

1 House BILL NO. 769
2 INTRODUCED BY Peterson
3 BY REQUEST OF THE STATE AUDITOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING CERTIFICATES OF
6 AUTHORITY FOR FARM MUTUAL INSURERS, BENEVOLENT ASSOCIATIONS,
7 AND FRATERNAL BENEFIT SOCIETIES CONTINUOUS RATHER THAN
8 ANNUALLY RENEWABLE; AND AMENDING SECTIONS 33-4-409,
9 33-4-505, 33-6-401, AND 33-7-501, MCA."

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

12 Section 1. Section 33-4-409, MCA, is amended to read:
13 "33-4-409. Fees and taxes. Except for the fees for
14 filing articles of incorporation as provided in 33-4-202 and
15 33-4-203, for issuance and ~~renewal~~ continuance of
16 certificate of authority as provided in 33-4-505, and for
17 costs of examination by the commissioner as limited in
18 33-4-315(2), domestic farm mutual insurers shall not be
19 subject to any other or additional fees or taxes of any kind
20 except for the usual ad valorem taxes upon real estate and
21 tangible personal property of the insurer."

22 Section 2. Section 33-4-505, MCA, is amended to read:
23 "33-4-505. Certificate of authority required --
24 issuance -- ~~renewal~~ continuation -- fee. (1) No A farm
25 mutual insurer ~~shall~~ may not insure any risk in this state

1 unless it then holds a subsisting certificate of authority
2 issued to it by the commissioner.

3 (2) Upon application therefor the commissioner shall
4 issue such a certificate of authority to every insurer
5 qualified therefor under this chapter.

6 (3) Every such certificate of authority ~~shall expire~~
7 ~~at midnight on the April 30 next following its date of~~
8 ~~issuance unless theretofore revoked for cause or otherwise~~
9 ~~terminated. Unless he finds that the insurer is not~~
10 ~~qualified therefor under this chapter, the commissioner~~
11 ~~shall issue to the insurer a renewal certificate of~~
12 ~~authority on or before May 1 of each year. The commissioner~~
13 ~~shall not issue any such renewal certificate of authority to~~
14 ~~any insurer which has not filed its annual statement and~~
15 ~~report of expenditures as required under 33-4-313~~ continues
16 in force as long as the farm mutual insurer is entitled
17 thereto under this chapter and until suspended, revoked or
18 otherwise terminated; subject, however, to continuance of
19 the certificate by the farm mutual insurer each year by
20 payment before May 15 of the continuation fee of \$10 if a
21 county mutual insurer or \$25 if a state mutual insurer, to
22 be deposited by the commissioner with the state treasurer to
23 the credit of the state general fund.

24 (4) ~~For each issuance and each renewal of its~~
25 ~~certificate of authority, the insurer shall pay to the~~

INTRODUCED BILL
HB-769



1 ~~commissioner a fee of \$5 if a county mutual insurer or \$20~~
 2 ~~if a state mutual insurer, to be deposited by the~~
 3 ~~commissioner with the state treasurer to the credit of the~~
 4 ~~general fund of this state. If the farm mutual insurer does~~
 5 ~~not continue its certificate of authority in accordance with~~
 6 ~~subsection (3), its certificate of authority expires at~~
 7 ~~midnight on May 31 next following its failure to continue it~~
 8 ~~in force. The commissioner shall promptly notify a farm~~
 9 ~~mutual insurer that has not continued its certificate of~~
 10 ~~authority of the impending expiration of its certificate of~~
 11 ~~authority.~~

12 (5) A certificate of authority shall be is subject to
 13 suspension or revocation by the commissioner for violation
 14 of or noncompliance with any provision of this chapter or
 15 referred to herein.

