



1 House BILL NO. 441  
 2 INTRODUCED BY Sandy Mills Farrell  
 3 BY REQUEST OF THE STATE AUDITOR  
 4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING AN INSURER TO  
 6 PROCESS CANCELLATION OF A FINANCED INSURANCE CONTRACT ON A  
 7 PRO RATA BASIS; AND AMENDING SECTIONS 33-14-102 AND  
 8 33-14-305, MCA."  
 9

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

11 Section 1. Section 33-14-102, MCA, is amended to read:  
 12 "33-14-102. Definitions. As used in this chapter, the  
 13 following definitions apply:

14 (1) "Insurance premium finance company" means a person  
 15 engaged in the business of entering into premium finance  
 16 agreements with insureds or of acquiring such premium  
 17 finance agreements from insurance agents, brokers, or other  
 18 premium finance companies.

19 (2) "Licensee" means a premium finance company holding  
 20 a license issued by the commissioner under this chapter.

21 (3) "Premium finance agreement" means an agreement by  
 22 which an insured or prospective insured promises to pay to a  
 23 premium finance company the amount advanced or to be  
 24 advanced under the agreement to an insurer or to an  
 25 insurance agent or broker in payment of premiums on an

1 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  
 6 premium, including a deposit, not yet earned by the insurer  
 7 and therefore due the insured if a policy is canceled."

8 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  
 11 process cancellation of the financed insurance policy on a  
 12 pro rata basis. The insurer shall return whatever gross  
 13 unearned premiums are due under the insurance contract to  
 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 required if such excess amounts to less than \$1."

21 NEW SECTION. 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-

**INTRODUCED BILL**  
**HB 441**



APPROVED BY COMM. ON BUSINESS AND LABOR

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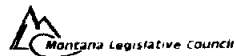
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1 HOUSE BILL NO. 441  
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