

HOUSE BILL NO. 433  
INTRODUCED BY SANDS  
BY REQUEST OF THE STATE AUDITOR

IN THE HOUSE

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

FEBRUARY 4, 1987           COMMITTEE RECOMMEND BILL  
                                  DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 5, 1987           PRINTING REPORT.

FEBRUARY 6, 1987           SECOND READING, DO PASS.

FEBRUARY 7, 1987           ENGROSSING REPORT.

                                  THIRD READING, PASSED.  
                                  AYES, 92; NOES, 7.

                                  TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 10, 1987         INTRODUCED AND REFERRED TO COMMITTEE  
                                  ON BUSINESS & INDUSTRY.

MARCH 4, 1987            COMMITTEE RECOMMEND BILL BE  
                                  CONCURRED IN. REPORT ADOPTED.

MARCH 6, 1987            ON MOTION, CONSIDERATION PASSED  
                                  FOR THE DAY.

MARCH 9, 1987            SECOND READING, CONCURRED IN.

MARCH 11, 1987          THIRD READING, CONCURRED IN.  
                                  AYES, 49; NOES, 0.

                                  RETURNED TO HOUSE.

IN THE HOUSE

MARCH 12, 1987

RECEIVED FROM SENATE.

SENT TO ENROLLING.

1 House BILL NO. 433  
 2 INTRODUCED BY Sundt  
 3 BY REQUEST OF THE STATE AUDITOR  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE  
 6 LAWS RELATING TO INSURANCE; AND AMENDING SECTIONS 33-2-117,  
 7 33-7-101, 33-10-101, 33-22-301, 33-22-703, 33-23-201 THROUGH  
 8 33-23-203, AND 33-23-211 THROUGH 33-23-216, MCA."  
 9

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

11 Section 1. Section 33-2-117, MCA, is amended to read:

12 "33-2-117. Continuance, expiration, reinstatement, and  
 13 amendment of certificate of authority. (1) Certificates of  
 14 authority issued or renewed under this code shall continue  
 15 in force as long as the insurer is entitled thereto under  
 16 this code and until suspended or revoked or otherwise  
 17 terminated; subject, however, to continuance of the  
 18 certificate by the insurer each year by payment prior to May  
 19 15 of the continuation fee provided in 33-2-708.

20 (2) If not so continued by the insurer, its  
 21 certificate of authority shall expire at midnight on May  
 22 31 next following such failure of the insurer so to continue  
 23 it in force. The commissioner shall promptly notify the  
 24 insurer of the occurrence of any such failure resulting in  
 25 impending expiration of its certificate of authority.

1 (3) The commissioner may, in his discretion, reinstate  
 2 a certificate of authority which the insurer has  
 3 inadvertently permitted to expire, after the insurer has  
 4 fully cured all its failures which resulted in such  
 5 expiration and upon payment by the insurer of the fee for  
 6 reinstatement in addition to the current continuation fee,  
 7 as provided in 33-2-708. Otherwise, the insurer shall be  
 8 granted another certificate of authority only after filing  
 9 application therefor and meeting all other requirements as  
 10 for an original certificate of authority in this state.

11 (4) The commissioner may amend a certificate of  
 12 authority at any time to accord with changes in the  
 13 insurer's charter of insuring powers."

14 Section 2. Section 33-7-101, MCA, is amended to read:

15 "33-7-101. Scope of chapter -- provisions applicable.

16 (1) Except as herein provided, societies shall be governed  
 17 by this chapter and shall be exempt from all other  
 18 provisions of the insurance laws of this state, not only in  
 19 governmental relations with the state but for every other  
 20 purpose. No law hereafter enacted shall apply to them unless  
 21 they be expressly designated therein.

22 (2) In addition to the provisions contained in this  
 23 chapter, other chapters and provisions of this title shall  
 24 apply to fraternal benefit societies to the extent  
 25 applicable and not in conflict with the express provisions



1 of this chapter and the reasonable implications thereof, as  
 2 follows: parts 1, 2, 3, 4, and 7 of chapter 1; 33-2-104;  
 3 33-2-107; 33-2-112; chapter 2, part 13; 33-3-308; 33-15-502;  
 4 and chapter 18; chapter 20; and chapter 22."

5 Section 3. Section 33-10-101, MCA, is amended to read:  
 6 "33-10-101. Short title, purpose, scope, and  
 7 construction. (1) This part shall be known and may be cited  
 8 as the "Montana Insurance Guaranty Association Act".

9 (2) The purpose of this part is to provide a mechanism  
 10 for the payment of covered claims under certain insurance  
 11 policies to avoid excessive delay in payment and to avoid  
 12 financial loss to claimants or policyholders because of the  
 13 insolvency of an insurer, to assist in the detection and  
 14 prevention of insurer insolvencies, and to provide an  
 15 association to assess the cost of such protection among  
 16 insurers.

17 (3) This part shall apply to all kinds of direct  
 18 insurance, except life, title, surety, disability, credit,  
 19 mortgage, guaranty, and ocean marine insurance.

20 (4) This part shall be liberally construed to effect  
 21 the purpose under subsection (2) which shall constitute an  
 22 aid and guide to interpretation."

23 Section 4. Section 33-22-301, MCA, is amended to read:

24 "33-22-301. Coverage of newborn under family  
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1 or certificate issued thereunder shall contain a provision  
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 3 after the moment of birth, to each newborn infant of any  
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5 (2) The coverage for newborn infants ~~shall~~ must be the  
 6 same as provided by the policy for the other covered  
 7 persons; provided, however, that for newborn infants there  
 8 shall be no waiting or elimination periods. A deductible or  
 9 reduction in benefits applicable to the coverage for newborn  
 10 infants is not permissible unless it conforms and is  
 11 consistent with the deductible or reduction in benefits  
 12 applicable to all other covered persons.

13 (3) No policy or certificate of insurance may be  
 14 issued or amended in this state if it contains any  
 15 disclaimer, waiver, or other limitation of coverage relative  
 16 to the accident and sickness coverage or insurability of  
 17 newborn infants of an insured from and after the moment of  
 18 birth.

19 (4) If payment of a specific premium or subscription  
 20 fee is required to provide coverage for a child, the policy  
 21 or contract may require that notification of birth of a  
 22 newly born child and payment of the required premium or fees  
 23 must be furnished to the insurer or nonprofit service or  
 24 indemnity corporation within 31 days after the date of birth  
 25 in order to have the coverage continue beyond such 31-day

1 period."

2 Section 5. Section 33-22-703, MCA, is amended to read:

3 "33-22-703. Coverage for mental illness, alcoholism,  
4 and drug addiction. Insurers and health service corporations  
5 transacting group health insurance or group health plans in  
6 this state shall provide, under hospital and medical  
7 expenses incurred insurance group policies and under  
8 hospital and medical service plan group contracts, the level  
9 of benefits specified in this section for the necessary care  
10 and treatment of mental illness, alcoholism, and drug  
11 addiction subject to the right of the applicant to select  
12 any alternative level of benefits above the minimum level of  
13 benefits described in subsections (1)(b), (2)(a), (2)(b),  
14 and (2)(d) as may be offered by the insurer or health  
15 service plan corporation:

16 (1) under basic inpatient expense policies or  
17 contracts, inpatient hospital benefits consisting of  
18 durational limits, dollar limits, deductibles, and  
19 coinsurance factors that are not less favorable than for  
20 physical illness generally, except that:

21 (a) benefits may be limited to not less than 30  
22 calendar days per year as defined in the policy or contract;

23 (b) the aggregate maximum benefit for alcoholism and  
24 drug addiction of inpatient expenses under basic inpatient  
25 policies and contracts plus inpatient expenses under major

1 medical policies and contracts may be limited to no less  
2 than:

3 (i) \$4,000 in any 24-month period; and

4 (ii) \$8,000 in lifetime benefits;

5 (2) under major medical policies or contracts,  
6 inpatient benefits and outpatient benefits consisting of  
7 durational limits, dollar limits, deductibles, and  
8 coinsurance factors that are not less favorable than for  
9 physical illness generally, except that:

10 (a) inpatient benefits may be limited to no less than  
11 30 calendar days per year as defined in the policy or  
12 contract. If inpatient benefits are provided beyond 30  
13 calendar days per year, the durational limits, dollar  
14 limits, deductibles, and coinsurance factors applicable  
15 thereto need not be the same as applicable to physical  
16 illness generally.