16 (6) The commissioner may in his discretion reinstate a
 17 certificate of authority that a farm mutual insurer has
 18 inadvertently permitted to expire, after the farm mutual
 19 insurer has fully cured all failures that resulted in the
 20 expiration and upon payment by the farm mutual insurer of
 21 the fee for reinstatement as provided in 33-2-708 in
 22 addition to the current continuation fee as provided in
 23 subsection (3). If a certificate is not reinstated, the
 24 commissioner may not only grant a farm mutual insurer
 25 another certificate of authority unless the farm mutual

1 insurer files an application for a certificate of authority
 2 and meets all other requirements for an original certificate
 3 of authority in this state.

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

7 Section 3. Section 33-6-401, MCA, is amended to read:

8 "33-6-401. Annual Continuous license -- fee --
 9 evidence. (1) ~~The authority of such association may be~~
 10 ~~renewed annually but in all cases to terminate on the~~
 11 ~~succeeding June 1. However, a license so issued shall~~
 12 ~~continue in full force and effect until the new license be~~
 13 ~~issued or specifically refused. A benevolent association may~~
 14 ~~not insure a risk in this state unless it then holds a~~
 15 ~~subsisting certificate of authority issued to it by the~~
 16 ~~commissioner.~~

17 (2) ~~For each such license or renewal the association~~
 18 ~~shall pay the commissioner \$25. A benevolent association's~~
 19 ~~certificate of authority continues in force as long as the~~
 20 ~~benevolent association is entitled to it under this chapter~~
 21 ~~and until suspended, revoked, or otherwise terminated;~~
 22 ~~subject, however, to continuance of the certificate by the~~
 23 ~~benevolent association each year by payment before May 15 of~~
 24 ~~the continuation fee of \$25, to be deposited by the~~
 25 ~~commissioner with the state treasurer to the credit of the~~

1 state general fund.

2 (3) If a benevolent association does not continue its
 3 certificate of authority in accordance with subsection (2),
 4 its certificate of authority expires at midnight on May 31
 5 next following its failure to continue it in force. The
 6 commissioner shall promptly notify a benevolent association
 7 that has not continued its certificate of authority of the
 8 impending expiration of its certificate of authority.

9 (4) The commissioner may in his discretion reinstate a
 10 certificate of authority that a benevolent association has
 11 inadvertently permitted to expire, after the benevolent
 12 association has fully cured all failures that resulted in
 13 the expiration and upon payment by the benevolent
 14 association of a \$25 fee for reinstatement in addition to
 15 the current continuation fee as provided in subsection (2).
 16 If a certificate is not reinstated, the commissioner may not
 17 only grant a benevolent association another certificate of
 18 authority unless the benevolent association files an
 19 application for a certificate of authority and meets all
 20 other requirements for an original certificate of authority
 21 in this state.

22 (5) The commissioner may amend a certificate of
 23 authority at any time to accord with changes in the
 24 benevolent association's charter of insuring powers.

25 {3}{6} A duly certified copy or duplicate of such

1 license shall be prima facie evidence that the licensee is a
 2 benevolent association within the meaning of this chapter."

3 Section 4. Section 33-7-501, MCA, is amended to read:
 4 "33-7-501. Annual Continuous license -- fee --
 5 evidence. ~~(1) The authority of all societies licensed may be~~
 6 ~~renewed annually but in all cases to terminate on the~~
 7 ~~succeeding June 1. However, a license so issued shall~~
 8 ~~continue in full force and effect until the new license be~~
 9 ~~issued or specifically refused. A fraternal benefit society~~
 10 may not insure a risk in this state unless it then holds a
 11 subsisting certificate of authority issued to it by the
 12 commissioner.

13 ~~(2) For each such license or renewal the society shall~~
 14 ~~pay the commissioner \$10. A fraternal benefit society's~~
 15 certificate of authority continues in force as long as the
 16 fraternal benefit society is entitled to it under this
 17 chapter and until suspended, revoked, or otherwise
 18 terminated; subject, however, to continuance of the
 19 certificate by the fraternal benefit society each year by
 20 payment before May 15 of the continuation fee of \$10 to be
 21 deposited by the commissioner with the state treasurer to
 22 the credit of the state general fund.

