



1 House BILL NO. 278  
 2 INTRODUCED BY Grady Stans  
 3 BY REQUEST OF THE STATE AUDITOR  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE AN INSURER  
 6 WHO CANCELS A MOTOR VEHICLE POLICY FOR NONPAYMENT OF A  
 7 PREMIUM TO PROCESS THE CANCELLATION ON A PRO RATA BASIS AND  
 8 TO RETURN THE GROSS UNEARNED PREMIUM TO THE INSURED."  
 9

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

11 Section 1. Return of unearned premiums. If an insurer  
 12 cancels a motor vehicle policy covering a commercial or  
 13 private motor vehicle for nonpayment of a premium, the  
 14 insurer shall process the cancellation on a pro rata basis.  
 15 The insurer shall return whatever gross unearned premium is  
 16 due under the motor vehicle policy to the insured. For  
 17 purposes of this section, the term "unearned premium" means  
 18 that part of the original premium, including deposits, not  
 19 yet earned by the insurer and therefore due the insured if  
 20 the policy is canceled.

21 Section 2. Extension of authority. Any existing  
 22 authority of the department of insurance to make rules on  
 23 the subject of the provisions of this act is extended to the  
 24 provisions of this act.

25 Section 3. Codification instruction. Section 1 is

1 intended to be codified as an integral part of Title 33,  
 2 chapter 23, part 2, and the provisions of Title 33, chapter  
 3 23, part 2, apply to section 1.

-End-



-2- INTRODUCED BILL  
 HB-278

APPROVED BY COMM. ON  
BUSINESS AND LABOR

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2 INTRODUCED BY Brendy Shann  
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