

HOUSE BILL NO. 345

INTRODUCED BY MCCORMICK, DRISCOLL,  
C. SMITH, PISTORIA, MENAHAN, HARP

BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION

IN THE HOUSE

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

FEBRUARY 2, 1987                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 3, 1987                   PRINTING REPORT.

FEBRUARY 4, 1987                   SECOND READING, DO PASS.

FEBRUARY 5, 1987                   ENGROSSING REPORT.

THIRD READING, PASSED.  
AYES, 94; NOES, 3.

TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 10, 1987                  INTRODUCED AND REFERRED TO COMMITTEE  
ON LABOR & EMPLOYMENT RELATIONS.

MARCH 11, 1987                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

MARCH 16, 1987                   SECOND READING, CONCURRED IN.

MARCH 18, 1987                   THIRD READING, CONCURRED IN.  
AYES, 50; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 18, 1987                   RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 House BILL NO. 345  
 2 INTRODUCED BY Michael Daniel C. Smith Pistoria  
 3 BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION  
 4 Mevahan HARP

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE BOND  
 6 AMOUNT THAT WORKERS' COMPENSATION PLAN NO. 2 INSURERS MUST  
 7 DEPOSIT WITH THE DIVISION TO GUARANTEE PAYMENT OF LIABILITY;  
 8 AMENDING SECTION 39-71-2206, MCA; AND PROVIDING AN  
 9 APPLICABILITY DATE."

10  
 11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 12 Section 1. Section 39-71-2206, MCA, is amended to  
 13 read:

14 "39-71-2206. Deposits by insurer with division to  
 15 guarantee payment of liability. (1) Before issuance of any  
 16 policy by an insurer as herein authorized, the insurer must  
 17 deposit with the division bonds of the United States or the  
 18 state of Montana or of any school district, county, city, or  
 19 town in the state of Montana or a corporate surety bond made  
 20 out to and approved by the division in an amount ~~not less~~  
 21 ~~than \$5,000 or more than \$100,000, as the division may~~  
 22 determine determined by the division that is the greater of:

- 23 (a) 40% of the insurer's estimated annual payments; or
- 24 (b) \$25,000.
- 25 (2) If any insurer fails to discharge any liability

1 after the amount thereof is determined by the division and  
 2 within the time limited by the division, the division shall  
 3 convert the bonds or such part thereof as is necessary into  
 4 cash and from the proceeds liquidate such liability, and  
 5 thereafter the insurer must make an additional deposit to  
 6 meet any deficiency caused thereby. It is intended to give  
 7 the division the discretion in the matter of whether an  
 8 insurer has failed to discharge any liability.

9 ~~(2)~~(3) Within 30 days of the happening of an accident  
 10 where death or the nature of the injury renders the amount  
 11 of future payments certain or reasonably certain, the  
 12 insurer shall make a deposit, as herein defined, with the  
 13 division for the protection and guarantee of the payment of  
 14 such liability in such sum as the division may direct.  
 15 However, if the division considers the amount on deposit by  
 16 the insurer under the provisions of subsection (1) of this  
 17 section sufficient to cover all liabilities of the insurer,  
 18 then no further deposit may be required.

19 ~~(3)~~(4) Any deposit made under the provisions of  
 20 compensation plan No. 2 must be held in trust by the  
 21 division as security for the payment of the liability for  
 22 which the deposit was made. Such deposit may be reduced from  
 23 time to time with the permission of the division as the  
 24 payment of the liability of the insurer may reduce the  
 25 amount required to be on deposit. Such deposit may be



1 changed or renewed when desired by the depositor by  
2 withdrawing the same or any part thereof and substituting  
3 other deposits therefor. Upon proof of the final payment of  
4 the liability for which such deposit was made, any deposit  
5 remaining must be returned to the depositor. All earnings  
6 made by such deposit must first be applied upon any  
7 liability of the depositors, and if no such liability  
8 exists, then such earnings must upon demand be delivered to  
9 such depositor. The division and its bondsmen are liable for  
10 the value and safekeeping of such deposit and shall at any  
11 time, upon demand of a depositor, account for the same and  
12 the earnings thereof."

13 NEW SECTION. Section 2. Extension of authority. Any  
14 existing authority of the division of workers' compensation  
15 to make rules on the subject of the provisions of this act  
16 is extended to the provisions of this act.

