HOUSE BILL NO. 769

INTRODUCED BY PATTERSON

BY REQUEST OF THE STATE AUDITOR

IN THE HOUSE

- FEBRUARY 14, 1987 INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
- FEBRUARY 18, 1987 COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 19, 1987 PRINTING REPORT.

FEBRUARY 20, 1987 SECOND READING, DO PASS.

FEBRUARY 21, 1987 ENGROSSING REPORT.

THIRD READING, PASSED. AYES, 90; NOES, 2.

TRANSMITTED TO SENATE.

ON BUSINESS & INDUSTRY.

COMMITTEE RECOMMEND BILL BE

CONCURRED IN. REPORT ADOPTED.

INTRODUCED AND REFERRED TO COMMITTEE

- IN THE SENATE
- FEBRUARY 23, 1987
- MARCH 18, 1987
- MARCH 20, 1987 SECOND READING, CONCURRED IN.
- MARCH 23, 1987 THIRD READING, CONCURRED IN. AYES, 48; NOES, 0.
 - RETURNED TO HOUSE.
 - IN THE HOUSE
- MARCH 23, 1987 RECEIVED FROM SENATE.

SENT TO ENROLLING.

LC 1103/01

INTRODUCED BY POWERSON BILL NO. 769 1 2 BY REQUEST OF THE STATE AUDITOR 3 4 A BILL FOR AN ACT ENTITLED: "AN ACT MAKING CERTIFICATES OF 5 AUTHORITY FOR FARM MUTUAL INSURERS, BENEVOLENT ASSOCIATIONS, б AND FRATERNAL BENEFIT SOCIETIES CONTINUOUS RATHER THAN 7 ANNUALLY RENEWABLE; AND AMENDING SECTIONS 33-4-409, 8 33-4-505, 33-6-401, AND 33-7-501, MCA." 9 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA: 11 Section 1. Section 33-4-409, MCA, is amended to read: 12 "33-4-409. Fees and taxes, Except for the fees for 13 filing articles of incorporation as provided in 33-4-202 and 14 33-4-203, for issuance and renewal continuance of 15 certificate of authority as provided in 33-4-505, and for 16 costs of examination by the commissioner as limited in 17 33-4-315(2), domestic farm mutual insurers shall not be 18 subject to any other or additional fees or taxes of any kind 19 except for the usual ad valorem taxes upon real estate and 20 tangible personal property of the insurer." 21 Section 2. Section 33-4-505, MCA, is amended to read: 22 "33-4-505. Certificate of authority required --

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

Montana Legislative Council

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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.

(3) Every such certificate of authority shall-expire 6 at-midnight-on-the-April--30--next--following--its--date--of 7 8 issuance--unless--theretofore-revoked-for-cause-or-otherwise 9 terminated---Unless--he--finds--that--the--insurer--is---not 10 qualified--therefor--under--this--chaptery--the-commissioner 11 shall--issue--to--the--insurer--a--renewal--certificate---of authority--on-or-before-May-1-of-each-year.-The-commissioner 12 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 thereto under this chapter and until suspended, revoked or 17 18 otherwise terminated; subject, however, to continuance of the certificate by the farm mutual insurer each year by 19 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 the credit of the state general fund. 23 24 (4) For--each--issuance--and--each--renewal---of---its 25 certificate--of--authority;--the--insurer--shall--pay-to-the

-2- 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 commissioner-with-the-state-treasurer-to-the-credit--of--the 3 4 general-fund-of-this-state. If the farm mutual insurer does 5 not continue its certificate of authority in accordance with subsection (3), its certificate of authority expires at 6 7 midnight on May 31 next following its failure to continue it in force. The commissioner shall promptly notify a farm 8 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 inadvertently permitted to expire, after the farm mutual 18 insurer has fully cured all failures that resulted in the 19 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

insurer files an application for a certificate of authority 1 2 and meets all other requirements for an original certificate 3 of authority in this state. (7) The commissioner may amend a certificate of 4 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 -evidence. (1) The--authority--of--such--association--may--be 9 10 renewed--annually--but--in--all--cases--to--terminate-on-the 11 succeeding-Jung--1--Howevery--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 not insure a risk in this state unless it then holds a 14 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 and until suspended, <u>revoked</u>, or <u>otherwise</u> terminated; 21 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 commissioner with the state treasurer to the credit of the 25

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1	state general fund.
2	
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	<pre>(3)(6) A duly certified copy or duplicate of such</pre>