17 (b) for outpatient benefits, the coinsurance factor  
18 may not exceed 50% or the coinsurance factor applicable for  
19 physical illness generally, whichever is greater, and the  
20 maximum benefit for mental illness, alcoholism, and drug  
21 addiction in the aggregate during any applicable benefit  
22 period may be limited to not less than \$1,000;

23 (c) maximum lifetime benefits shall, for mental  
24 illness in the aggregate, be no less than those applicable  
25 to physical illness generally;

1 (d) the aggregate maximum benefit for alcoholism and  
 2 drug addiction of inpatient expenses under basic inpatient  
 3 policies and contracts plus inpatient expenses under major  
 4 medical policies and contracts may be limited to no less  
 5 than:

6 (i) \$4,000 in any 24-month period; and

7 (ii) \$8,000 in lifetime benefits."

8 NEW SECTION. Section 6. Motor vehicle. "Motor  
 9 vehicle" means every vehicle propelled by its own power and  
 10 designed primarily to transport persons or property upon the  
 11 highways of the state. The term does not include a bicycle  
 12 as defined in 61-1-123.

13 Section 7. Section 33-23-201, MCA, is amended to read:

14 "33-23-201. Motor vehicle liability policies to  
 15 include uninsured motorist coverage -- rejection by insured.

16 (1) No ~~automobile--liability--or~~ motor vehicle liability  
 17 policy insuring against loss resulting from liability  
 18 imposed by law for bodily injury or death suffered by any  
 19 person arising out of the ownership, maintenance, or use of  
 20 a motor vehicle ~~shall~~ may be delivered or issued for  
 21 delivery in this state, with respect to any motor vehicle  
 22 registered or principally garaged in this state, unless  
 23 coverage is provided therein or supplemental thereto, in  
 24 limits for bodily injury or death set forth in 61-6-103,  
 25 under provisions filed with and approved by the

1 commissioner, for the protection of persons insured  
 2 thereunder who are legally entitled to recover damages from  
 3 owners or operators of uninsured motor vehicles because of  
 4 bodily injury, sickness, or disease, including death,  
 5 resulting therefrom.

6 (2) The named insured shall have the right to reject  
 7 such coverage. Unless the named insured requests such  
 8 coverage in writing, such coverage need not be provided in  
 9 or supplemental to a renewal policy where the named insured  
 10 had rejected the coverage in connection with the policy  
 11 previously issued to him by the same insurer."

12 Section 8. Section 33-23-202, MCA, is amended to read:

13 "33-23-202. Reimbursement for total loss of motor  
 14 vehicle based on actual replacement value. Each ~~automobile~~  
 15 motor vehicle insurance policy issued to residents of this  
 16 state which provides that reimbursement for total loss of a  
 17 motor vehicle ~~shall~~ must be based on a "book" value rather  
 18 than on the actual replacement value is void as to such  
 19 provision, and reimbursement ~~shall~~ must be made for actual  
 20 replacement value."

21 Section 9. Section 33-23-203, MCA, is amended to read:

22 "33-23-203. Limitation of liability under motor  
 23 vehicle liability policy. (1) Unless a motor vehicle  
 24 liability policy specifically provides otherwise, the limits  
 25 of insurance coverage available under any such policy,

1 including the limits of liability under uninsured motorist  
2 coverage, ~~shall must~~ be determined as follows, regardless of  
3 the number of motor vehicles insured under the policy:

4 (a) the limit of insurance coverage available for any  
5 one accident ~~shall-be~~ is the limit specified for the motor  
6 vehicle involved in the accident;

7 (b) if no motor vehicle insured under the policy is  
8 involved in the accident, the limit of insurance coverage  
9 available for any one accident ~~shall-be~~ is the highest limit  
10 of coverage specified for any one motor vehicle insured  
11 under the policy; and

12 (c) the limits of coverage specified for each motor  
13 vehicle insured under the policy ~~shall may~~ not be added  
14 together to determine the limit of insurance coverage  
15 available under the policy for any one accident.

16 (2) A motor vehicle liability policy may also provide  
17 for other reasonable limitations, exclusions, or reductions  
18 of coverage which are designed to prevent duplicate payments  
19 for the same element of loss."

20 Section 10. Section 33-23-211, MCA, is amended to  
21 read:

22 "33-23-211. Limitations on basis for cancellation. (1)  
23 A notice of cancellation of a motor vehicle liability policy  
24 ~~shall-be~~ is effective only if it is based on one or more of  
25 the following reasons:

1 (a) nonpayment of premium; or

2 (b) the driver's license or motor vehicle registration  
3 of the named insured or of any other operator who either  
4 resides in the same household or customarily operates an  
5 ~~automobile~~ a motor vehicle insured under the policy has been  
6 under suspension or revocation during the policy period or,  
7 if the policy is a renewal, during its policy period or the  
8 180 days immediately preceding its effective date.

9 (2) This section ~~shall does~~ not apply to any policy or  
10 coverage which has been in effect less than 60 days at the  
11 time notice of cancellation is mailed or delivered by the  
12 insurer unless it is a renewal policy.

13 (3) Modification of ~~automobile~~ motor vehicle physical  
14 damage coverage by the inclusion of a deductible not  
15 exceeding \$100 ~~shall may~~ not be deemed a cancellation of the  
16 coverage or of the policy.

17 (4) This section ~~shall does~~ not apply to nonrenewal of  
18 a motor vehicle liability policy."

19 Section 11. Section 33-23-212, MCA, is amended to  
20 read:

21 "33-23-212. Notice required for cancellation --  
22 exception -- statement that insurer will specify reason upon  
23 request -- penalty. (1) Notwithstanding any other provision  
24 of this code, no cancellation by an insurer of ~~an--auto~~ a  
25 motor vehicle liability insurance policy ~~shall may~~ be

1 effective prior to the mailing or delivery to the named  
 2 insured at the address shown in the policy of a written  
 3 notice of the cancellation stating when, not less than 30  
 4 days after the date of such mailing or delivery, the date  
 5 the cancellation shall become effective.

6 (2) No notice of cancellation of a policy to which  
 7 33-23-211 applies ~~shall~~ may be effective unless mailed or  
 8 delivered by the insurer to the named insured at least 30  
 9 days prior to the effective date of cancellation; provided,  
 10 however, that where cancellation is for nonpayment of  
 11 premium, at least 10 days' notice of cancellation  
 12 accompanied by the reason therefor ~~shall~~ must be given.  
 13 Unless the reason accompanies or is included in the notice  
 14 of cancellation, the notice of cancellation ~~shall~~ must state  
 15 or be accompanied by a statement that upon written request  
 16 of the named insured, mailed or delivered to the insurer not  
 17 less than 15 days prior to the effective date of  
 18 cancellation, the insurer will specify the reason for such  
 19 cancellation.

20 (3) Subsection (2) ~~shall~~ does not apply to nonrenewal.

21 (4) Any insurer willfully violating any provisions of  
 22 subsection (2) of this section is guilty of a misdemeanor  
 23 and is punishable by a fine of not exceeding \$500 for each  
 24 violation thereof."