17 NEW SECTION. Section 3. Applicability. This act  
18 applies to policies issued on or after October 1, 1987.

-End-

APPROVED BY COMM. ON  
BUSINESS AND LABOR

HOUSE BILL NO. 345

INTRODUCED BY MCCORMICK, DRISCOLL,  
C. SMITH, PISTORIA, MENAHAN, HARP

BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE BOND  
AMOUNT THAT WORKERS' COMPENSATION PLAN NO. 2 INSURERS MUST  
DEPOSIT WITH THE DIVISION TO GUARANTEE PAYMENT OF LIABILITY;  
AMENDING SECTION 39-71-2206, MCA, ~~AND PROVIDING AN~~  
~~APPLICABILITY DATE.~~"

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

Section 1. Section 39-71-2206, MCA, is amended to  
read:

"39-71-2206. Deposits by insurer with division to  
guarantee payment of liability. (1) Before issuance of any  
policy by an insurer as herein authorized, the insurer must  
deposit with the division bonds of the United States or the  
state of Montana or of any school district, county, city, or  
town in the state of Montana or a corporate surety bond made  
out to and approved by the division in an amount ~~not less~~  
~~than \$5,000 or more than \$100,000, as the division may~~  
~~determine determined by the division that is the greater of:~~  
~~(a) 40% of the insurer's estimated annual payments, or~~  
~~(b) \$25,000.~~

~~(2) NOT LESS THAN \$25,000 OR MORE THAN \$200,000, AS~~  
~~THE DIVISION MAY DETERMINE.~~ If any insurer fails to  
discharge any liability after the amount thereof is  
determined by the division and within the time limited by  
the division, the division shall convert the bonds or such  
part thereof as is necessary into cash and from the proceeds  
liquidate such liability, and thereafter the insurer must  
make an additional deposit to meet any deficiency caused  
thereby. It is intended to give the division the discretion  
in the matter of whether an insurer has failed to discharge  
any liability.

~~(2)(3)(2)~~ Within 30 days of the happening of an  
accident where death or the nature of the injury renders the  
amount of future payments certain or reasonably certain, the  
insurer shall make a deposit, as herein defined, with the  
division for the protection and guarantee of the payment of  
such liability in such sum as the division may direct.  
However, if the division considers the amount on deposit by  
the insurer under the provisions of subsection (1) of this  
section sufficient to cover all liabilities of the insurer,  
then no further deposit may be required.

~~(3)(4)(3)~~ Any deposit made under the provisions of  
compensation plan No. 2 must be held in trust by the  
division as security for the payment of the liability for  
which the deposit was made. Such deposit may be reduced from



1 time to time with the permission of the division as the  
2 payment of the liability of the insurer may reduce the  
3 amount required to be on deposit. Such deposit may be  
4 changed or renewed when desired by the depositor by  
5 withdrawing the same or any part thereof and substituting  
6 other deposits therefor. Upon proof of the final payment of  
7 the liability for which such deposit was made, any deposit  
8 remaining must be returned to the depositor. All earnings  
9 made by such deposit must first be applied upon any  
10 liability of the depositors, and if no such liability  
11 exists, then such earnings must upon demand be delivered to  
12 such depositor. The division and its bondsmen are liable for  
13 the value and safekeeping of such deposit and shall at any  
14 time, upon demand of a depositor, account for the same and  
15 the earnings thereof."

16 NEW SECTION. Section 2. Extension of authority. Any  
17 existing authority of the division of workers' compensation  
18 to make rules on the subject of the provisions of this act  
19 is extended to the provisions of this act.

20 ~~NEW SECTION. Section 3. Applicability. This act~~  
21 ~~applies to policies issued on or after October 1, 1987.~~

-End-

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INTRODUCED BY MCCORMICK, DRISCOLL,

C. SMITH, PISTORIA, MENAHAN, HARP

BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE BOND AMOUNT THAT WORKERS' COMPENSATION PLAN NO. 2 INSURERS MUST DEPOSIT WITH THE DIVISION TO GUARANTEE PAYMENT OF LIABILITY; AMENDING SECTION 39-71-2206, MCA, AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 39-71-2206, MCA, is amended to read:

"39-71-2206. Deposits by insurer with division to guarantee payment of liability. (1) Before issuance of any policy by an insurer as herein authorized, the insurer must deposit with the division bonds of the United States or the state of Montana or of any school district, county, city, or town in the state of Montana or a corporate surety bond made out to and approved by the division in an amount not less than \$5,000 or more than \$100,000, as the division may determine determined by the division that is the greater of: (a) 40% of the insurer's estimated annual payments; or (b) \$25,000.

~~(2)~~ NOT LESS THAN \$25,000 OR MORE THAN \$200,000, AS THE DIVISION MAY DETERMINE. If any insurer fails to discharge any liability after the amount thereof is determined by the division and within the time limited by the division, the division shall convert the bonds or such part thereof as is necessary into cash and from the proceeds liquidate such liability, and thereafter the insurer must make an additional deposit to meet any deficiency caused thereby. It is intended to give the division the discretion in the matter of whether an insurer has failed to discharge any liability.

