1987 THIRD READING, CONCURRED IN.
AYES, 44; NOES, 6.

 RETURNED TO HOUSE.

IN THE HOUSE

FEBRUARY 16, 1987 RECEIVED FROM SENATE.

 SENT TO ENROLLING.

1 HB BILL NO. 98
 2 INTRODUCED BY Manuel

3
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A FARM
 5 MUTUAL INSURER TO INSURE LIABILITY RISKS; ESTABLISHING
 6 LIMITS OF LIABILITY RISKS; AND AMENDING SECTIONS 33-4-312,
 7 33-4-501, AND 33-4-502, MCA."

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

10 Section 1. Section 33-4-312, MCA, is amended to read:

11 "33-4-312. Officers, agents, and employees not
 12 licensed -- exception for liability insurance. (1) No Except
 13 as provided in subsection (2), no agent of an insurer shall
 14 be is required to obtain a license or authority from any
 15 public official to transact business for such insurer, nor
 16 shall is the insurer or any of its officers, agents, or
 17 employees be required to pay any fee or license for the
 18 transaction of the business of the insurer, except as
 19 provided in this chapter.

20 (2) A farm mutual insurer that offers liability
 21 insurance is required to have an agent licensed by the state
 22 of Montana to transact liability insurance."

23 Section 2. Section 33-4-501, MCA, is amended to read:

24 "33-4-501. Insuring powers in general. (1) A In
 25 respect to property insurance as defined in 33-1-210, a farm

1 mutual insurer shall insure against loss or damage by fire
 2 or other casualty only:

3 (a) farm dwellings and buildings, including the usual
 4 contents therein, farm livestock, machinery, vehicles,
 5 growing crops, and other forms of farm property owned by a
 6 member of such insurer or by his spouse;

7 (b) dwellings designed for occupancy by not over two
 8 families, together with the usual contents thereof, situated
 9 in an incorporated city or town if such property is owned by
 10 a member of the insurer or by his spouse and if such member
 11 has other insurance of farm property with the insurer for a
 12 substantial amount;

13 (c) rural schoolhouses and buildings used in
 14 connection therewith, rural community houses or rural
 15 churches or other rural public buildings.

16 (2) A farm mutual insurer may insure against the
 17 liability risks provided in 33-1-206(1)(b) only to the
 18 extent of the limit of risks provided in 33-4-502(3).

19 ~~(2)(3)~~ Except as provided in subsection (1)(c) above,
 20 an insurer ~~shall~~ may not insure any property not owned by a
 21 member or by his spouse.

22 ~~(3)(4)~~ An insurer ~~shall~~ may not insure any property
 23 situated within the limits of incorporated towns or cities
 24 except as provided in subsection (1)(b) above and ~~shall~~ may
 25 not so insure unless it has and maintains the surplus funds

1 as required under 33-4-401."

2 Section 3. Section 33-4-502, MCA, is amended to read:

3 "33-4-502. Limit of risk -- retention of liability.

4 (1) The Except as provided in subsection (3), the maximum
 5 amount of insurance which an insurer shall retain on a
 6 single risk, after deduction of applicable reinsurance,
 7 ~~shall~~ may not exceed 10% of the admitted assets of the
 8 insurer or \$50,000, whichever is the larger amount.

9 (2) For the purposes of this section, a "single risk"
 10 as to insurance against fire and hazards other than
 11 windstorm, earthquake, or other catastrophic perils includes
 12 all properties insured by the same insurer which are
 13 reasonably susceptible to loss or damage from the same fire
 14 or the same occurrence of such other hazard insured against.

15 (3) A farm mutual insurer:

16 (a) that insures any portion of a liability risk shall
 17 maintain a surplus of at least \$50,000;

18 (b) that retains any portion of a liability risk shall
 19 obtain reinsurance on that ceded business with an insurer
 20 authorized to do business in this state, and the farm mutual
 21 insurer's maximum aggregate liability for incurred losses on
 22 liability coverage retained for any calendar year or
 23 contract year may not exceed the smaller of \$200,000 or 20%
 24 of the farm mutual insurer's surplus as of December 31 of
 25 the preceding year; and

1 (c) may not retain liability risk greater than the
 2 proportional share of each limit of liability in the
 3 following schedule:

<u>Surplus as of the</u>	<u>Proportional Share of Each</u>
<u>Preceding December 31:</u>	<u>Limit of Liability Retained:</u>
6 <u>\$1,000,000 or greater</u>	15%
7 <u>\$800,000 to \$999,999</u>	12%
8 <u>\$600,000 to \$799,999</u>	9%
9 <u>\$400,000 to \$599,999</u>	6%
10 <u>\$200,000 to \$399,999</u>	3%
11 <u>Under \$200,000</u>	0"

12 NEW SECTION. Section 4. Extension of authority. Any
 13 existing authority of the commissioner of insurance to make
 14 rules on the subject of the provisions of this act is
 15 extended to the provisions of this act.

-End-

APPROVED BY COMM. ON
BUSINESS AND LABOR

HOUSE BILL NO. 98
INTRODUCED BY MANUEL

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A FARM
MUTUAL INSURER TO INSURE LIABILITY RISKS; ESTABLISHING
LIMITS OF LIABILITY RISKS; AND AMENDING SECTIONS 33-4-312,
33-4-501, AND 33-4-502, MCA."

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

Section 1. Section 33-4-312, MCA, is amended to read:

"33-4-312. Officers, agents, and employees not
licensed -- exception for liability insurance. (1) No Except
as provided in subsection (2), no agent of an insurer shall
be is required to obtain a license or authority from any
public official to transact business for such insurer, nor
shall is the insurer or any of its officers, agents, or
employees be required to pay any fee or license for the
transaction of the business of the insurer, except as
provided in this chapter.