25 Section 12. Section 33-23-213, MCA, is amended to

1 read:

2 "33-23-213. Notice to insured of ground for  
 3 cancellation -- commissioner to ensure compliance. Whenever  
 4 an insurer gives notice of cancellation of ~~an-automobile a~~  
 5 motor vehicle liability policy, upon request of the insured,  
 6 the insurer, within 15 days of receipt of the request, shall  
 7 furnish to the insured a statement setting forth the ground  
 8 or grounds upon which the notice of cancellation is based.  
 9 If the insurer fails to comply with the provisions of this  
 10 section, the insured may apply to the commissioner for a  
 11 certificate of the facts or information desired. The  
 12 commissioner shall exercise any power conferred upon him by  
 13 law as may be necessary to ensure compliance with this  
 14 section."

15 Section 13. Section 33-23-214, MCA, is amended to  
 16 read:

17 "33-23-214. Advance notice required for nonrenewal --  
 18 exceptions -- exemptions. (1) No insurer ~~shall~~ may fail to  
 19 renew a motor vehicle liability policy unless it ~~shall--mail~~  
 20 mails or ~~deliver~~ delivers to the named insured, at the  
 21 address shown in the policy, at least 30 days' advance  
 22 notice of its intention not to renew. Such notice ~~shall~~ must  
 23 contain or be accompanied by a statement that upon written  
 24 request made not later than 1 month following the  
 25 termination date of the policy of the named insured mailed



1 Section 15. Section 33-23-216, MCA, is amended to  
2 read:

3 "33-23-216. Retention and proof of notice. (1) A  
4 notice of cancellation or of intention not to renew or of  
5 reasons for cancellation of insurance issued under terms of  
6 this chapter ~~shall~~ must be retained for a period of 3 years  
7 by the insurer or his agent within this state and ~~shall~~ must  
8 be made available within this state for examination or  
9 inspection by the commissioner or his agents at any time  
10 within such 3-year period upon reasonable notice.

11 (2) Proof of mailing of notice of cancellation or of  
12 intention not to renew or of reasons for cancellation to the  
13 named insured at the address shown in the policy or to the  
14 named insured's latest known address ~~shall-be~~ is sufficient  
15 proof of notice."

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

20 NEW SECTION. Section 17. Codification instruction.  
21 Section 6 is intended to be codified as an integral part of  
22 Title 33, chapter 23, part 2, and the provisions of Title  
23 33, chapter 23, part 2, apply to section 6.

-End-

1 or delivered to the insurer, the insurer will notify the  
2 insured in writing, within 15 days of his request, of the  
3 reason or reasons for such nonrenewal.

4 (2) Notwithstanding the failure of an insurer to  
5 comply with this section, the motor vehicle liability policy  
6 ~~shall~~ must terminate on the effective date of any other  
7 replacement or succeeding automobile motor vehicle liability  
8 insurance policy procured by the insured, with respect to  
9 any automobile motor vehicle designated in both policies.

10 (3) This section ~~shall~~ does not apply where the named  
11 insured has failed to discharge when due any of his  
12 obligations in connection with the payment of premiums for  
13 the policy or the renewal thereof or any installment  
14 payments therefor, whether payable directly to the insurer  
15 or its agent or indirectly under any premium finance plan or  
16 extension of credit.

17 (4) This section ~~shall~~ does not apply in any of the  
18 following cases:

19 (a) if the insurer has manifested its willingness to  
20 renew;

21 (b) in case of nonpayment of premium; provided that,  
22 notwithstanding the failure of an insurer to comply with  
23 this section, the policy ~~shall~~ must terminate on the  
24 effective date of any other insurance policy with respect to  
25 any automobile motor vehicle designated in both policies;

1 (c) if the insured's agent or broker has secured other  
2 coverage acceptable to the insured at least 20 days prior to  
3 the anniversary date of the policy or termination of the  
4 policy period.

5 (5) Renewal of a motor vehicle liability policy ~~shall~~  
6 does not constitute a waiver or estoppel with respect to  
7 grounds for cancellation which existed before the effective  
8 date of such renewal.

9 (6) A notice of nonrenewal of a motor vehicle  
10 liability policy under this section, which policy has a  
11 term of less than 6 months, is effective only when based on  
12 one or more of the reasons listed in 33-23-211."

13 Section 14. Section 33-23-215, MCA, is amended to  
14 read:

15 "33-23-215. No liability for statements in connection  
16 with cancellation or nonrenewal. There ~~shall~~ may be no  
17 liability on the part of and no cause of action of any  
18 nature ~~shall~~ may arise against the insurance commissioner or  
19 against any insurer, its authorized representative, its  
20 agents, its employees, or any firm, person, or corporation  
21 furnishing to the insurer information as to reasons for  
22 cancellation or nonrenewal for any statement made by any of  
23 them in any written notice of cancellation or nonrenewal or  
24 for statements made or evidence submitted at any hearings  
25 conducted in connection therewith."

APPROVED BY COMM. ON  
BUSINESS AND LABOR

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21 addiction in the aggregate during any applicable benefit  
22 period may be limited to not less than \$1,000;

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8 NEW SECTION. Section 6. Motor--vehicle- DEFINITIONS.  
 9 AS USED IN 33-23-201 THROUGH 33-23-203 AND 33-23-211 THROUGH  
 10 33-23-216, THE FOLLOWING DEFINITIONS APPLY:

11 (1) "Motor vehicle" means every vehicle propelled by  
 12 its own power and designed primarily to transport persons or  
 13 property upon the highways of the state. The term does not  
 14 include a bicycle as defined in 61-1-123.

15 (2) "MOTOR VEHICLE LIABILITY POLICY" MEANS ANY POLICY  
 16 OF AUTOMOBILE OR MOTOR VEHICLE INSURANCE AGAINST LIABILITY  
 17 NOW OR HEREAFTER REQUIRED UNDER TITLE 61, CHAPTER 6, PARTS 1  
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19 Section 7. Section 33-23-201, MCA, is amended to read:

20 "33-23-201. Motor vehicle liability policies to  
 21 include uninsured motorist coverage -- rejection by insured.

22 (1) No ~~automobile--liability--or~~ motor vehicle liability  
 23 policy insuring against loss resulting from liability  
 24 imposed by law for bodily injury or death suffered by any  
 25 person arising out of the ownership, maintenance, or use of

1 a motor vehicle ~~shall~~ may be delivered or issued for  
 2 delivery in this state, with respect to any motor vehicle  
 3 registered or AND principally garaged in this state, unless  
 4 coverage is provided therein or supplemental thereto, in  
 5 limits for bodily injury or death set forth in 61-6-103,  
 6 under provisions filed with and approved by the  
 7 commissioner, for the protection of persons insured  
 8 thereunder who are legally entitled to recover damages from  
 9 owners or operators of uninsured motor vehicles because of  
 10 bodily injury, sickness, or disease, including death,  
 11 resulting therefrom, CAUSED BY AN ACCIDENT ARISING OUT OF  
 12 THE OPERATION OR USE OF SUCH VEHICLE. AN UNINSURED MOTOR  
 13 VEHICLE IS A LAND MOTOR VEHICLE, NEITHER THE OWNERSHIP, NOR  
 14 THE MAINTENANCE, NOR THE USE OF WHICH IS INSURED OR BONDED  
 15 FOR BODILY INJURY LIABILITY AT THE TIME OF THE ACCIDENT.

16 (2) The named insured shall have the right to reject  
 17 such coverage. Unless the named insured requests such  
 18 coverage in writing, such coverage need not be provided in  
 19 or supplemental to a renewal policy where the named insured  
 20 had rejected the coverage in connection with the policy  
 21 previously issued to him by the same insurer."