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 <u>Continuous</u> license fee
5	evidence. (1) The-authority-of-all-societies-licensed-may-be
6	renewed-annually-butinallcasestoterminateonthe
7	succeedingJune1However7alicenseso-issued-shall
8	continue-in-full-force-and-effect-until-the-newlicensebe
9	issued-or-specifically-refused- <u>A fraternal benefit society</u>
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) Por-each-such-license-or-renewal-the-society-shall
14	paythecommissioner\$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

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31 next following its failure to continue it in force. The 1 commissioner shall promptly notify a fraternal benefit 2 3 society that has not continued its certificate of the impending expiration of its certificate of authority. 4 5 (4) The commissioner may in his discretion reinstate a certificate of authority that the fraternal benefit society 6 has inadvertently permitted to expire, after the fraternal 7 benefit society has fully cured all failures that resulted 8 9 in the expiration and upon payment by the fraternal benefit 10 society of a \$25 fee for reinstatement in addition to the current continuation fee as provided in subsection (2). If a 11 12 certificate is not reinstated, the commissioner may not only grant a fraternal benefit society another certificate of 13 14 authority unless the fraternal benefit society files an application for a certificate of authority and meets all 15 16 other requirements for an original certificate of authority 17 in this state.

18 (5) The commissioner may amend a certificate of authority at any time to accord with changes in the 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

- LC 1103/01
- 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:

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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:

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

FISCAL IMPACT:

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

DATI

HUNTERV BUDGET DIRECTOR Office of Budget and Program Planning

DATE JOHN PATTERSON, PRIMARY SPONSOR

Fiscal Note for HB769, as introduced.

50th Legislature

HB 0769/02

APPROVED BY COMM. ON BUSINESS AND LABOR

1	HOUSE BILL NO. 769
2	INTRODUCED BY PATTERSON
3	BY REQUEST OF THE STATE AUDITOR

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

4

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

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

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



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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 at-midnight-on-the-April--30--next--following--its--date--of 7 8 issuance--unless--theretofore-revoked-for-cause-or-otherwise 9 terminated.--Unless--he--finds--that--the--insurer--is---not 10 gualified--therefor--under--this--chapter,--the-commissioner 11 shall--issue--to--the--insurer--a--renewal--certificate---of authority--on-or-before-May-1-of-each-year--The-commissioner 12 13 shall-not-issue-any-such-renewal-certificate-of-authority-to any-insurer-which-has-not-filed--its--annual--statement--and 14 15 report--of-expenditures-as-required-under-33-4-313 continues in force as long as the farm mutual insurer is entitled 16 17 thereto under this chapter and until suspended, revoked or otherwise terminated; subject, however, to continuance of 18 19 the certificate by the farm mutual insurer each year by payment before May 15 of the continuation fee of \$10 if a 20 21 county mutual insurer or \$25 if a state mutual insurer, to be deposited by the commissioner with the state treasurer to 22 23 the credit of the state general fund. (4) For--each--issuance--and--each--renewal---of---its 24 25 certificate--of--authority7--the--insurer shall--pay-to-the

-2- SECOND READING

1	commissioner-a-fee-of-\$5-if-a-county-mutual-insureror\$20
2	ifastatemutualinsurer;tobedepositedbythe
3	commissioner-with-the-state-treasurer-to-the-creditofthe
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

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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) Theauthorityofsuchassociation-may-be
10	renewed-annually-butinallcasestoterminateonthe
11	succeedingJune1However7alicensesoissued-shall
12	continue-in-full-force-and-effect-until-the-newlicensebe
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) Foreachsuch-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

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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.
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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).
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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.
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23	authority at any time to accord with changes in the
24	benevolent association's charter of insuring powers.
25	<pre>(6) A duly certified copy or duplicate of such</pre>

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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-butinallcasestoterminateonthe
7	succeedingJune1However7alicenseso-issued-shall
8	continue-in-full-force-and-effect-until-the-newlicensebe
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	paythecommissioner\$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

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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 meets all other requirements for an original certificate of 16 17 authority in this state. (5) The commissioner may amend a certificate of 18 19 authority at any time to accord with changes in the 20 fraternal benefit society's charter of insuring powers. (3) (6) A duly certified copy or duplicate of such 21 22 license shall be prima facie evidence that the licensee is a 23 fraternal benefit society within the meaning of this 24 chapter."

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- 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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1 HOUSE BILL NO. 769 INTRODUCED BY PATTERSON 2 З BY REQUEST OF THE STATE AUDITOR A 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 filing articles of incorporation as provided in 33-4-202 and 14

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."

