

SENATE BILL NO. 250

INTRODUCED BY MCLANE, MEYER, HAGER, BECK, BISHOP,
GALT, SPAETH, CAMPBELL, WALKER, BENGTSON, BOYLAN,
KELLER, JENKINS, D. BROWN, HANNAH, MILLER

BY REQUEST OF THE STATE AUDITOR

IN THE SENATE

JANUARY 29, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & INDUSTRY.

FEBRUARY 12, 1987 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

FEBRUARY 13, 1987 PRINTING REPORT.

FEBRUARY 16, 1987 SECOND READING, DO PASS.

FEBRUARY 17, 1987 ENGROSSING REPORT.

FEBRUARY 18, 1987 THIRD READING, PASSED.
AYES, 50; NOES, 0.

TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 23, 1987 INTRODUCED AND REFERRED TO COMMITTEE
ON BUSINESS & LABOR.

MARCH 20, 1987 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 28, 1987 SECOND READING, CONCURRED IN.

MARCH 30, 1987 THIRD READING, CONCURRED IN.
AYES, 96; NOES, 1.

RETURNED TO SENATE.

IN THE SENATE

MARCH 31, 1987 RECEIVED FROM HOUSE.

SENT TO ENROLLING.

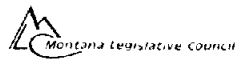
1 *Senate* BILL NO. *250*
 2 INTRODUCED BY *Mc Sam Meyer Hugen Back*
 3 *Rick* BY REQUEST OF THE STATE AUDITOR *Bill Smith*
 4 *Conrad Miller* *Robert* *Heller*
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THE VOLUNTARY
 6 DISSOLUTION OF DOMESTIC INSURERS; AND AMENDING SECTION
 7 33-3-103, MCA."
 8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 33-3-103, MCA, is amended to read:
 11 "33-3-103. Applicability of general corporation
 12 statutes. (1) The applicable laws of this state as to
 13 domestic corporations formed for profit shall apply as to
 14 domestic stock insurers and domestic mutual insurers except
 15 where in conflict with the express provisions of this code
 16 and the reasonable implications of such provisions.
 17 (2) Except as provided in [sections 2 through 5],
 18 35-1-901 through 35-1-912 apply to the voluntary dissolution
 19 of a domestic insurer."

20 NEW SECTION. Section 2. Voluntary dissolution of
 21 domestic insurers -- plan of dissolution. At least 60 days
 22 before an insurer submits a proposed voluntary dissolution
 23 to shareholders or policyholders under 35-1-902 or 35-1-903
 24 or voluntarily dissolves under 35-1-901, the insurer must
 25 file the plan for dissolution with the commissioner. The

1 commissioner may require the submission of additional
 2 information to establish the financial condition of the
 3 insurer or other facts relevant to the proposed dissolution.
 4 If the shareholders or policyholders adopt the resolution to
 5 dissolve, the commissioner shall, within 30 days after the
 6 adoption of the resolution, begin to examine the insurer.
 7 The commissioner shall approve the dissolution unless,
 8 after a hearing, the commissioner finds the insurer is
 9 insolvent or may become insolvent in the process of
 10 dissolution. If the commissioner approves the voluntary
 11 dissolution, the insurer may dissolve under 35-1-903 through
 12 35-1-912, except that 35-1-906(3) does not apply. The
 13 papers required by 35-1-901 through 35-1-912 to be filed
 14 with the secretary of state must instead be filed with the
 15 commissioner. The duties required by 35-1-912 to be
 16 performed by the secretary of state must instead be
 17 performed by the commissioner. If the commissioner does not
 18 approve the voluntary dissolution, the commissioner shall
 19 petition the court for liquidation or rehabilitation under
 20 chapter 2, part 13 of this title.

21 NEW SECTION. Section 3. Conversion to involuntary
 22 liquidation. An insurer may at any time during liquidation
 23 under 35-1-901, 35-1-902, or 35-1-903 apply to the
 24 commissioner to have the liquidation continued under his
 25 supervision; thereupon, the commissioner shall apply to the



1 court for liquidation under 33-2-1341.

2 NEW SECTION. Section 4. Revocation of voluntary
3 dissolution. If an insurer revokes the voluntary dissolution
4 proceedings under 35-1-907 or 35-1-908, the insurer shall
5 file a copy of the revocation of voluntary dissolution
6 proceedings with the commissioner.

7 NEW SECTION. Section 5. Distribution of assets of a
8 mutual insurer. The maximum amount that a mutual insurer may
9 pay to a policyholder upon dissolution, in addition to the
10 benefits promised in the insurance policy, is the total of
11 the premium payments made by the policyholder with interest
12 at the legal rate compounded annually. Any excess over such
13 amounts must be deposited with the state treasurer to the
14 credit of the state general fund. A person may participate
15 in the distribution of assets of a mutual insurer only if he
16 has a policy in effect 180 days before the insurer files its
17 plan for dissolution with the commissioner. The amount that
18 a person eligible to participate in the distribution of
19 assets of a mutual insurer may receive must be in the
20 proportion that the premiums paid by the policyholder bear
21 to the total premiums paid to the mutual insurer by all
22 policyholders who had policies in effect 180 days before the
23 insurer filed its plan for dissolution with the
24 commissioner.

25 NEW SECTION. Section 6. 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.

4 NEW SECTION. Section 7. Codification instruction.
5 Sections 2 through 5 are intended to be codified as an
6 integral part of Title 33, chapter 3, and the provisions of
7 Title 33, chapter 3, apply to sections 2 through 5.

-End-

APPROVED BY COMM. ON BUSINESS & INDUSTRY

1 *Senate* BILL NO. 250
 2 INTRODUCED BY *Mc Lane Meyer Hager Beck*
 3 *Beck* BY REQUEST OF THE STATE AUDITOR *Walt Smalls*
 4 *Comptroller, Walker, Bengtson, Rothen, Miller*
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 22 liquidation. An insurer may at any time during liquidation
 23 under 35-1-901, 35-1-902, or 35-1-903 apply to the
 24 commissioner to have the liquidation continued under his
 25 supervision; thereupon, the commissioner shall apply to the

1 court for liquidation under 33-2-1341.

2 NEW SECTION. Section 4. Revocation of voluntary
3 dissolution. If an insurer revokes the voluntary dissolution
4 proceedings under 35-1-907 or 35-1-908, the insurer shall
5 file a copy of the revocation of voluntary dissolution
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7 NEW SECTION. Section 5. Distribution of assets of a
8 mutual insurer. The maximum amount that a mutual insurer may
9 pay to a policyholder upon dissolution, in addition to the
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 4 Joseph Walker Pennington Boylan
 5 David Miller
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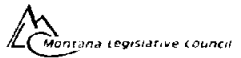
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2 NEW SECTION. Section 4. Revocation of voluntary
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