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 25 motor vehicle insurance policy issued to residents of this

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7 "33-23-203. Limitation of liability under motor  
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 11 including the limits of liability under uninsured motorist  
 12 coverage, ~~shall~~ must be determined as follows, regardless of  
 13 the number of motor vehicles insured under the policy:

14 (a) the limit of insurance coverage available for any  
 15 one accident ~~shall-be~~ is the limit specified for the motor  
 16 vehicle involved in the accident;

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 18 involved in the accident, the limit of insurance coverage  
 19 available for any one accident ~~shall-be~~ is the highest limit  
 20 of coverage specified for any one motor vehicle insured  
 21 under the policy; and

22 (c) the limits of coverage specified for each motor  
 23 vehicle insured under the policy ~~shall~~ may not be added  
 24 together to determine the limit of insurance coverage  
 25 available under the policy for any one accident.

1 (2) A motor vehicle liability policy may also provide  
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 3 of coverage which are designed to prevent duplicate payments  
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7 "33-23-211. Limitations on basis for cancellation. (1)  
 8 A notice of cancellation of a motor vehicle liability policy  
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 10 the following reasons:

11 (a) nonpayment of premium; or

12 (b) the driver's license or motor vehicle registration  
 13 of the named insured or of any other operator who either  
 14 resides in the same household or customarily operates an  
 15 ~~automobile~~ a motor vehicle insured under the policy has been  
 16 under suspension or revocation during the policy period or,  
 17 if the policy is a renewal, during its policy period or the  
 18 180 days immediately preceding its effective date.

19 (2) This section ~~shall~~ does not apply to any policy or  
 20 coverage which has been in effect less than 60 days at the  
 21 time notice of cancellation is mailed or delivered by the  
 22 insurer unless it is a renewal policy.

23 (3) Modification of ~~automobile~~ motor vehicle physical  
 24 damage coverage by the inclusion of a deductible not  
 25 exceeding \$100 ~~shall~~ may not be deemed a cancellation of the

1 coverage or of the policy.

2 (4) This section ~~shall~~ does not apply to nonrenewal of  
3 a motor vehicle liability policy."

4 Section 11. Section 33-23-212, MCA, is amended to  
5 read:

6 "33-23-212. Notice required for cancellation --  
7 exception -- statement that insurer will specify reason upon  
8 request -- penalty. (1) Notwithstanding any other provision  
9 of this code, no cancellation by an insurer of ~~an--auto~~ a  
10 motor vehicle liability insurance policy ~~shall~~ may be  
11 effective prior to the mailing or delivery to the named  
12 insured at the address shown in the policy of a written  
13 notice of the cancellation stating when, not less than 30  
14 days after the date of such mailing or delivery, the date  
15 the cancellation shall become effective.

16 (2) No notice of cancellation of a policy to which  
17 33-23-211 applies ~~shall~~ may be effective unless mailed or  
18 delivered by the insurer to the named insured at least 30  
19 days prior to the effective date of cancellation; provided,  
20 however, that where cancellation is for nonpayment of  
21 premium, at least 10 days' notice of cancellation  
22 accompanied by the reason therefor ~~shall~~ must be given.  
23 Unless the reason accompanies or is included in the notice  
24 of cancellation, the notice of cancellation ~~shall~~ must state  
25 or be accompanied by a statement that upon written request

1 of the named insured, mailed or delivered to the insurer not  
2 less than 15 days prior to the effective date of  
3 cancellation, the insurer will specify the reason for such  
4 cancellation.

5 (3) Subsection (2) ~~shall~~ does not apply to nonrenewal.

6 (4) Any insurer willfully violating any provisions of  
7 subsection (2) of this section is guilty of a misdemeanor  
8 and is punishable by a fine of not exceeding \$500 for each  
9 violation thereof."

10 Section 12. Section 33-23-213, MCA, is amended to  
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12 "33-23-213. Notice to insured of ground for  
13 cancellation -- commissioner to ensure compliance. Whenever  
14 an insurer gives notice of cancellation of ~~an-automobile~~ a  
15 motor vehicle liability policy, upon request of the insured,  
16 the insurer, within 15 days of receipt of the request, shall  
17 furnish to the insured a statement setting forth the ground  
18 or grounds upon which the notice of cancellation is based.  
19 If the insurer fails to comply with the provisions of this  
20 section, the insured may apply to the commissioner for a  
21 certificate of the facts or information desired. The  
22 commissioner shall exercise any power conferred upon him by  
23 law as may be necessary to ensure compliance with this  
24 section."

25 Section 13. Section 33-23-214, MCA, is amended to



1 read:

2 "33-23-214. Advance notice required for nonrenewal --  
3 exceptions -- exemptions. (1) No insurer ~~shall~~ may fail to  
4 renew a motor vehicle liability policy unless it ~~shall--mail~~  
5 mails or ~~deliver~~ delivers to the named insured, at the  
6 address shown in the policy, at least 30 days' advance  
7 notice of its intention not to renew. Such notice ~~shall~~ must  
8 contain or be accompanied by a statement that upon written  
9 request made not later than 1 month following the  
10 termination date of the policy of the named insured mailed  
11 or delivered to the insurer, the insurer will notify the  
12 insured in writing, within 15 days of his request, of the  
13 reason or reasons for such nonrenewal.

14 (2) Notwithstanding the failure of an insurer to  
15 comply with this section, the motor vehicle liability policy  
16 ~~shall~~ must terminate on the effective date of any other  
17 replacement or succeeding automobile motor vehicle liability  
18 insurance policy procured by the insured, with respect to  
19 any automobile motor vehicle designated in both policies.

20 (3) This section ~~shall~~ does not apply where the named  
21 insured has failed to discharge when due any of his  
22 obligations in connection with the payment of premiums for  
23 the policy or the renewal thereof or any installment  
24 payments therefor, whether payable directly to the insurer  
25 or its agent or indirectly under any premium finance plan or

1 extension of credit.

2 (4) This section ~~shall~~ does not apply in any of the  
3 following cases:

4 (a) if the insurer has manifested its willingness to  
5 renew;

6 (b) in case of nonpayment of premium; provided that,  
7 notwithstanding the failure of an insurer to comply with  
8 this section, the policy ~~shall~~ must terminate on the  
9 effective date of any other insurance policy with respect to  
10 any automobile motor vehicle designated in both policies;

11 (c) if the insured's agent or broker has secured other  
12 coverage acceptable to the insured at least 20 days prior to  
13 the anniversary date of the policy or termination of the  
14 policy period.

15 (5) Renewal of a motor vehicle liability policy ~~shall~~  
16 does not constitute a waiver or estoppel with respect to  
17 grounds for cancellation which existed before the effective  
18 date of such renewal.

19 (6) A notice of nonrenewal of a motor vehicle  
20 liability policy under this section, which policy has a  
21 term of less than 6 months, is effective only when based on  
22 one or more of the reasons listed in 33-23-211."

23 Section 14. Section 33-23-215, MCA, is amended to  
24 read:

25 "33-23-215. No liability for statements in connection

1 with cancellation or nonrenewal. There ~~shall~~ may be no  
 2 liability on the part of and no cause of action of any  
 3 nature ~~shall~~ may arise against the insurance commissioner or  
 4 against any insurer, its authorized representative, its  
 5 agents, its employees, or any firm, person, or corporation  
 6 furnishing to the insurer information as to reasons for  
 7 cancellation or nonrenewal for any statement made by any of  
 8 them in any written notice of cancellation or nonrenewal or  
 9 for statements made or evidence submitted at any hearings  
 10 conducted in connection therewith."

11 Section 15. Section 33-23-216, MCA, is amended to  
 12 read:

13 "33-23-216. Retention and proof of notice. (1) A  
 14 notice of cancellation or of intention not to renew or of  
 15 reasons for cancellation of insurance issued under terms of  
 16 this chapter ~~shall~~ must be retained for a period of 3 years  
 17 by the insurer or his agent within this state and ~~shall~~ must  
 18 be made available within this state for examination or  
 19 inspection by the commissioner or his agents at any time  
 20 within such 3-year period upon reasonable notice.