23 (3) If a fraternal benefit society does not continue
 24 its certificate of authority in accordance with subsection
 25 (2), its certificate of authority expires at midnight on May

1 31 next following its failure to continue it in force. The
 2 commissioner shall promptly notify a fraternal benefit
 3 society that has not continued its certificate of the
 4 impending expiration of its certificate of authority.

5 (4) The commissioner may in his discretion reinstate a
 6 certificate of authority that the fraternal benefit society
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 8 benefit society has fully cured all failures that resulted
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 11 current continuation fee as provided in subsection (2). If a
 12 certificate is not reinstated, the commissioner may not only
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 14 authority unless the fraternal benefit society files an
 15 application for a certificate of authority and meets all
 16 other requirements for an original certificate of authority
 17 in this state.

18 (5) The commissioner may amend a certificate of
 19 authority at any time to accord with changes in the
 20 fraternal benefit society's charter of insuring powers.

21 (3)(6) A duly certified copy or duplicate of such
 22 license shall be prima facie evidence that the licensee is a
 23 fraternal benefit society within the meaning of this
 24 chapter."

25 NEW SECTION. Section 5. Extension of authority. Any

1 existing authority of the commissioner of insurance to make
 2 rules on the subject of the provisions of this act is
 3 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 HB769, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act making certificates of authority for farm mutual insurers, benevolent associations, and fraternal benefit societies continuous rather than annually renewable; and amending section 33-4-409, 33-4-505, 33-6-401 and 33-7-501, MCA.

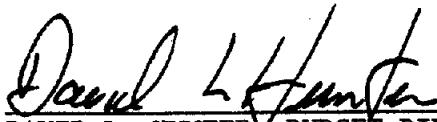
ASSUMPTIONS:

1. Number of county mutuals and state mutuals remain constant at 10 and 2, respectively.
2. The five dollar fee increase will more adequately reimburse the state for the associated administrative costs.

FISCAL IMPACT:

Revenues:

	<u>Current Law</u>	<u>FY88 Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>FY89 Proposed Law</u>	<u>Difference</u>
License Fees	\$ 90	\$ 150	\$ 60	\$ 90	\$ 150	\$ 60



DATE 2/20/87

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



DATE

JOHN PATTERSON, PRIMARY SPONSOR

Fiscal Note for HB769, as introduced.

HB 769

APPROVED BY COMM. ON
BUSINESS AND LABOR

HOUSE BILL NO. 769

INTRODUCED BY PATTERSON

BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT MAKING CERTIFICATES OF AUTHORITY FOR FARM MUTUAL INSURERS, BENEVOLENT ASSOCIATIONS, AND PRATERAL BENEFIT SOCIETIES CONTINUOUS RATHER THAN ANNUALLY RENEWABLE; AND AMENDING SECTIONS 33-4-409, 33-4-505, 33-6-401, AND 33-7-501, MCA."

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

Section 1. Section 33-4-409, MCA, is amended to read:

"33-4-409. Fees and taxes. Except for the fees for filing articles of incorporation as provided in 33-4-202 and 33-4-203, for issuance and ~~renewal~~ continuance of certificate of authority as provided in 33-4-505, and for costs of examination by the commissioner as limited in 33-4-315(2), domestic farm mutual insurers shall not be subject to any other or additional fees or taxes of any kind except for the usual ad valorem taxes upon real estate and tangible personal property of the insurer."

Section 2. Section 33-4-505, MCA, is amended to read:

"33-4-505. Certificate of authority required -- issuance -- ~~renewal~~ continuation -- fee. (1) No A farm mutual insurer ~~shall~~ may not insure any risk in this state

unless it then holds a subsisting certificate of authority issued to it by the commissioner.

(2) Upon application therefor the commissioner shall issue such a certificate of authority to every insurer qualified therefor under this chapter.

