

SENATE BILL 387

Introduced by Bianchi

2/13	Introduced
2/13	Referred to Business & Industry
2/13	First Reading
2/19	Hearing
2/19	Committee Report--Bill Passed as Amended
2/23	2nd Reading Passed
2/24	3rd Reading Passed
	Transmitted to House
3/01	Referred to Business & Economic Development
3/01	First Reading
3/08	Hearing
3/08	Tabled in Committee

1 Senate BILL NO. 387
2 INTRODUCED BY Richard
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT RESTRICTING
5 CANCELLATION OR NONRENEWAL OF HOMEOWNER OR FARM OR RANCH
6 OWNER INSURANCE POLICIES AND CERTAIN FIRE, THEFT, OR
7 LIABILITY INSURANCE POLICIES; PERMITTING A PREMIUM SURCHARGE
8 UNDER CERTAIN CIRCUMSTANCES; AUTHORIZING PENALTIES; AND
9 REPEALING SECTION 33-23-401, MCA."

10

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

12 NEW SECTION. Section 1. Purpose -- cancellation or
13 nonrenewal restricted -- surcharge. (1) The purpose of this
14 section is to protect insurance consumers who purchase
15 homeowner or farm or ranch owner policies and to protect
16 insurance consumers who maintain standard fire, theft, or
17 liability policies on certain specified dwellings from
18 changes in their insurance coverage that adversely affect
19 them when the changes are based on incidents that are not
20 the insurance consumer's fault.

21 (2) An insurer may not base cancellation or nonrenewal
22 of a policy insuring property, in whole or in part, on
23 claims resulting from a loss attributable to an act of God.
24 An insurer may assess a premium surcharge for a loss
25 attributable to an act of God if the surcharge is in effect

1 for the entire rating territory.

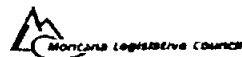
2 (3) An insurer may assess a premium surcharge at the
3 time a policy is renewed if, in the preceding policy year,
4 the insurer has filed two or more claims for losses not
5 attributable to an act of God. The insurer may assess an
6 additional premium surcharge if, in the following year, an
7 additional claim is made for a loss not attributable to an
8 act of God. The amount of the additional premium surcharge
9 may not exceed 10% of the total premium, including any
10 premium surcharge, actually paid by the insured in the
11 preceding policy year.

12 (4) An insurer may decline to renew a policy if the
13 insured has filed three or more claims for losses not
14 attributable to an act of God in any 2-year period.

15 (5) An insurer may not cancel or decline to renew a
16 policy without first giving the insured 30 days' written
17 notice and without including in the notice a statement of
18 the reason or reasons for canceling or not renewing the
19 policy.

20 (6) An insurer shall notify an insured who has filed
21 two claims in a period of less than 2 years that the insurer
22 may decline to renew the policy if the insured files a third
23 claim during the 2-year period. The notice must be in a form
24 approved by the commissioner.

25 (7) An insurer that renews the policy of an insured who



has filed three or more claims under the policy in a 2-year period for losses that are not attributable to an act of God may assess a premium surcharge in an amount not to exceed 25% of the total premium, including any premium surcharge, actually paid by the insured in the preceding year.

NEW SECTION. Section 2. Penalties -- attorney fees and costs. (1) An insurer that violates the provisions of [section 1]:

(a) is guilty of a misdemeanor punishable by a fine not to exceed \$500;

(b) shall refund to the insured the amount of premium paid in excess of the premium that would have been charged if the insurer had complied with the provisions of [section 1]; and

(c) shall pay to the commissioner a penalty in an amount double the amount of the refund provided in subsection (1)(b) or \$500, whichever is greater.

(2) An insured who successfully obtains judicial relief against an insurer for a violation of [section 1] is entitled to an award of attorney fees and costs.

NEW SECTION. Section 3. Repealer. Section 33-23-401, MCA, is repealed.

NEW SECTION. Section 4. Codification instruction. [Sections 1 and 2] are intended to be codified as an integral part of Title 33, chapter 15, part 11, and the

provisions of Title 33, chapter 15, part 11, apply to [sections 1 and 2].

-End-

APPROVED BY COMM. ON
BUSINESS & INDUSTRY

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them when the changes are based on incidents that are not
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of a policy insuring property, in whole or in part, on
claims resulting from a loss attributable to an act of God.
An insurer may assess a premium surcharge for a loss
attributable to an act of God if the surcharge is in effect

for the entire rating territory.

(3) An insurer may assess a premium surcharge at the
time a policy is renewed if, in the preceding policy year,
the insurer has filed two or more claims for losses not
attributable to an act of God. The insurer may assess an
additional premium surcharge if, in the following year, an
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(6) An insurer shall notify an insured who has filed
two claims FOR LOSSES NOT ATTRIBUTABLE TO AN ACT OF GOD in a
period of less than 2 years that the insurer may decline to
renew the policy if the insured files a third claim FOR
LOSSES NOT ATTRIBUTABLE TO AN ACT OF GOD during the 2-year
period. The notice must be in a form approved by the

1 commissioner.

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15 if the insurer had complied with the provisions of [section
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17 (c) shall pay to the commissioner a penalty in an
18 amount double the amount of the refund provided in
19 subsection (1)(b) or \$500, whichever is greater.

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(2) An insurer may not base cancellation or nonrenewal of a policy insuring property, in whole or in part, on claims resulting from a loss attributable to an act of God. An insurer may assess a premium surcharge for a loss attributable to an act of God if the surcharge is in effect

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(3) An insurer may assess a premium surcharge at the time a policy is renewed if, in the preceding policy year, the insurer has filed two or more claims for losses not attributable to an act of God. The insurer may assess an additional premium surcharge if, in the following year, an additional claim is made for a loss not attributable to an act of God. The amount of the additional premium surcharge may not exceed 10% of the total premium, including any premium surcharge, actually paid by the insured in the preceding policy year.

(4) An insurer may decline to renew a policy if the insured has filed three or more claims for losses not attributable to an act of God in any 2-year period.

(5) An insurer may not cancel or decline to renew a policy without first giving the insured 30 days' written notice and without including in the notice a statement of the reason or reasons for canceling or not renewing the policy.

(6) An insurer shall notify an insured who has filed two claims FOR LOSSES NOT ATTRIBUTABLE TO AN ACT OF GOD in a period of less than 2 years that the insurer may decline to renew the policy if the insured files a third claim FOR LOSSES NOT ATTRIBUTABLE TO AN ACT OF GOD during the 2-year period. The notice must be in a form approved by the

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