(2) A farm mutual insurer that offers liability
insurance is required to have an agent licensed by the state
of Montana to transact liability insurance, AND NO PERSON
MAY OFFER, SOLICIT, TAKE APPLICATIONS FOR, PROCURE, OR PLACE
FOR OTHERS LIABILITY INSURANCE BY A FARM MUTUAL INSURER
UNLESS HE OR SHE IS LICENSED UNDER TITLE 33, CHAPTER 17."

Section 2. Section 33-4-501, MCA, is amended to read:

"33-4-501. Insuring powers in general. (1) A In
respect to property insurance as defined in 33-1-210, a farm
mutual insurer shall insure against loss or damage by fire
or other casualty only:

(a) farm dwellings and buildings, including the usual
contents therein, farm livestock, machinery, vehicles,
growing crops, and other forms of farm property owned by a
member of such insurer or by his spouse;

(b) dwellings designed for occupancy by not over two
families, together with the usual contents thereof, situated
in an incorporated city or town if such property is owned by
a member of the insurer or by his spouse and if such member
has other insurance of farm property with the insurer for a
substantial amount;

(c) rural schoolhouses and buildings used in
connection therewith, rural community houses or rural
churches or other rural public buildings.

(2) A farm mutual insurer may insure against the
liability risks provided in 33-1-206(1)(b) only to the
extent of the limit of risks provided in 33-4-502(3) AND
ONLY IF EVERY POLICY BEARS ON ITS FACE IN BOLDFACE TYPE A
STATEMENT THAT EACH MEMBER OF THE FARM MUTUAL INSURER IS
SUBJECT TO A CONTINGENT LIABILITY UNDER 33-3-411.

~~(2)~~(3) Except as provided in subsection (1)(c) above,



1 an insurer ~~shall~~ may not insure any property not owned by a
2 member or by his spouse.

3 ~~(3)~~(4) An insurer ~~shall~~ may not insure any property
4 situated within the limits of incorporated towns or cities
5 except as provided in subsection (1)(b) above and ~~shall~~ may
6 not so insure unless it has and maintains the surplus funds
7 as required under 33-4-401."

8 Section 3. Section 33-4-502, MCA, is amended to read:

9 "33-4-502. Limit of risk -- retention of liability.

10 (1) ~~The~~ Except as provided in subsection (3), the maximum
11 amount of insurance which an insurer shall retain on a
12 single risk, after deduction of applicable reinsurance,
13 ~~shall~~ may not exceed 10% of the admitted assets of the
14 insurer or \$50,000, whichever is the larger amount.

15 (2) For the purposes of this section, a "single risk"
16 as to insurance against fire and hazards other than
17 windstorm, earthquake, or other catastrophic perils includes
18 all properties insured by the same insurer which are
19 reasonably susceptible to loss or damage from the same fire
20 or the same occurrence of such other hazard insured against.

21 (3) A farm mutual insurer:

22 (a) that insures any portion of a liability risk shall
23 maintain a surplus of at least \$50,000;

24 (b) that retains any portion of a liability risk shall
25 obtain reinsurance on that ~~ceded---business~~ LIABILITY

1 INSURANCE with an insurer authorized to do business in this
2 state, and the farm mutual insurer's maximum aggregate
3 liability for incurred losses on liability coverage retained
4 for any calendar year or contract year may not exceed the
5 smaller of \$200,000 or 20% of the farm mutual insurer's
6 surplus as of December 31 of the preceding year; and

7 (c) may not retain liability risk greater than the
8 proportional share of each limit of liability in the
9 following schedule:

<u>Surplus as of the</u>	<u>Proportional Share of Each</u>
<u>Preceding December 31:</u>	<u>Limit of Liability Retained:</u>
<u>\$1,000,000 or greater</u>	<u>15%</u>
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<u>Under \$200,000</u>	<u>0"</u>

18 NEW SECTION. Section 4. Extension of authority. Any
19 existing authority of the commissioner of insurance to make
20 rules on the subject of the provisions of this act is
21 extended to the provisions of this act.

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 16 shall is the insurer or any of its officers, agents, or
 17 employees be required to pay any fee or license for the
 18 transaction of the business of the insurer, except as
 19 provided in this chapter.

20 (2) A farm mutual insurer that offers liability
 21 insurance is required to have an agent licensed by the state
 22 of Montana to transact liability insurance, AND NO PERSON
 23 MAY OFFER, SOLICIT, TAKE APPLICATIONS FOR, PROCURE, OR PLACE
 24 FOR OTHERS LIABILITY INSURANCE BY A FARM MUTUAL INSURER
 25 UNLESS HE OR SHE IS LICENSED UNDER TITLE 33, CHAPTER 17."

1 Section 2. Section 33-4-501, MCA, is amended to read:
 2 "33-4-501. Insuring powers in general. (1) A In
 3 respect to property insurance as defined in 33-1-210, a farm
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 7 contents therein, farm livestock, machinery, vehicles,
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 9 member of such insurer or by his spouse;

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 11 families, together with the usual contents thereof, situated
 12 in an incorporated city or town if such property is owned by
 13 a member of the insurer or by his spouse and if such member
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 17 connection therewith, rural community houses or rural
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19 (2) A farm mutual insurer may insure against the
 20 liability risks provided in 33-1-206(1)(b) only to the
 21 extent of the limit of risks provided in 33-4-502(3) AND
 22 ONLY IF EVERY POLICY BEARS ON ITS FACE IN BOLDFACE TYPE A
 23 STATEMENT THAT EACH MEMBER OF THE FARM MUTUAL INSURER IS
 24 SUBJECT TO A CONTINGENT LIABILITY UNDER 33-3-411.

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1 an insurer shall may not insure any property not owned by a
2 member or by his spouse.

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