HOUSE BILL NO. 441

INTRODUCED BY GRADY, MILES, FARRELL

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. REPORT ADOPTED.
- FEBRUARY 5, 1987 PRINTING REPORT.
- FEBRUARY 6, 1987 SECOND READING, DO PASS.
- FEBRUARY 7, 1987
- THIRD READING, PASSED.

ENGROSSING REPORT.

TRANSMITTED TO SENATE.

ON BUSINESS & INDUSTRY.

INTRODUCED AND REFERRED TO COMMITTEE

- IN THE SENATE
- FEBRUARY 10, 1987
- MARCH 4, 1987
- COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
- MARCH 6, 1987 SECOND READING, CONCURRED IN.
- MARCH 9, 1987 THIRD READING, CONCURRED IN. AYES, 50; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

MARCH 10, 1987 RECEIVED FROM SENATE.

SENT TO ENROLLING.

LC 1085/01

House BILL NO. 441 1 INTRODUCED BY Sunda Tully Tamele 2 BY REQUEST OF THE STATE AUDITOR 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AN INSURER TO 5 PROCESS CANCELLATION OF A FINANCED INSURANCE CONTRACT ON A 6 PRO RATA BASIS; AND AMENDING SECTIONS 33-14-102 AND 7 33-14-305, MCA." 8 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 Section 1. Section 33-14-102, MCA, is amended to read: 11 "33-14-102. Definitions. As used in this chapter, the 12 following definitions apply: 13 (1) "Insurance premium finance company" means a person 14 engaged in the business of entering into premium finance 15 agreements with insureds or of acquiring such premium 16 finance agreements from insurance agents, brokers, or other 17 premium finance companies. 18 (2) "Licensee" means a premium finance company holding 19 a license issued by the commissioner under this chapter. 20 (3) "Premium finance agreement" means an agreement by 21 which an insured or prospective insured promises to pay to a 22 premium finance company the amount advanced or to be 23 advanced under the agreement to an insurer or to an 24 insurance agent or broker in payment of premiums on an 25

l insurance contract, together with a finance charge as 2 authorized by this chapter, and as security therefor the 3 insurance premium finance company receives an assignment of 4 the unearned premium.

5 (4) "Unearned premium" means that part of the original premium, including a deposit, not yet earned by the insurer 6 7 and therefore due the insured if a policy is canceled." R Section 2. Section 33-14-305, MCA, is amended to read: 9 "33-14-305. Return of unearned premiums. (1) Whenever 10 a financed insurance contract is canceled, the insurer shall process cancellation of the financed insurance policy on a 11 pro rata basis. The insurer shall return whatever gross 12 unearned premiums are due under the insurance contract to 13 14 the premium finance company for the account of the insured 15 or insureds.

16 (2) If the crediting of the return premiums to the 17 account of the insured results in a surplus over the amount 18 due from the insured, the premium finance company shall 19 refund the excess to the insured, except that no refund is 20 reguired if such excess amounts to less than \$1."

21 <u>NEW SECTION.</u> Section 3. Extension of authority. Any 22 existing authority of the commissioner of insurance to make 23 rules on the subject of the provisions of this act is 24 extended to the provisions of this act.

-End-

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INTRODUCED BILL #13 44/

Montana Legislative Counci

50th Legislature

LC 1085/01

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APPROVED BY COMM. ON BUSINESS AND LABOR

Montana Legislative Council

House BILL NO. 441 1 Aules Fandle INTRODUCED BY 2 BY REQUEST OF THE STATE AUDITOR 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AN INSURER TO 5 PROCESS CANCELLATION OF A FINANCED INSURANCE CONTRACT ON A 6 PRO RATA BASIS; AND AMENDING SECTIONS 33-14-102 AND 7 33-14-305, MCA." 8 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 Section 1. Section 33-14-102, MCA, is amended to read: 11 "33-14-102. Definitions. As used in this chapter, the 12 following definitions apply: 13 (1) "Insurance premium finance company" means a person 14 engaged in the business of entering into premium finance 15 agreements with insureds or of acquiring such premium 16 finance agreements from insurance agents, brokers, or other 17 premium finance companies. 18 (2) "Licensee" means a premium finance company holding 19 a license issued by the commissioner under this chapter. 20 (3) "Premium finance agreement" means an agreement by 21 which an insured or prospective insured promises to pay to a 22 premium finance company the amount advanced or to be 23 advanced under the agreement to an insurer or to an 24 insurance agent or broker in payment of premiums on an 25

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20 required if such excess amounts to less than \$1."

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-End-

-2-SECOND READING HB 441

50th Legislature

25

House BILL NO. 441 1 In Aules Famely INTRODUCED BY 2 BY REQUEST OF THE STATE AUDITOR 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AN INSURER TO 5 PROCESS CANCELLATION OF A FINANCED INSURANCE CONTRACT ON A 6 PRO RATA BASIS; AND AMENDING SECTIONS 33-14-102 AND 7 33-14-305, MCA." 8 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 10 Section 1. Section 33-14-102, MCA, is amended to read: 11 12 "33-14-102. Definitions. As used in this chapter, the following definitions apply: 13 (1) "Insurance premium finance company" means a person 14 engaged in the business of entering into premium finance 15 agreements with insureds or of acquiring such premium 16 finance agreements from insurance agents, brokers, or other 17 premium finance companies. 18 (2) "Licensee" means a premium finance company holding 19 a license issued by the commissioner under this chapter. 20 (3) "Premium finance agreement" means an agreement by 21 which an insured or prospective insured promises to pay to a 22 premium finance company the amount advanced or to be 23 advanced under the agreement to an insurer or to an 24

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Montana Legistative Council

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-End-

THIRD READING -2-HR-441

HB 0441/02

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HB 0441/02

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-End-

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HB 441

REFERENCE BILL