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



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4 issue such a certificate of authority to every insurer
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THIRD READING

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1 commissioner-a-fee-of-\$5-if-a-county-mutual-insurer--or--\$20 if---s---state--mutual--insurery--to--be--deposited--by--the 2 commissioner-with-the-state-treasurer-to-the-credit--of--the 3 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 midnight on May 31 next following its failure to continue it 7 in force. The commissioner shall promptly notify a farm 8 mutual insurer that has not continued its certificate of 9 authority of the impending expiration of its certificate of 10 authority. 11

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 expiration and upon payment by the farm mutual insurer of 20 21 the fee for reinstatement as provided in 33-2-708 in 22 addition to the current continuation fee as provided in subsection (3). If a certificate is not reinstated, the 23 24 commissioner may not--only grant a farm mutual insurer another certificate of authority unless ONLY AFTER the farm 25

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<u>mutual insurer files an application for a certificate of</u>
 <u>authority and meets all other requirements for an original</u>
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4 <u>(7) The commissioner may amend a certificate of</u> 5 <u>authority at any time to accord with changes in the farm</u> 6 **mutual insurer's charter of insuring powers.**"

7 Section 3. Section 33-6-401, MCA, is amended to read: *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--l--However7--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) Por--each--such-license-or-renewal-the-association 18 shall-pay-the-commissioner-\$25. A benevolent association's certificate of authority continues in force as long as the 19 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 the continuation fee of \$25, to be deposited by the 24 25 commissioner with the state treasurer to the credit of the

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1	state general fund.	1	license shall be prima facie evidence that the licensee is a
2	(3) If a benevolent association does not continue its	2	benevolent association within the meaning of this chapter."
3	certificate of authority in accordance with subsection (2),	3	Section 4. Section 33-7-501, MCA, is amended to read:
4	its certificate of authority expires at midnight on May 31	4	"33-7-501. Annual Continuous license fee
5	next following its failure to continue it in force. The	5	evidence. (1) The-authority-of-all-societies-licensed-may-be
6	commaissioner shall promptly notify a benevolent association	6	renewed-annually-butinallcasestoterminateonthe
7	that has not continued its certificate of authority of the	7	succeedingJuneiHoweveryalicenseso-issued-shall
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10	certificate of authority that a benevolent association has	10	may not insure a risk in this state unless it then holds a
11	inadvertently permitted to expire, after the benevolent	11	subsisting certificate of authority issued to it by the
12	association has fully cured all failures that resulted in	12	commissioner.
13	the expiration and upon payment by the benevolent	13	(2) Por-each-such-license-or-renewal-the-society-shall
14	association of a \$25 fee for reinstatement in addition to	14	pay-the-commissioner\$10. A fraternal benefit society's
15	the current continuation fee as provided in subsection (2).	15	certificate of authority continues in force as long as the
16	If a certificate is not reinstated, the commissioner may not	16	fraternal benefit society is entitled to it under this
17	only grant a benevolent association another certificate of	17	chapter and until suspended, revoked, or otherwise
18	authority unless ONLY AFTER the benevolent association files	18	terminated; subject, however, to continuance of the
19	an application for a certificate of authority and meets all	19	certificate by the fraternal benefit society each year by
20	other requirements for an original certificate of authority	20	payment before May 15 of the continuation fee of \$10 to be
21	in this state.	21	deposited by the commissioner with the state treasurer to
22	(5) The commissioner may amend a certificate of	22	the credit of the state general fund.
23	authority at any time to accord with changes in the	23	(3) If a fraternal benefit society does not continue
24	benevolent association's charter of insuring powers.	24	its certificate of authority in accordance with subsection
25	+37(6) A duly certified copy or duplicate of such	25	(2), its certificate of authority expires at midnight on May

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31 next following its failure to continue it in force. The 1 commissioner shall promptly notify a fraternal benefit 2 society that has not continued its certificate of the 3 impending expiration of its certificate of authority. 4 (4) The commissioner may in his discretion reinstate a 5 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 files an application for a certificate of authority and 15 meets all other requirements for an original certificate of 16 17 authority in this state. (5) The commissioner may amend a certificate of 18 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 HB 769 -7-

- 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-

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

HOUSE BILL NO. 769

ANNUALLY RENEWABLE; AND AMENDING SECTIONS 33-4-409,
 33-4-505, 33-6-401, AND 33-7-501, MCA."

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

Section 2. Section 33-4-505, MCA, is amended to read:
"33-4-505. Certificate of authority required -issuarce -- 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.

