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.

LC 0987/01

INTRODUCED BY the Coming Original C. Smith Pistoria 1 2

BY REQUEST OF THE DIVISION OF WORKERS' COMPENSATION

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."

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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:

"39-71-2206. Deposits by insurer with division to 14 guarantee payment of liability. (1) Before issuance of any 15 16 policy by an insurer as herein authorized, the insurer must deposit with the division bonds of the United States or the 17 state of Montana or of any school district, county, city, or 18 town in the state of Montana or a corporate surety bond made 19 out to and approved by the division in an amount not--less 20 21 than--\$57000--or--more--than--\$10070007--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

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

(2) (3) Within 30 days of the happening of an accident 9 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 division for the protection and guarantee of the payment of 13 14 such liability in such sum as the division may direct. However, if the division considers the amount on deposit by 15 the insurer under the provisions of subsection (1) of this 16 section sufficient to cover all liabilities of the insurer. 17 then no further deposit may be required. 18

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

> -2- INTRODUCED BILL HB-345

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

<u>NEW SECTION.</u> Section 2. Extension of authority. Any
existing authority of the division of workers' compensation
to make rules on the subject of the provisions of this act
is extended to the provisions of this act.

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

-End-

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APPROVED BY COMM. ON BUSINESS AND LABOR

1	HOUSE BILL NO. 345
2	INTRODUCED BY MCCORMICK, DRISCOLL,
3	C. SMITH, PISTORIA, MENAHAN, HARP
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7	AMOUNT THAT WORKERS' COMPENSATION PLAN NO. 2 INSURERS MUST
8	DEPOSIT WITH THE DIVISION TO GUARANTEE PAYMENT OF LIABILITY;
9	AMENDING SECTION 39-71-2206, MCA;ANDPROVIDINGAN
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12	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
13	Section 1. Section 39-71-2206, MCA, is amended to
14	read:
15	"39-71-2206. Deposits by insurer with division to
16	guarantee payment of liability. (1) Before issuance of any
17	policy by an insurer as herein authorized, the insurer must
18	deposit with the division bonds of the United States or the
19	state of Montana or of any school district, county, city, or
20	town in the state of Montana or a corporate surety bond made
21	out to and approved by the division in an amount notless
22	than\$57000ormorethan\$10070007as-the-division-may
23	determine determined-by-the-division-that-is-the-greater-of:
24	ta)40%-of-the-insureris-estimated-annual-payments;-or
25	<u>+b}\$257888</u> -

(2) NOT LESS THAN \$25,000 OR MORE THAN \$200,000, AS 1 2 THE DIVISION MAY DETERMINE. If any insurer fails to discharge any liability after the amount thereof 3 is determined by the division and within the time limited by 4 5 the division, the division shall convert the bonds or such 6 part thereof as is necessary into cash and from the proceeds liquidate such liability, and thereafter the insurer must 7 make an additional deposit to meet any deficiency caused 8 thereby. It is intended to give the division the discretion 9 in the matter of whether an insurer has failed to discharge 10 any liability. 11

(2)(3)(2) Within 30 days of the happening of an 12 accident where death or the nature of the injury renders the 13 amount of future payments certain or reasonably certain, the 14 insurer shall make a deposit, as herein defined, with the 15 division for the protection and guarantee of the payment of 16 17 such liability in such sum as the division may direct. However, if the division considers the amount on deposit by 18 the insurer under the provisions of subsection (1) of this 19 section sufficient to cover all liabilities of the insurer, 20 then no further deposit may be required. 21

(3)(4)(3) Any deposit made under the provisions of 22 compensation plan No. 2 must be held in trust by the 23 division as security for the payment of the liability for 24 which the deposit was made. Such deposit may be reduced from 25

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1 time to time with the permission of the division as the 2 payment of the liability of the insurer may reduce the amount required to be on deposit. Such deposit may be 3 changed or renewed when desired by the depositor by 4 withdrawing the same or any part thereof and substituting 5 other deposits therefor. Upon proof of the final payment of 6 7 the liability for which such deposit was made, any deposit remaining must be returned to the depositor. All earnings 8 made by such deposit must first be applied upon any 9 liability of the depositors, and if no such liability 10 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."

1

16 <u>NEW SECTION.</u> 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--1907

~End-

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20	town in the state of Montana or a corporate surety bond made
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22	than\$5;000ormorethan\$100;000;as-the-division-may
23	determine determined-by-the-division-that-is-the-greater-of-
24	{a}40%-of-the-insurer's-estimated-annual-payments;-or
25	<u>{b}9257800</u> +

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	Legislative Council

1 (2) NOT LESS THAN \$25,000 OR MORE THAN \$200,000, AS 2 THE DIVISION MAY DETERMINE. If any insurer fails to 3 discharge any liability after the amount thereof is determined by the division and within the time limited by 4 the division, the division shall convert the bonds or such 5 part thereof as is necessary into cash and from the proceeds 6 liquidate such liability, and thereafter the insurer must 7 8 make an additional deposit to meet any deficiency caused thereby. It is intended to give the division the discretion 9 10 in the matter of whether an insurer has failed to discharge 11 any liability.

12 $\{2\}$ $\{3\}$ $\{2\}$ Within 30 days of the happening of an 13 accident where death or the nature of the injury renders the amount of future payments certain or reasonably certain, the 14 15 insurer shall make a deposit, as herein defined, with the division for the protection and guarantee of the payment of 16 17 such liability in such sum as the division may direct. However, if the division considers the amount on deposit by 18 19 the insurer under the provisions of subsection (1) of this section sufficient to cover all liabilities of the insurer, 20 21 then no further deposit may be required.

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HB 0345/02

THIRD READING

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20 NEW-SBCTIONT--Section-3:--Applicability----This---act

21 applies-to-policies-issued-on-or-after-October-17-1987

-End-

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- 2 -

REFERENCE BILL

HB 345

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-End-

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