

HOUSE BILL NO. 426
INTRODUCED BY CAMPBELL, BECK
BY REQUEST OF THE STATE AUDITOR

IN THE HOUSE

JANUARY 24, 1987 INTRODUCED AND REFERRED TO COMMITTEE
 ON BUSINESS & LABOR.

FEBRUARY 11, 1987 COMMITTEE RECOMMEND BILL
 DO PASS. REPORT ADOPTED.

FEBRUARY 12, 1987 PRINTING REPORT.

FEBRUARY 13, 1987 SECOND READING, DO PASS AS AMENDED.

FEBRUARY 14, 1987 ENGROSSING REPORT.

FEBRUARY 16, 1987 THIRD READING, PASSED.
 AYES, 91; NOES, 1.

 TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 17, 1987 INTRODUCED AND REFERRED TO COMMITTEE
 ON BUSINESS & INDUSTRY.

MARCH 23, 1987 COMMITTEE RECOMMEND BILL BE
 CONCURRED IN AS AMENDED. REPORT
 ADOPTED.

MARCH 27, 1987 SECOND READING, CONCURRED IN.

MARCH 30, 1987 THIRD READING, CONCURRED IN.
 AYES, 50; NOES, 0.

 RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 7, 1987 RECEIVED FROM SENATE.

 SECOND READING, AMENDMENTS
 CONCURRED IN.

APRIL 8, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

1 House BILL NO. 426
 2 INTRODUCED BY Campbell
 3 BY REQUEST OF THE STATE AUDITOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE
 6 INSURANCE LAWS OF THE STATE OF MONTANA RELATING TO THE
 7 REGULATION OF GOVERNMENTAL INSURANCE PROGRAMS; AND AMENDING
 8 SECTIONS 33-1-102 AND 33-1-201, MCA."

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

11 Section 1. Section 33-1-102, MCA, is amended to read:

12 "33-1-102. Compliance required -- exceptions -- health
 13 service corporations. (1) No person shall transact a
 14 business of insurance in Montana or relative to a subject
 15 resident, located, or to be performed in Montana without
 16 complying with the applicable provisions of this code.

17 (2) No provision of this code shall apply with respect
 18 to:

19 (a) domestic farm mutual insurers as identified in
 20 chapter 4, except as stated in chapter 4;

21 (b) domestic benevolent associations as identified in
 22 chapter 6, except as stated in chapter 6; and

23 (c) fraternal benefit societies, except as stated in
 24 chapter 7.

25 (3) This code shall not apply to health service

1 corporations to the extent that the existence and operations
 2 of such corporations are authorized by Title 35, chapter 2,
 3 and related sections of the Montana Code Annotated.

4 (4) This code does not apply to workers' compensation
 5 insurance programs provided for in Title 39, chapter 71,
 6 parts 21 and 23, and related sections.

7 (5) This code does not apply to the state employee
 8 group insurance program established in Title 2, chapter 18,
 9 part 8.

10 (6) This code does not apply to insurance funded
 11 through the state self-insurance reserve fund provided for
 12 in 2-9-202."

13 Section 2. Section 33-1-201, MCA, is amended to read:

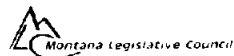
14 "33-1-201. Definitions -- insurance in general. For
 15 the purposes of this code, the following definitions apply
 16 unless the context requires otherwise:

17 (1) An "alien insurer" is one formed under the laws of
 18 any country other than the United States, its states,
 19 districts, territories, and commonwealths.

20 (2) An "authorized insurer" is one duly authorized by
 21 subsisting certificate of authority issued by the
 22 commissioner to transact insurance in this state.

23 (3) A "domestic insurer" is one incorporated under the
 24 laws of this state.

25 (4) A "foreign insurer" is one formed under the laws



1 of any jurisdiction other than this state. Except where
2 distinguished by context, foreign insurer includes also an
3 alien insurer.

4 (5) "Insurance" is a contract whereby one undertakes
5 to indemnify another or pay or provide a specified or
6 determinable amount or benefit upon determinable
7 contingencies. The term includes but is not limited to:

8 (a) any arrangement, plan, or interlocal agreement
9 between political subdivisions of this state whereby the
10 political subdivisions undertake to separately or jointly
11 indemnify one another by way of a pooling, joint retention,
12 deductible, or self-insurance plan; and

13 (b) any arrangement, plan, or interlocal agreement
14 between political subdivisions of this state or any
15 arrangement, plan, or program of a single political
16 subdivision of this state whereby the political subdivision
17 provides to its officers, elected officials, or employees
18 disability insurance or life insurance through a self-funded
19 program.