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

(3) Every such certificate of authority shall-expire 6 at-midnight-on-the-April--30--next--following--its--date--of 7 issuance--unless--theretofore-revoked-for-cause-or-otherwise 8 terminated:--Unless--he--finds--that--the--insurer--is---not 9 10 avalified--therefor--under--this--chaptery--the-commissioner shall--issue--to--the--insurer--a--renewal--certificate---of 11 12 authority--on-or-before-May-l-of-each-year--The-commissioner shall-not-issue-any-such-renewal-certificate-of-authority-to 13 14 any-insurer-which-has-not-filed--its--annual--statement--and report--of-expenditures-as-required-under-33-4-313 continues 15 in force as long as the farm mutual insurer is entitled 16 thereto under this chapter and until suspended, revoked or 17 otherwise terminated; subject, however, to continuance of 18 the certificate by the farm mutual insurer each year by 19 payment before May 15 of the continuation fee of \$10 if a 20 county mutual insurer or \$25 if a state mutual insurer, to 21 be deposited by the commissioner with the state treasurer to 22 23 the credit of the state general fund. 24 (4) Por--each--issuance--and--each--renewal---of---its 25 certificate--of--authority;--the--insurer--shall--pay-to-the

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REFERENCE BILL

1 commissioner-a-fee-of-95-if-a-county-mutual-insurer--or--920 2 if---a---state--mutual--insurery--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 expiration and upon payment by the farm mutual insurer of 20 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

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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 <u>Continuous</u> license fee
9	evidence. (1) Theauthorityofsuchassociation-may-be
10	renewed-annually-butinallcasestoterminateonthe
11	succeedingfuneiHoweveralicensesoissued-shall
12	continue-in-full-force-and-effect-until-the-newlicensebe
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) Foreachsuch-ficense-or-renewal-the-association
18	shall-pay-the-commissioner-925: 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
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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 maless 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	benerolent association's charter of insuring powers.
25	(3)<u>(6)</u> A duly certified copy or duplicate of such

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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-butinallcasestoterminateonthe
7	succeedingdune1;However;alicenseso-issued-shall
8	continue-in-full-force-and-effect-until-the-newlicensebe
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
13 14	(2) For-each-such-license-or-renewal-the-society-shall paythecommissioner\$i0. A fraternal benefit society's
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14	paythecommissioner9:0. A fraternal benefit society's
14 15	paythecommissioner $9i\theta_{\tau}$ A fraternal benefit society's certificate of authority continues in force as long as the
14 15 16	pay-the-commissioner- $9i\theta_{\tau}$ <u>A</u> fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this
14 15 16 17	pay-the-commissioner $\Imi\theta_{\tau}$ <u>A</u> fraternal benefit society's certificate of authority continues in force as long as the <u>fraternal benefit</u> society is entitled to it under this chapter and until suspended, revoked, or otherwise
14 15 16 17 18	pay-the-commissioner9 $i\theta_{\tau}$ <u>A</u> fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the
14 15 16 17 18 19	paythecommissioner910. A fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the certificate by the fraternal benefit society each year by
14 15 16 17 18 19 20	pay-the-commissioner910. A fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the certificate by the fraternal benefit society each year by payment before May 15 of the continuation fee of \$10 to be
14 15 16 17 18 19 20 21	paythecommissioner910. A fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the certificate by the fraternal benefit society each year by payment before May 15 of the continuation fee of \$10 to be deposited by the commissioner with the state treasurer to
14 15 16 17 18 19 20 21 22	pay-the-commissioner910. A fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the certificate by the fraternal benefit society each year by payment before May 15 of the continuation fee of \$10 to be deposited by the commissioner with the state treasurer to the credit of the state general fund.
14 15 16 17 18 19 20 21 22 23	<pre>paythecommissioner9i0: A fraternal benefit society's certificate of authority continues in force as long as the fraternal benefit society is entitled to it under this chapter and until suspended, revoked, or otherwise terminated; subject, however, to continuance of the certificate by the fraternal benefit society each year by payment before May 15 of the continuation fee of \$10 to be deposited by the commissioner with the state treasurer to the credit of the state general fund. (3) If a fraternal benefit society does not continue</pre>

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31 next following its failure to continue it in force. The 1 2 commissioner shall promptly notify a fraternal benefit society that has not continued its certificate of the 3 4 impending expiration of its certificate of authority. (4) The commissioner may in his discretion reinstate a 5 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 certificate is not reinstated, the commissioner may not only 12 grant a fraternal benefit society another certificate of 13 14 authority unless ONLY AFTER the fraternal benefit society files an application for a certificate of authority and 15 16 meets all other requirements for an original certificate of 17 authority in this state. (5) The commissioner may amend a certificate of 18

19 <u>authority at any time to accord with changes in the</u> 20 <u>fraternal benefit society's charter of insuring powers.</u>

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

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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-

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