(3) Every such certificate of authority ~~shall expire at midnight on the April 30 next following its date of issuance unless theretofore revoked for cause or otherwise terminated. Unless he finds that the insurer is not qualified therefor under this chapter, the commissioner shall issue to the insurer a renewal certificate of authority on or before May 1 of each year. The commissioner shall not issue any such renewal certificate of authority to any insurer which has not filed its annual statement and report of expenditures as required under 33-4-313 continues in force as long as the farm mutual insurer is entitled thereto under this chapter and until suspended, revoked or otherwise terminated; subject, however, to continuance of the certificate by the farm mutual insurer each year by payment before May 15 of the continuation fee of \$10 if a county mutual insurer or \$25 if a state mutual insurer, to be deposited by the commissioner with the state treasurer to the credit of the state general fund.~~

(4) ~~For each issuance and each renewal of its certificate of authority, the insurer shall pay to the~~

1 ~~commissioner a fee of \$5 if a county mutual insurer or \$20~~
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 14 of or noncompliance with any provision of this chapter or
 15 referred to herein.

16 (6) The commissioner may in his discretion reinstate a
 17 certificate of authority that a farm mutual insurer has
 18 inadvertently permitted to expire, after the farm mutual
 19 insurer has fully cured all failures that resulted in the
 20 expiration and upon payment by the farm mutual insurer of
 21 the fee for reinstatement as provided in 33-2-708 in
 22 addition to the current continuation fee as provided in
 23 subsection (3). If a certificate is not reinstated, the
 24 commissioner may not only grant a farm mutual insurer
 25 another certificate of authority unless ONLY AFTER the farm

1 mutual insurer files an application for a certificate of
 2 authority and meets all other requirements for an original
 3 certificate of authority in this state.

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

7 Section 3. Section 33-6-401, MCA, is amended to read:

8 "33-6-401. Annual Continuous license -- fee --
 9 evidence. (1) ~~The authority of such association may be~~
 10 ~~renewed annually but in all cases to terminate on the~~
 11 ~~succeeding June 1. However, a license so issued shall~~
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25 {3}(6) A duly certified copy or duplicate of such

1 license shall be prima facie evidence that the licensee is a
 2 benevolent association within the meaning of this chapter."

3 Section 4. Section 33-7-501, MCA, is amended to read:

4 "33-7-501. Annual Continuous license -- fee --
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23 "33-4-505. Certificate of authority required --
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-End-

1 HOUSE BILL NO. 769

2 INTRODUCED BY PATTERSON

3 BY REQUEST OF THE STATE AUDITOR

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING CERTIFICATES OF
6 AUTHORITY FOR FARM MUTUAL INSURERS, BENEVOLENT ASSOCIATIONS,
7 AND FRATERNAL BENEFIT SOCIETIES CONTINUOUS RATHER THAN
8 ANNUALLY RENEWABLE; AND AMENDING SECTIONS 33-4-409,
9 33-4-505, 33-6-401, AND 33-7-501, MCA."

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

12 Section 1. Section 33-4-409, MCA, is amended to read:

13 "33-4-409. Fees and taxes. Except for the fees for
14 filing articles of incorporation as provided in 33-4-202 and
15 33-4-203, for issuance and renewal continuance of
16 certificate of authority as provided in 33-4-505, and for
17 costs of examination by the commissioner as limited in
18 33-4-315(2), domestic farm mutual insurers shall not be
19 subject to any other or additional fees or taxes of any kind
20 except for the usual ad valorem taxes upon real estate and
21 tangible personal property of the insurer."

22 Section 2. Section 33-4-505, MCA, is amended to read:

23 "33-4-505. Certificate of authority required --
24 issuance -- renewal continuation -- fee. (1) No A farm
25 mutual insurer shall may not insure any risk in this state

1 unless it then holds a subsisting certificate of authority
2 issued to it by the commissioner.