20 (6) "Insurer" includes every person engaged as
21 indemnitor, surety, or contractor in the business of
22 entering into contracts of insurance.

23 (7) A "resident domestic insurer" is an insurer
24 incorporated under the laws of this state and:

25 (a) if a mutual company, not less than one-half of the

1 policyholders are natural persons who are residents of this
2 state; or

3 (b) if a stock insurer, not less than one-half of the
4 shares are owned by natural persons who are residents of
5 this state and all of the directors and officers of the
6 insurer are residents of this state.

7 (8) "State", when used as to jurisdiction, means a
8 state, the District of Columbia, or a territory,
9 commonwealth, or possession of the United States.

10 (9) "Transact", with respect to insurance, includes
11 any of the following:

- 12 (a) solicitation and inducement;
13 (b) preliminary negotiations;
14 (c) effectuation of a contract of insurance;
15 (d) transaction of matters subsequent to effectuation
16 of the contract of insurance and arising out of it.

17 (10) An "unauthorized insurer" is one not authorized by
18 subsisting certificate of authority issued by the
19 commissioner to transact insurance in this state."

20 NEW SECTION. Section 3. Extension of authority. Any
21 existing authority of the commissioner of insurance to make
22 rules on the subject of the provisions of this act is
23 extended to the provisions of this act.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB426, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to generally revise the insurance laws of the State of Montana relating to the regulation of Governmental Insurance Programs; and amending Sections 33-1-102 and 33-1-201, MCA.

FISCAL IMPACT:

None.

 DATE 1/29/87

DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 1-29-87

BUD CAMPBELL, PRIMARY SPONSOR

Fiscal Note for HB426, as introduced.

HB-426

APPROVED BY COMM. ON BUSINESS AND LABOR

1 House BILL NO. 426
2 INTRODUCED BY Campbell Beach
3 BY REQUEST OF THE STATE AUDITOR

4
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6 INSURANCE LAWS OF THE STATE OF MONTANA RELATING TO THE
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14 business of insurance in Montana or relative to a subject
15 resident, located, or to be performed in Montana without
16 complying with the applicable provisions of this code.

17 (2) No provision of this code shall apply with respect
18 to:

19 (a) domestic farm mutual insurers as identified in
20 chapter 4, except as stated in chapter 4;

21 (b) domestic benevolent associations as identified in
22 chapter 6, except as stated in chapter 6; and

23 (c) fraternal benefit societies, except as stated in
24 chapter 7.

25 (3) This code shall not apply to health service

1 corporations to the extent that the existence and operations
2 of such corporations are authorized by Title 35, chapter 2,
3 and related sections of the Montana Code Annotated.

4 (4) This code does not apply to workers' compensation
5 insurance programs provided for in Title 39, chapter 71,
6 parts 21 and 23, and related sections.

7 (5) This code does not apply to the state employee
8 group insurance program established in Title 2, chapter 18,
9 part 8.

10 (6) This code does not apply to insurance funded
11 through the state self-insurance reserve fund provided for
12 in 2-9-202."

13 Section 2. Section 33-1-201, MCA, is amended to read:

14 "33-1-201. Definitions -- insurance in general. For
15 the purposes of this code, the following definitions apply
16 unless the context requires otherwise:

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18 any country other than the United States, its states,
19 districts, territories, and commonwealths.

20 (2) An "authorized insurer" is one duly authorized by
21 subsisting certificate of authority issued by the
22 commissioner to transact insurance in this state.

23 (3) A "domestic insurer" is one incorporated under the
24 laws of this state.

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1 of any jurisdiction other than this state. Except where
2 distinguished by context, foreign insurer includes also an
3 alien insurer.

4 (5) "Insurance" is a contract whereby one undertakes
5 to indemnify another or pay or provide a specified or
6 determinable amount or benefit upon determinable
7 contingencies. The term includes but is not limited to:

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9 between political subdivisions of this state whereby the
10 political subdivisions undertake to separately or jointly
11 indemnify one another by way of a pooling, joint retention,
12 deductible, or self-insurance plan; and

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16 subdivision of this state whereby the political subdivision
17 provides to its officers, elected officials, or employees
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20 (6) "Insurer" includes every person engaged as
21 indemnitor, surety, or contractor in the business of
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23 (7) A "resident domestic insurer" is an insurer
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25 (a) if a mutual company, not less than one-half of the

1 policyholders are natural persons who are residents of this
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4 shares are owned by natural persons who are residents of
5 this state and all of the directors and officers of the
6 insurer are residents of this state.