21 (2) Proof of mailing of notice of cancellation or of  
 22 intention not to renew or of reasons for cancellation to the  
 23 named insured at the address shown in the policy or to the  
 24 named insured's latest known address ~~shall-be~~ is sufficient  
 25 proof of notice."

1 NEW SECTION. Section 16. 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.

5 NEW SECTION. Section 17. Codification instruction.  
 6 Section 6 is intended to be codified as an integral part of  
 7 Title 33, chapter 23, part 2, and the provisions of Title  
 8 33, chapter 23, part 2, apply to section 6.

-End-

1                   HOUSE BILL NO. 433  
 2                   INTRODUCED BY SANDS  
 3                   BY REQUEST OF THE STATE AUDITOR

4  
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE  
 6 LAWS RELATING TO INSURANCE; AND AMENDING SECTIONS 33-2-117,  
 7 33-7-101, 33-10-101, 33-22-301, 33-22-703, 33-23-201 THROUGH  
 8 33-23-203, AND 33-23-211 THROUGH 33-23-216, MCA."

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

11       Section 1. Section 33-2-117, MCA, is amended to read:

12       "33-2-117. Continuance, expiration, reinstatement, and  
 13 amendment of certificate of authority. (1) Certificates of  
 14 authority issued or renewed under this code shall continue  
 15 in force as long as the insurer is entitled thereto under  
 16 this code and until suspended or revoked or otherwise  
 17 terminated; subject, however, to continuance of the  
 18 certificate by the insurer each year by payment prior to May  
 19 15 of the continuation fee provided in 33-2-708.

20       (2) If not so continued by the insurer, its  
 21 certificate of authority shall expire as at midnight on May  
 22 31 next following such failure of the insurer so to continue  
 23 it in force. The commissioner shall promptly notify the  
 24 insurer of the occurrence of any such failure resulting in  
 25 impending expiration of its certificate of authority.

1                   (3) The commissioner may, in his discretion, reinstate  
 2 a certificate of authority which the insurer has  
 3 inadvertently permitted to expire, after the insurer has  
 4 fully cured all its failures which resulted in such  
 5 expiration and upon payment by the insurer of the fee for  
 6 reinstatement in addition to the current continuation fee,  
 7 as provided in 33-2-708. Otherwise, the insurer shall be  
 8 granted another certificate of authority only after filing  
 9 application therefor and meeting all other requirements as  
 10 for an original certificate of authority in this state.

11                   (4) The commissioner may amend a certificate of  
 12 authority at any time to accord with changes in the  
 13 insurer's charter of insuring powers."

14       Section 2. Section 33-7-101, MCA, is amended to read:

15       "33-7-101. Scope of chapter -- provisions applicable.

16 (1) Except as herein provided, societies shall be governed  
 17 by this chapter and shall be exempt from all other  
 18 provisions of the insurance laws of this state, not only in  
 19 governmental relations with the state but for every other  
 20 purpose. No law hereafter enacted shall apply to them unless  
 21 they be expressly designated therein.

22       (2) In addition to the provisions contained in this  
 23 chapter, other chapters and provisions of this title shall  
 24 apply to fraternal benefit societies to the extent  
 25 applicable and not in conflict with the express provisions



1 of this chapter and the reasonable implications thereof, as  
2 follows: parts 1, 2, 3, 4, and 7 of chapter 1; 33-2-104;  
3 33-2-107; 33-2-112; chapter 2, part 13; 33-3-308; 33-15-502;  
4 and chapter 18; chapter 20; and chapter 22."

5 Section 3. Section 33-10-101, MCA, is amended to read:  
6 "33-10-101. Short title, purpose, scope, and  
7 construction. (1) This part shall be known and may be cited  
8 as the "Montana Insurance Guaranty Association Act".

9 (2) The purpose of this part is to provide a mechanism  
10 for the payment of covered claims under certain insurance  
11 policies to avoid excessive delay in payment and to avoid  
12 financial loss to claimants or policyholders because of the  
13 insolvency of an insurer, to assist in the detection and  
14 prevention of insurer insolvencies, and to provide an  
15 association to assess the cost of such protection among  
16 insurers.

17 (3) This part shall apply to all kinds of direct  
18 insurance, except life, title, surety, disability, credit,  
19 mortgage, guaranty, and ocean marine insurance.

20 (4) This part shall be liberally construed to effect  
21 the purpose under subsection (2) which shall constitute an  
22 aid and guide to interpretation."

23 Section 4. Section 33-22-301, MCA, is amended to read:  
24 "33-22-301. Coverage of newborn under family  
25 disability policy. (1) Each policy of disability insurance

1 or certificate issued thereunder shall contain a provision  
2 granting immediate accident and sickness coverage, from and  
3 after the moment of birth, to each newborn infant of any  
4 insured.

5 (2) The coverage for newborn infants shall must be the  
6 same as provided by the policy for the other covered  
7 persons; provided, however, that for newborn infants there  
8 shall be no waiting or elimination periods. A deductible or  
9 reduction in benefits applicable to the coverage for newborn  
10 infants is not permissible unless it conforms and is  
11 consistent with the deductible or reduction in benefits  
12 applicable to all other covered persons.

13 (3) No policy or certificate of insurance may be  
14 issued or amended in this state if it contains any  
15 disclaimer, waiver, or other limitation of coverage relative  
16 to the accident and sickness coverage or insurability of  
17 newborn infants of an insured from and after the moment of  
18 birth.

19 (4) If payment of a specific premium or subscription  
20 fee is required to provide coverage for a child, the policy  
21 or contract may require that notification of birth of a  
22 newly born child and payment of the required premium or fees  
23 must be furnished to the insurer or nonprofit service or  
24 indemnity corporation within 31 days after the date of birth  
25 in order to have the coverage continue beyond such 31-day

1 period."

2 Section 5. Section 33-22-703, MCA, is amended to read:

3 "33-22-703. Coverage for mental illness, alcoholism,  
4 and drug addiction. Insurers and health service corporations  
5 transacting group health insurance or group health plans in  
6 this state shall provide, under hospital and medical  
7 expenses incurred insurance group policies and under  
8 hospital and medical service plan group contracts, the level  
9 of benefits specified in this section for the necessary care  
10 and treatment of mental illness, alcoholism, and drug  
11 addiction subject to the right of the applicant to select  
12 any alternative level of benefits above the minimum level of  
13 benefits described in subsections (1)(b), (2)(a), (2)(b),  
14 and (2)(d) as may be offered by the insurer or health  
15 service plan corporation:

16 (1) under basic inpatient expense policies or  
17 contracts, inpatient hospital benefits consisting of  
18 durational limits, dollar limits, deductibles, and  
19 coinsurance factors that are not less favorable than for  
20 physical illness generally, except that:

21 (a) benefits may be limited to not less than 30  
22 calendar days per year as defined in the policy or contract;

23 (b) the aggregate maximum benefit for alcoholism and  
24 drug addiction of inpatient expenses under basic inpatient  
25 policies and contracts plus inpatient expenses under major

1 medical policies and contracts may be limited to no less  
2 than:

3 (i) \$4,000 in any 24-month period; and

4 (ii) \$8,000 in lifetime benefits;

5 (2) under major medical policies or contracts,  
6 inpatient benefits and outpatient benefits consisting of  
7 durational limits, dollar limits, deductibles, and  
8 coinsurance factors that are not less favorable than for  
9 physical illness generally, except that:

10 (a) inpatient benefits may be limited to no less than  
11 30 calendar days per year as defined in the policy or  
12 contract. If inpatient benefits are provided beyond 30  
13 calendar days per year, the durational limits, dollar  
14 limits, deductibles, and coinsurance factors applicable  
15 thereto need not be the same as applicable to physical  
16 illness generally.