3 (2) Upon application therefor the commissioner shall
4 issue such a certificate of authority to every insurer
5 qualified therefor under this chapter.

6 (3) Every such certificate of authority shall ~~expire~~
7 ~~at midnight on the April 30 next following its date of~~
8 ~~issuance unless theretofore revoked for cause or otherwise~~
9 ~~terminated. Unless he finds that the insurer is not~~
10 ~~qualified therefor under this chapter, the commissioner~~
11 ~~shall issue to the insurer a renewal certificate of~~
12 ~~authority on or before May 1 of each year. The commissioner~~
13 ~~shall not issue any such renewal certificate of authority to~~
14 ~~any insurer which has not filed its annual statement and~~
15 ~~report of expenditures as required under 33-4-313 continues~~
16 in force as long as the farm mutual insurer is entitled
17 thereto under this chapter and until suspended, revoked or
18 otherwise terminated; subject, however, to continuance of
19 the certificate by the farm mutual insurer each year by
20 payment before May 15 of the continuation fee of \$10 if a
21 county mutual insurer or \$25 if a state mutual insurer, to
22 be deposited by the commissioner with the state treasurer to
23 the credit of the state general fund.

24 (4) ~~For each issuance and each renewal of its~~
25 ~~certificate of authority, the insurer shall pay to the~~

1 commissioner a fee of \$5 if a county mutual insurer or \$20
 2 if a state mutual insurer, to be deposited by the
 3 commissioner with the state treasurer to the credit of the
 4 general fund of this state. If the farm mutual insurer does
 5 not continue its certificate of authority in accordance with
 6 subsection (3), its certificate of authority expires at
 7 midnight on May 31 next following its failure to continue it
 8 in force. The commissioner shall promptly notify a farm
 9 mutual insurer that has not continued its certificate of
 10 authority of the impending expiration of its certificate of
 11 authority.

12 (5) A certificate of authority shall be is subject to
 13 suspension or revocation by the commissioner for violation
 14 of or noncompliance with any provision of this chapter or
 15 referred to herein.

16 (6) The commissioner may in his discretion reinstate a
 17 certificate of authority that a farm mutual insurer has
 18 inadvertently permitted to expire, after the farm mutual
 19 insurer has fully cured all failures that resulted in the
 20 expiration and upon payment by the farm mutual insurer of
 21 the fee for reinstatement as provided in 33-2-708 in
 22 addition to the current continuation fee as provided in
 23 subsection (3). If a certificate is not reinstated, the
 24 commissioner may not only grant a farm mutual insurer
 25 another certificate of authority unless ONLY AFTER the farm

1 mutual insurer files an application for a certificate of
 2 authority and meets all other requirements for an original
 3 certificate of authority in this state.

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

7 Section 3. Section 33-6-401, MCA, is amended to read:
 8 "33-6-401. Annual Continuous license -- fee --
 9 evidence. (1) The authority of such association may be
 10 renewed annually but in all cases to terminate on the
 11 succeeding June 1. However, a license so issued shall
 12 continue in full force and effect until the new license be
 13 issued or specifically refused. A benevolent association may
 14 not insure a risk in this state unless it then holds a
 15 subsisting certificate of authority issued to it by the
 16 commissioner.

17 (2) For each such license or renewal the association
 18 shall pay the commissioner \$25. A benevolent association's
 19 certificate of authority continues in force as long as the
 20 benevolent association is entitled to it under this chapter
 21 and until suspended, revoked, or otherwise terminated;
 22 subject, however, to continuance of the certificate by the
 23 benevolent association each year by payment before May 15 of
 24 the continuation fee of \$25, to be deposited by the
 25 commissioner with the state treasurer to the credit of the

1 state general fund.