~~(2)~~~~(3)~~~~(2)~~ Within 30 days of the happening of an accident where death or the nature of the injury renders the amount of future payments certain or reasonably certain, the insurer shall make a deposit, as herein defined, with the division for the protection and guarantee of the payment of such liability in such sum as the division may direct. However, if the division considers the amount on deposit by the insurer under the provisions of subsection (1) of this section sufficient to cover all liabilities of the insurer, then no further deposit may be required.

~~(3)~~~~(4)~~~~(3)~~ Any deposit made under the provisions of compensation plan No. 2 must be held in trust by the division as security for the payment of the liability for which the deposit was made. Such deposit may be reduced from



1 time to time with the permission of the division as the  
2 payment of the liability of the insurer may reduce the  
3 amount required to be on deposit. Such deposit may be  
4 changed or renewed when desired by the depositor by  
5 withdrawing the same or any part thereof and substituting  
6 other deposits therefor. Upon proof of the final payment of  
7 the liability for which such deposit was made, any deposit  
8 remaining must be returned to the depositor. All earnings  
9 made by such deposit must first be applied upon any  
10 liability of the depositors, and if no such liability  
11 exists, then such earnings must upon demand be delivered to  
12 such depositor. The division and its bondsmen are liable for  
13 the value and safekeeping of such deposit and shall at any  
14 time, upon demand of a depositor, account for the same and  
15 the earnings thereof."

16 NEW SECTION. Section 2. Extension of authority. Any  
17 existing authority of the division of workers' compensation  
18 to make rules on the subject of the provisions of this act  
19 is extended to the provisions of this act.

20 ~~NEW SECTION:--Section-3:--Applicability:-----This---act~~  
21 ~~applies-to-policies-issued-on-or-after-October-1,1967:~~

-End-

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C. SMITH, PISTORIA, MENAHAN, HARP

BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION

A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE BOND AMOUNT THAT WORKERS' COMPENSATION PLAN NO. 2 INSURERS MUST DEPOSIT WITH THE DIVISION TO GUARANTEE PAYMENT OF LIABILITY; AMENDING SECTION 39-71-2206, MCA, AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 39-71-2206, MCA, is amended to read:

"39-71-2206. Deposits by insurer with division to guarantee payment of liability. (1) Before issuance of any policy by an insurer as herein authorized, the insurer must deposit with the division bonds of the United States or the state of Montana or of any school district, county, city, or town in the state of Montana or a corporate surety bond made out to and approved by the division in an amount not less than \$5,000 or more than \$100,000, as the division may determine determined by the division that is the greater of: (a) 4% of the insurer's estimated annual payments; or (b) \$25,000.

{2} NOT LESS THAN \$25,000 OR MORE THAN \$200,000, AS

THE DIVISION MAY DETERMINE. If any insurer fails to discharge any liability after the amount thereof is determined by the division and within the time limited by the division, the division shall convert the bonds or such part thereof as is necessary into cash and from the proceeds liquidate such liability, and thereafter the insurer must make an additional deposit to meet any deficiency caused thereby. It is intended to give the division the discretion in the matter of whether an insurer has failed to discharge any liability.

{2}{3}{2} Within 30 days of the happening of an accident where death or the nature of the injury renders the amount of future payments certain or reasonably certain, the insurer shall make a deposit, as herein defined, with the division for the protection and guarantee of the payment of such liability in such sum as the division may direct. However, if the division considers the amount on deposit by the insurer under the provisions of subsection (1) of this section sufficient to cover all liabilities of the insurer, then no further deposit may be required.

{3}{4}{3} Any deposit made under the provisions of compensation plan No. 2 must be held in trust by the division as security for the payment of the liability for which the deposit was made. Such deposit may be reduced from





1 time to time with the permission of the division as the  
2 payment of the liability of the insurer may reduce the  
3 amount required to be on deposit. Such deposit may be  
4 changed or renewed when desired by the depositor by  
5 withdrawing the same or any part thereof and substituting  
6 other deposits therefor. Upon proof of the final payment of  
7 the liability for which such deposit was made, any deposit  
8 remaining must be returned to the depositor. All earnings  
9 made by such deposit must first be applied upon any  
10 liability of the depositors, and if no such liability  
11 exists, then such earnings must upon demand be delivered to  
12 such depositor. The division and its bondsmen are liable for  
13 the value and safekeeping of such deposit and shall at any  
14 time, upon demand of a depositor, account for the same and  
15 the earnings thereof."

16 NEW SECTION. Section 2. Extension of authority. Any  
17 existing authority of the division of workers' compensation  
18 to make rules on the subject of the provisions of this act  
19 is extended to the provisions of this act.

20 ~~NEW SECTION. Section 3. Applicability. This act~~  
21 ~~applies to policies issued on or after October 1, 1987.~~

-End-