17 (b) for outpatient benefits, the coinsurance factor  
18 may not exceed 50% or the coinsurance factor applicable for  
19 physical illness generally, whichever is greater, and the  
20 maximum benefit for mental illness, alcoholism, and drug  
21 addiction in the aggregate during any applicable benefit  
22 period may be limited to not less than \$1,000;

23 (c) maximum lifetime benefits shall, for mental  
24 illness in the aggregate, be no less than those applicable  
25 to physical illness generally;

1 (d) the aggregate maximum benefit for alcoholism and  
 2 drug addiction of inpatient expenses under basic inpatient  
 3 policies and contracts plus inpatient expenses under major  
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12 insured in writing, within 15 days of his request, of the  
13 reason or reasons for such nonrenewal.

14 (2) Notwithstanding the failure of an insurer to  
15 comply with this section, the motor vehicle liability policy  
16 ~~shall~~ must terminate on the effective date of any other  
17 replacement or succeeding automobile motor vehicle liability  
18 ~~insurance~~ policy procured by the insured, with respect to  
19 any automobile motor vehicle designated in both policies.

20 (3) This section ~~shall~~ does not apply where the named  
21 insured has failed to discharge when due any of his  
22 obligations in connection with the payment of premiums for  
23 the policy or the renewal thereof or any installment  
24 payments therefor, whether payable directly to the insurer  
25 or its agent or indirectly under any premium finance plan or

1 extension of credit.

2 (4) This section ~~shall~~ does not apply in any of the  
3 following cases:

4 (a) if the insurer has manifested its willingness to  
5 renew;

6 (b) in case of nonpayment of premium; provided that,  
7 notwithstanding the failure of an insurer to comply with  
8 this section, the policy ~~shall~~ must terminate on the  
9 effective date of any other insurance policy with respect to  
10 any automobile motor vehicle designated in both policies;

11 (c) if the insured's agent or broker has secured other  
12 coverage acceptable to the insured at least 20 days prior to  
13 the anniversary date of the policy or termination of the  
14 policy period.

15 (5) Renewal of a motor vehicle liability policy ~~shall~~  
16 does not constitute a waiver or estoppel with respect to  
17 grounds for cancellation which existed before the effective  
18 date of such renewal.

19 (6) A notice of nonrenewal of a motor vehicle  
20 liability policy under this section, which policy has a  
21 term of less than 6 months, is effective only when based on  
22 one or more of the reasons listed in 33-23-211."

23 Section 14. Section 33-23-215, MCA, is amended to  
24 read:

25 "33-23-215. No liability for statements in connection

1 with cancellation or nonrenewal. There ~~shall~~ may be no  
 2 liability on the part of and no cause of action of any  
 3 nature ~~shall~~ may arise against the insurance commissioner or  
 4 against any insurer, its authorized representative, its  
 5 agents, its employees, or any firm, person, or corporation  
 6 furnishing to the insurer information as to reasons for  
 7 cancellation or nonrenewal for any statement made by any of  
 8 them in any written notice of cancellation or nonrenewal or  
 9 for statements made or evidence submitted at any hearings  
 10 conducted in connection therewith."

11 Section 15. Section 33-23-216, MCA, is amended to  
 12 read:

13 "33-23-216. Retention and proof of notice. (1) A  
 14 notice of cancellation or of intention not to renew or of  
 15 reasons for cancellation of insurance issued under terms of  
 16 this chapter ~~shall~~ must be retained for a period of 3 years  
 17 by the insurer or his agent within this state and ~~shall~~ must  
 18 be made available within this state for examination or  
 19 inspection by the commissioner or his agents at any time  
 20 within such 3-year period upon reasonable notice.

21 (2) Proof of mailing of notice of cancellation or of  
 22 intention not to renew or of reasons for cancellation to the  
 23 named insured at the address shown in the policy or to the  
 24 named insured's latest known address ~~shall~~ is sufficient  
 25 proof of notice."

1 NEW SECTION. Section 16. 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.

5 NEW SECTION. Section 17. Codification instruction.  
 6 Section 6 is intended to be codified as an integral part of  
 7 Title 33, chapter 23, part 2, and the provisions of Title  
 8 33, chapter 23, part 2, apply to section 6.

-End-

HOUSE BILL NO. 433

INTRODUCED BY SANDS

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT TO GENERALLY REVISE LAWS RELATING TO INSURANCE; AND AMENDING SECTIONS 33-2-117, 33-7-101, 33-10-101, 33-22-301, 33-22-703, 33-23-201 THROUGH 33-23-203, AND 33-23-211 THROUGH 33-23-216, MCA."

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

Section 1. Section 33-2-117, MCA, is amended to read:

"33-2-117. Continuance, expiration, reinstatement, and amendment of certificate of authority. (1) Certificates of authority issued or renewed under this code shall continue in force as long as the insurer is entitled thereto under this code and until suspended or revoked or otherwise terminated; subject, however, to continuance of the certificate by the insurer each year by payment prior to May 15 of the continuation fee provided in 33-2-708.

(2) If not so continued by the insurer, its certificate of authority shall expire as at midnight on May 31 next following such failure of the insurer so to continue it in force. The commissioner shall promptly notify the insurer of the occurrence of any such failure resulting in impending expiration of its certificate of authority.

(3) The commissioner may, in his discretion, reinstate a certificate of authority which the insurer has inadvertently permitted to expire, after the insurer has fully cured all its failures which resulted in such expiration and upon payment by the insurer of the fee for reinstatement in addition to the current continuation fee, as provided in 33-2-708. Otherwise, the insurer shall be granted another certificate of authority only after filing application therefor and meeting all other requirements as for an original certificate of authority in this state.

(4) The commissioner may amend a certificate of authority at any time to accord with changes in the insurer's charter of insuring powers."

Section 2. Section 33-7-101, MCA, is amended to read:

"33-7-101. Scope of chapter -- provisions applicable.

(1) Except as herein provided, societies shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this state, not only in governmental relations with the state but for every other purpose. No law hereafter enacted shall apply to them unless they be expressly designated therein.

(2) In addition to the provisions contained in this chapter, other chapters and provisions of this title shall apply to fraternal benefit societies to the extent applicable and not in conflict with the express provisions



1 of this chapter and the reasonable implications thereof, as  
 2 follows: parts 1, 2, 3, 4, and 7 of chapter 1; 33-2-104;  
 3 33-2-107; 33-2-112; chapter 2, part 13; 33-3-308; 33-15-502;  
 4 and chapter 18; chapter 20; and chapter 22."

5 Section 3. Section 33-10-101, MCA, is amended to read:

6 "33-10-101. Short title, purpose, scope, and  
 7 construction. (1) This part shall be known and may be cited  
 8 as the "Montana Insurance Guaranty Association Act".

9 (2) The purpose of this part is to provide a mechanism  
 10 for the payment of covered claims under certain insurance  
 11 policies to avoid excessive delay in payment and to avoid  
 12 financial loss to claimants or policyholders because of the  
 13 insolvency of an insurer, to assist in the detection and  
 14 prevention of insurer insolvencies, and to provide an  
 15 association to assess the cost of such protection among  
 16 insurers.

17 (3) This part shall apply to all kinds of direct  
 18 insurance, except life, title, surety, disability, credit,  
 19 mortgage, guaranty, and ocean marine insurance.

20 (4) This part shall be liberally construed to effect  
 21 the purpose under subsection (2) which shall constitute an  
 22 aid and guide to interpretation."

23 Section 4. Section 33-22-301, MCA, is amended to read:

24 "33-22-301. Coverage of newborn under family  
 25 disability policy. (1) Each policy of disability insurance

1 or certificate issued thereunder shall contain a provision  
 2 granting immediate accident and sickness coverage, from and  
 3 after the moment of birth, to each newborn infant of any  
 4 insured.