2 (3) If a benevolent association does not continue its
 3 certificate of authority in accordance with subsection (2),
 4 its certificate of authority expires at midnight on May 31
 5 next following its failure to continue it in force. The
 6 commissioner shall promptly notify a benevolent association
 7 that has not continued its certificate of authority of the
 8 impending expiration of its certificate of authority.

9 (4) The commissioner may in his discretion reinstate a
 10 certificate of authority that a benevolent association has
 11 inadvertently permitted to expire, after the benevolent
 12 association has fully cured all failures that resulted in
 13 the expiration and upon payment by the benevolent
 14 association of a \$25 fee for reinstatement in addition to
 15 the current continuation fee as provided in subsection (2).
 16 If a certificate is not reinstated, the commissioner may not
 17 only grant a benevolent association another certificate of
 18 authority unless ONLY AFTER the benevolent association files
 19 an application for a certificate of authority and meets all
 20 other requirements for an original certificate of authority
 21 in this state.

22 (5) The commissioner may amend a certificate of
 23 authority at any time to accord with changes in the
 24 benevolent association's charter of insuring powers.

25 (6) A duly certified copy or duplicate of such

1 license shall be prima facie evidence that the licensee is a
 2 benevolent association within the meaning of this chapter."

3 Section 4. Section 33-7-501, MCA, is amended to read:
 4 "33-7-501. Annual Continuous license -- fee --
 5 evidence. (1) ~~The authority of all societies licensed may be~~
 6 ~~renewed annually but in all cases to terminate on the~~
 7 ~~succeeding June 1. However, a license so issued shall~~
 8 ~~continue in full force and effect until the new license be~~
 9 ~~issued or specifically refused. A fraternal benefit society~~
 10 ~~may not insure a risk in this state unless it then holds a~~
 11 ~~subsisting certificate of authority issued to it by the~~
 12 ~~commissioner.~~

13 (2) ~~For each such license or renewal the society shall~~
 14 ~~pay the commissioner \$10. A fraternal benefit society's~~
 15 ~~certificate of authority continues in force as long as the~~
 16 ~~fraternal benefit society is entitled to it under this~~
 17 ~~chapter and until suspended, revoked, or otherwise~~
 18 ~~terminated; subject, however, to continuance of the~~
 19 ~~certificate by the fraternal benefit society each year by~~
 20 ~~payment before May 15 of the continuation fee of \$10 to be~~
 21 ~~deposited by the commissioner with the state treasurer to~~
 22 ~~the credit of the state general fund.~~

23 (3) If a fraternal benefit society does not continue
 24 its certificate of authority in accordance with subsection
 25 (2), its certificate of authority expires at midnight on May

1 31 next following its failure to continue it in force. The
 2 commissioner shall promptly notify a fraternal benefit
 3 society that has not continued its certificate of the
 4 impending expiration of its certificate of authority.

5 (4) The commissioner may in his discretion reinstate a
 6 certificate of authority that the fraternal benefit society
 7 has inadvertently permitted to expire, after the fraternal
 8 benefit society has fully cured all failures that resulted
 9 in the expiration and upon payment by the fraternal benefit
 10 society of a \$25 fee for reinstatement in addition to the
 11 current continuation fee as provided in subsection (2). If a
 12 certificate is not reinstated, the commissioner may not only
 13 grant a fraternal benefit society another certificate of
 14 authority unless ONLY AFTER the fraternal benefit society
 15 files an application for a certificate of authority and
 16 meets all other requirements for an original certificate of
 17 authority in this state.

18 (5) The commissioner may amend a certificate of
 19 authority at any time to accord with changes in the
 20 fraternal benefit society's charter of insuring powers.

21 {3}(6) A duly certified copy or duplicate of such
 22 license shall be prima facie evidence that the licensee is a
 23 fraternal benefit society within the meaning of this
 24 chapter."

25 NEW SECTION. Section 5. Extension of authority. Any

1 existing authority of the commissioner of insurance to make
 2 rules on the subject of the provisions of this act is
 3 extended to the provisions of this act.

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