7 (8) "State", when used as to jurisdiction, means a
8 state, the District of Columbia, or a territory,
9 commonwealth, or possession of the United States.

10 (9) "Transact", with respect to insurance, includes
11 any of the following:

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20 NEW SECTION. Section 3. Extension of authority. Any
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22 rules on the subject of the provisions of this act is
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 16 of the contract of insurance and arising out of it.

17 (10) An "unauthorized insurer" is one not authorized by
 18 subsisting certificate of authority issued by the
 19 commissioner to transact insurance in this state."

20 NEW SECTION. SECTION 3. NO SECTION OF THIS CODE SHALL
 21 IMPOSE TAXES OR FEES ON ANY ARRANGEMENT, PLAN, OR INTERLOCAL
 22 AGREEMENT BETWEEN POLITICAL SUBDIVISIONS OF THIS STATE
 23 WHEREBY THE POLITICAL SUBDIVISIONS UNDERTAKE TO SEPARATELY
 24 OR JOINTLY INDEMNIFY ONE ANOTHER BY WAY OF POOLING, JOINT
 25 RETENTION, DEDUCTIBLE, OR SELF-INSURANCE PLAN.

1 NEW SECTION. Section 4. Extension of authority. Any
2 existing authority of the commissioner of insurance to make
3 rules on the subject of the provisions of this act is
4 extended to the provisions of this act.

-End-

HOUSE BILL NO. 426

INTRODUCED BY CAMPBELL, BECK
BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE THE INSURANCE LAWS OF THE STATE OF MONTANA RELATING TO THE REGULATION OF GOVERNMENTAL INSURANCE PROGRAMS; AND AMENDING SECTIONS SECTION 33-1-102 AND 33-1-201, MCA."

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(2) No provision of this code shall apply with respect to:

(a) domestic farm mutual insurers as identified in chapter 4, except as stated in chapter 4;

(b) domestic benevolent associations as identified in chapter 6, except as stated in chapter 6; and

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(3) This code shall not apply to health service

corporations to the extent that the existence and operations of such corporations are authorized by Title 35, chapter 2, and related sections of the Montana Code Annotated.

(4) This code does not apply to workers' compensation insurance programs provided for in Title 39, chapter 71, parts 21 and 23, and related sections.

(5) This code does not apply to the state employee group insurance program established in Title 2, chapter 18, part 8.

(6) This code does not apply to insurance funded through the state self-insurance reserve fund provided for in 2-9-202.

(7) (A) THIS CODE DOES NOT APPLY TO ANY ARRANGEMENT, PLAN, OR INTERLOCAL AGREEMENT BETWEEN POLITICAL SUBDIVISIONS OF THIS STATE WHEREBY THE POLITICAL SUBDIVISIONS UNDERTAKE TO SEPARATELY OR JOINTLY INDEMNIFY ONE ANOTHER BY WAY OF A POOLING, JOINT RETENTION, DEDUCTIBLE, OR SELF-INSURANCE PLAN.

(B) THIS CODE DOES NOT APPLY TO ANY ARRANGEMENT, PLAN, OR INTERLOCAL AGREEMENT BETWEEN POLITICAL SUBDIVISIONS OF THIS STATE OR ANY ARRANGEMENT, PLAN, OR PROGRAM OF A SINGLE POLITICAL SUBDIVISION OF THIS STATE WHEREBY THE POLITICAL SUBDIVISION PROVIDES TO ITS OFFICERS, ELECTED OFFICIALS, OR EMPLOYEES DISABILITY INSURANCE OR LIFE INSURANCE THROUGH A SELF-FUNDED PROGRAM."



1 Section 2. Section 33-1-201, MCA, is amended to read:

2 "33-1-201. Definitions. Insurance in general. For
3 the purposes of this code, the following definitions apply
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9 subsisting certificate of authority issued by the
10 commissioner to transact insurance in this state.

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12 laws of this state.

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14 of any jurisdiction other than this state. Except where
15 distinguished by context, foreign insurer includes also an
16 alien insurer.