5 (2) The coverage for newborn infants shall must be the  
 6 same as provided by the policy for the other covered  
 7 persons; provided, however, that for newborn infants there  
 8 shall be no waiting or elimination periods. A deductible or  
 9 reduction in benefits applicable to the coverage for newborn  
 10 infants is not permissible unless it conforms and is  
 11 consistent with the deductible or reduction in benefits  
 12 applicable to all other covered persons.

13 (3) No policy or certificate of insurance may be  
 14 issued or amended in this state if it contains any  
 15 disclaimer, waiver, or other limitation of coverage relative  
 16 to the accident and sickness coverage or insurability of  
 17 newborn infants of an insured from and after the moment of  
 18 birth.

19 (4) If payment of a specific premium or subscription  
 20 fee is required to provide coverage for a child, the policy  
 21 or contract may require that notification of birth of a  
 22 newly born child and payment of the required premium or fees  
 23 must be furnished to the insurer or nonprofit service or  
 24 indemnity corporation within 31 days after the date of birth  
 25 in order to have the coverage continue beyond such 31-day

1 (d) the aggregate maximum benefit for alcoholism and  
 2 drug addiction of inpatient expenses under basic inpatient  
 3 policies and contracts plus inpatient expenses under major  
 4 medical policies and contracts may be limited to no less  
 5 than:

- 6 (i) \$4,000 in any 24-month period; and
- 7 (ii) \$8,000 in lifetime benefits."

8 NEW SECTION. Section 6. Motor--vehicle- DEFINITIONS.  
 9 AS USED IN 33-23-201 THROUGH 33-23-203 AND 33-23-211 THROUGH  
 10 33-23-216, THE FOLLOWING DEFINITIONS APPLY:

11 (1) "Motor vehicle" means every vehicle propelled by  
 12 its own power and designed primarily to transport persons or  
 13 property upon the highways of the state. The term does not  
 14 include a bicycle as defined in 61-1-123.

15 (2) "MOTOR VEHICLE LIABILITY POLICY" MEANS ANY POLICY  
 16 OF AUTOMOBILE OR MOTOR VEHICLE INSURANCE AGAINST LIABILITY  
 17 NOW OR HEREAFTER REQUIRED UNDER TITLE 61, CHAPTER 6, PARTS 1  
 18 AND 3.

19 Section 7. Section 33-23-201, MCA, is amended to read:

20 "33-23-201. Motor vehicle liability policies to  
 21 include uninsured motorist coverage -- rejection by insured.

22 (1) ~~No automobile--liability--or~~ motor vehicle liability  
 23 policy insuring against loss resulting from liability  
 24 imposed by law for bodily injury or death suffered by any  
 25 person arising out of the ownership, maintenance, or use of

1 a motor vehicle ~~shall~~ may be delivered or issued for  
 2 delivery in this state, with respect to any motor vehicle  
 3 registered or AND principally garaged in this state, unless  
 4 coverage is provided therein or supplemental thereto, in  
 5 limits for bodily injury or death set forth in 61-6-103,  
 6 under provisions filed with and approved by the  
 7 commissioner, for the protection of persons insured  
 8 thereunder who are legally entitled to recover damages from  
 9 owners or operators of uninsured motor vehicles because of  
 10 bodily injury, sickness, or disease, including death,  
 11 resulting therefrom, CAUSED BY AN ACCIDENT ARISING OUT OF  
 12 THE OPERATION OR USE OF SUCH VEHICLE. AN UNINSURED MOTOR  
 13 VEHICLE IS A LAND MOTOR VEHICLE, NEITHER THE OWNERSHIP, NOR  
 14 THE MAINTENANCE, NOR THE USE OF WHICH IS INSURED OR BONDED  
 15 FOR BODILY INJURY LIABILITY AT THE TIME OF THE ACCIDENT.

16 (2) The named insured shall have the right to reject  
 17 such coverage. Unless the named insured requests such  
 18 coverage in writing, such coverage need not be provided in  
 19 or supplemental to a renewal policy where the named insured  
 20 had rejected the coverage in connection with the policy  
 21 previously issued to him by the same insurer."

22 Section 8. Section 33-23-202, MCA, is amended to read:

23 "33-23-202. Reimbursement for total loss of motor  
 24 vehicle based on actual replacement value. Each ~~automobile~~  
 25 motor vehicle insurance policy issued to residents of this

1 period."

2 Section 5. Section 33-22-703, MCA, is amended to read:

3 "33-22-703. Coverage for mental illness, alcoholism,

4 and drug addiction. Insurers and health service corporations

5 transacting group health insurance or group health plans in

6 this state shall provide, under hospital and medical

7 expenses incurred insurance group policies and under

8 hospital and medical service plan group contracts, the level

9 of benefits specified in this section for the necessary care

10 and treatment of mental illness, alcoholism, and drug

11 addiction subject to the right of the applicant to select

12 any alternative level of benefits above the minimum level of

13 benefits described in subsections (1)(b), (2)(a), (2)(b),

14 and (2)(d) as may be offered by the insurer or health

15 service plan corporation:

16 (1) under basic inpatient expense policies or

17 contracts, inpatient hospital benefits consisting of

18 durational limits, dollar limits, deductibles, and

19 coinsurance factors that are not less favorable than for

20 physical illness generally, except that:

21 (a) benefits may be limited to not less than 30

22 calendar days per year as defined in the policy or contract;

23 (b) the aggregate maximum benefit for alcoholism and

24 drug addiction of inpatient expenses under basic inpatient

25 policies and contracts plus inpatient expenses under major

1 medical policies and contracts may be limited to no less

2 than:

3 (i) \$4,000 in any 24-month period; and

4 (ii) \$8,000 in lifetime benefits;

5 (2) under major medical policies or contracts,

6 inpatient benefits and outpatient benefits consisting of

7 durational limits, dollar limits, deductibles, and

8 coinsurance factors that are not less favorable than for

9 physical illness generally, except that:

10 (a) inpatient benefits may be limited to no less than

11 30 calendar days per year as defined in the policy or

12 contract. If inpatient benefits are provided beyond 30

13 calendar days per year, the durational limits, dollar

14 limits, deductibles, and coinsurance factors applicable

15 thereto need not be the same as applicable to physical

16 illness generally.

17 (b) for outpatient benefits, the coinsurance factor

18 may not exceed 50% or the coinsurance factor applicable for

19 physical illness generally, whichever is greater, and the

20 maximum benefit for mental illness, alcoholism, and drug

21 addiction in the aggregate during any applicable benefit

22 period may be limited to not less than \$1,000;

23 (c) maximum lifetime benefits shall, for mental

24 illness in the aggregate, be no less than those applicable

25 to physical illness generally;

1 state which provides that reimbursement for total loss of a  
 2 motor vehicle ~~shall~~ must be based on a "book" value rather  
 3 than on the actual replacement value is void as to such  
 4 provision, and reimbursement ~~shall~~ must be made for actual  
 5 replacement value."

6 Section 9. Section 33-23-203, MCA, is amended to read:

7 "33-23-203. Limitation of liability under motor  
 8 vehicle liability policy. (1) Unless a motor vehicle  
 9 liability policy specifically provides otherwise, the limits  
 10 of insurance coverage available under any such policy,  
 11 including the limits of liability under uninsured motorist  
 12 coverage, ~~shall~~ must be determined as follows, regardless of  
 13 the number of motor vehicles insured under the policy:

14 (a) the limit of insurance coverage available for any  
 15 one accident ~~shall-be~~ is the limit specified for the motor  
 16 vehicle involved in the accident;

17 (b) if no motor vehicle insured under the policy is  
 18 involved in the accident, the limit of insurance coverage  
 19 available for any one accident ~~shall-be~~ is the highest limit  
 20 of coverage specified for any one motor vehicle insured  
 21 under the policy; and

22 (c) the limits of coverage specified for each motor  
 23 vehicle insured under the policy ~~shall~~ may not be added  
 24 together to determine the limit of insurance coverage  
 25 available under the policy for any one accident.