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18 to indemnify another or pay or provide a specified or
19 determinable amount or benefit upon determinable
20 contingencies. The term includes but is not limited to:

21 (a) any arrangement, plan, or interlocal agreement
22 between political subdivisions of this state whereby the
23 political subdivisions undertake to separately or jointly
24 indemnify one another by way of a pooling, joint retention,
25 deductible, or self-insurance plan; and

1 (b) any arrangement, plan, or interlocal agreement
2 between political subdivisions of this state or any
3 arrangement, plan, or program of a single political
4 subdivision of this state whereby the political subdivision
5 provides to its officers, elected officials, or employees
6 disability insurance or life insurance through a self-funded
7 program;

8 (6) "Insurer" includes every person engaged as
9 indemnitor, surety, or contractor in the business of
10 entering into contracts of insurance.

11 (7) A "resident domestic insurer" is an insurer
12 incorporated under the laws of this state and:

13 (a) if a mutual company, not less than one-half of the
14 policyholders are natural persons who are residents of this
15 state; or

16 (b) if a stock insurer, not less than one-half of the
17 shares are owned by natural persons who are residents of
18 this state and all of the directors and officers of the
19 insurer are residents of this state.

20 (8) "State", when used as to jurisdiction, means a
21 state, the District of Columbia, or a territory,
22 commonwealth, or possession of the United States.

23 (9) "Transact", with respect to insurance, includes
24 any of the following:

25 (a) solicitation and inducement;

1 ~~(b)--preliminary-negotiations;~~
2 ~~(c)--effectuation-of-a-contract-of-insurance;~~
3 ~~(d)--transaction--of-matters-subsequent-to-effectuation~~
4 ~~of-the-contract-of-insurance-and-arising-out-of-it;~~
5 ~~(10)-An-"unauthorized-insurer"-is-one-not-authorized-by~~
6 ~~subsisting--certificate---of---authority---issued---by---the~~
7 ~~commissioner-to-transact-insurance-in-this-state;"~~

8 ~~NEW-SECTION--SECTION-3--NO-SECTION-OF-THIS-CODE-SHALL~~
9 ~~IMPOSE-TAXES-OR-FEES-ON-ANY-ARRANGEMENT,PLAN,OR-INTERLOCAL~~
10 ~~AGREEMENT--BETWEEN--POLITICAL--SUBDIVISIONS--OF--THIS--STATE~~
11 ~~WHEREBY--THE--POLITICAL--SUBDIVISIONS--UNDERTAKE--TO--SEPARATELY~~
12 ~~OR--JOINTLY--INDEMNIFY--ONE-ANOTHER-BY-WAY-OF-POOLING,--JOINT~~
13 ~~RETENTION,DEDUCTIBLE,OR-SELF-INSURANCE-PLAN;~~

14 NEW SECTION. Section 2. Extension of authority. Any
15 existing authority of the commissioner of insurance to make
16 rules on the subject of the provisions of this act is
17 extended to the provisions of this act.

-End-

STANDING COMMITTEE REPORT

SENATE

MARCH 20, 19 87

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration HOUSE BILL No. 426

THIRD reading copy (BLUE)
color

CAMPBELL (BECK)

REVISE GOVERNMENT INSURANCE

Respectfully report as follows: That HOUSE BILL No. 426

be amended as follows:

1. Title, line 8.
Strike: "SECTIONS"
Insert: "SECTION"
Strike: "AND 33-1-201"
2. Page 2, following line 12.
Insert: "(7)(a) This code does not apply to any arrangement, plan, or interlocal agreement between political subdivisions of this state whereby the political subdivisions undertake to separately or jointly indemnify one another by way of a pooling, joint retention, deductible, or self-insurance plan.
(b) This code does not apply to any arrangement, plan, or interlocal agreement between political subdivisions of this state or any arrangement, plan, or program of a single political subdivision of this state whereby the political subdivision provides to its officers, elected officials, or employees disability insurance or life insurance through a self-funded program."
3. Page 2, line 13 through line 25 on page 4.
Strike: sections 2 and 3 in their entirety
Renumber: subsequent section

AE

AND AS AMENDED,

BE CONCURRED IN

~~XXXXXX~~

~~XXXXXXXXXX~~

Allen C. Kolstad
SENATOR ALLEN C. KOLSTAD, Chairman.

3-20-87
5:16
JL