1 (2) A motor vehicle liability policy may also provide  
 2 for other reasonable limitations, exclusions, or reductions  
 3 of coverage which are designed to prevent duplicate payments  
 4 for the same element of loss."

5 Section 10. Section 33-23-211, MCA, is amended to  
 6 read:

7 "33-23-211. Limitations on basis for cancellation. (1)  
 8 A notice of cancellation of a motor vehicle liability policy  
 9 ~~shall-be~~ is effective only if it is based on one or more of  
 10 the following reasons:

11 (a) nonpayment of premium; or

12 (b) the driver's license or motor vehicle registration  
 13 of the named insured or of any other operator who either  
 14 resides in the same household or customarily operates an  
 15 ~~automobile~~ a motor vehicle insured under the policy has been  
 16 under suspension or revocation during the policy period or,  
 17 if the policy is a renewal, during its policy period or the  
 18 180 days immediately preceding its effective date.

19 (2) This section ~~shall~~ does not apply to any policy or  
 20 coverage which has been in effect less than 60 days at the  
 21 time notice of cancellation is mailed or delivered by the  
 22 insurer unless it is a renewal policy.

23 (3) Modification of ~~automobile~~ motor vehicle physical  
 24 damage coverage by the inclusion of a deductible not  
 25 exceeding \$100 ~~shall~~ may not be deemed a cancellation of the

1 coverage or of the policy.

2 (4) This section ~~shall~~ does not apply to nonrenewal of  
3 a motor vehicle liability policy."

4 Section 11. Section 33-23-212, MCA, is amended to  
5 read:

6 "33-23-212. Notice required for cancellation --  
7 exception -- statement that insurer will specify reason upon  
8 request -- penalty. (1) Notwithstanding any other provision  
9 of this code, no cancellation by an insurer of ~~an--auto~~ a  
10 motor vehicle liability insurance policy ~~shall~~ may be  
11 effective prior to the mailing or delivery to the named  
12 insured at the address shown in the policy of a written  
13 notice of the cancellation stating when, not less than 30  
14 days after the date of such mailing or delivery, the date  
15 the cancellation shall become effective.

16 (2) No notice of cancellation of a policy to which  
17 33-23-211 applies ~~shall~~ may be effective unless mailed or  
18 delivered by the insurer to the named insured at least 30  
19 days prior to the effective date of cancellation; provided,  
20 however, that where cancellation is for nonpayment of  
21 premium, at least 10 days' notice of cancellation  
22 accompanied by the reason therefor ~~shall~~ must be given.  
23 Unless the reason accompanies or is included in the notice  
24 of cancellation, the notice of cancellation ~~shall~~ must state  
25 or be accompanied by a statement that upon written request

1 of the named insured, mailed or delivered to the insurer not  
2 less than 15 days prior to the effective date of  
3 cancellation, the insurer will specify the reason for such  
4 cancellation.

5 (3) Subsection (2) ~~shall~~ does not apply to nonrenewal.

6 (4) Any insurer willfully violating any provisions of  
7 subsection (2) of this section is guilty of a misdemeanor  
8 and is punishable by a fine of not exceeding \$500 for each  
9 violation thereof."

10 Section 12. Section 33-23-213, MCA, is amended to  
11 read:

12 "33-23-213. Notice to insured of ground for  
13 cancellation -- commissioner to ensure compliance. Whenever  
14 an insurer gives notice of cancellation of ~~an-automobile~~ a  
15 motor vehicle liability policy, upon request of the insured,  
16 the insurer, within 15 days of receipt of the request, shall  
17 furnish to the insured a statement setting forth the ground  
18 or grounds upon which the notice of cancellation is based.  
19 If the insurer fails to comply with the provisions of this  
20 section, the insured may apply to the commissioner for a  
21 certificate of the facts or information desired. The  
22 commissioner shall exercise any power conferred upon him by  
23 law as may be necessary to ensure compliance with this  
24 section."

25 Section 13. Section 33-23-214, MCA, is amended to



1 read:

2 "33-23-214. Advance notice required for nonrenewal --

3 exceptions -- exemptions. (1) No insurer shall may fail to

4 renew a motor vehicle liability policy unless it shall--~~mail~~

5 mails or ~~deliver~~ delivers to the named insured, at the

6 address shown in the policy, at least 30 days' advance

7 notice of its intention not to renew. Such notice shall must

8 contain or be accompanied by a statement that upon written

9 request made not later than 1 month following the

10 termination date of the policy of the named insured mailed

11 or delivered to the insurer, the insurer will notify the

12 insured in writing, within 15 days of his request, of the

13 reason or reasons for such nonrenewal.

14 (2) Notwithstanding the failure of an insurer to

15 comply with this section, the motor vehicle liability policy

16 shall must terminate on the effective date of any other

17 replacement or succeeding automobile motor vehicle liability

18 insurance policy procured by the insured, with respect to

19 any automobile motor vehicle designated in both policies.

20 (3) This section shall does not apply where the named

21 insured has failed to discharge when due any of his

22 obligations in connection with the payment of premiums for

23 the policy or the renewal thereof or any installment

24 payments therefor, whether payable directly to the insurer

25 or its agent or indirectly under any premium finance plan or

1 extension of credit.

2 (4) This section shall does not apply in any of the

3 following cases:

4 (a) if the insurer has manifested its willingness to

5 renew;

6 (b) in case of nonpayment of premium; provided that,

7 notwithstanding the failure of an insurer to comply with

8 this section, the policy shall must terminate on the

9 effective date of any other insurance policy with respect to

10 any automobile motor vehicle designated in both policies;

11 (c) if the insured's agent or broker has secured other

12 coverage acceptable to the insured at least 20 days prior to

13 the anniversary date of the policy or termination of the

14 policy period.

15 (5) Renewal of a motor vehicle liability policy shall

16 does not constitute a waiver or estoppel with respect to

17 grounds for cancellation which existed before the effective

18 date of such renewal.

19 (6) A notice of nonrenewal of a motor vehicle

20 liability policy under this section, which policy has a

21 term of less than 6 months, is effective only when based on

22 one or more of the reasons listed in 33-23-211."

23 Section 14. Section 33-23-215, MCA, is amended to

24 read:

25 "33-23-215. No liability for statements in connection

1 with cancellation or nonrenewal. There ~~shall~~ may be no  
 2 liability on the part of and no cause of action of any  
 3 nature ~~shall~~ may arise against the insurance commissioner or  
 4 against any insurer, its authorized representative, its  
 5 agents, its employees, or any firm, person, or corporation  
 6 furnishing to the insurer information as to reasons for  
 7 cancellation or nonrenewal for any statement made by any of  
 8 them in any written notice of cancellation or nonrenewal or  
 9 for statements made or evidence submitted at any hearings  
 10 conducted in connection therewith."

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 12 read:

13 "33-23-216. Retention and proof of notice. (1) A  
 14 notice of cancellation or of intention not to renew or of  
 15 reasons for cancellation of insurance issued under terms of  
 16 this chapter ~~shall~~ must be retained for a period of 3 years  
 17 by the insurer or his agent within this state and ~~shall~~ must  
 18 be made available within this state for examination or  
 19 inspection by the commissioner or his agents at any time  
 20 within such 3-year period upon reasonable notice.

21 (2) Proof of mailing of notice of cancellation or of  
 22 intention not to renew or of reasons for cancellation to the  
 23 named insured at the address shown in the policy or to the  
 24 named insured's latest known address ~~shall-be~~ is sufficient  
 25 proof of notice."

1 NEW SECTION. Section 16. 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.

5 NEW SECTION. Section 17. Codification instruction.  
 6 Section 6 is intended to be codified as an integral part of  
 7 Title 33, chapter 23, part 2, and the provisions of Title  
 8 33, chapter 23, part 2, apply to section 6.

-End-