

SENATE BILL NO. 14

INTRODUCED BY CHRISTIAENS, KENNEDY, DOWELL, SQUIRES
BY REQUEST OF THE STATE AUDITOR AND THE
OFFICE OF BUDGET AND PROGRAM PLANNING

IN THE SENATE

NOVEMBER 30, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
DECEMBER 4, 1993	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
DECEMBER 6, 1993	PRINTING REPORT.
	SECOND READING, DO PASS.
	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 45; NOES, 5.
DECEMBER 7, 1993	TRANSMITTED TO HOUSE.

IN THE HOUSE

DECEMBER 7, 1993	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & ECONOMIC DEVELOPMENT.
	FIRST READING.
DECEMBER 9, 1993	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
DECEMBER 10, 1993	SECOND READING, CONCURRED IN.
	THIRD READING, CONCURRED IN. AYES, 92; NOES, 4.
	RETURNED TO SENATE.

IN THE SENATE

DECEMBER 11, 1993	RECEIVED FROM HOUSE.
	SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *14*
2 INTRODUCED BY *Christopher Kennedy*
3 BY REQUEST OF THE STATE AUDITOR AND THE
4 OFFICE OF BUDGET AND PROGRAM PLANNING
5 *Agreement*
6 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
7 ELECTRONIC FILING OF THE APPOINTMENT AND TERMINATION OF
8 INSURANCE PRODUCERS; ESTABLISHING ELECTRONIC AND
9 NONELECTRONIC FILING FEES; AMENDING SECTIONS 33-2-708,
10 33-17-231, 33-17-236, AND 33-17-237, MCA; AND PROVIDING AN
11 EFFECTIVE DATE."

12
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 33-2-708, MCA, is amended to read:

15 "33-2-708. Fees and licenses. (1) Except as provided in
16 33-17-212(2), the commissioner shall collect in advance and
17 the persons served shall pay to the commissioner the
18 following fees:

19 (a) certificates of authority:

20 (i) for filing applications for original certificates
21 of authority, articles of incorporation (except original
22 articles of incorporation of domestic insurers as provided
23 in subsection (1)(b)) and other charter documents, bylaws,
24 financial statement, examination report, power of attorney
25 to the commissioner, and all other documents and filings

1 required in connection with the application and for issuance
2 of an original certificate of authority, if issued:

3 (A) domestic insurers \$ 600.00
4 (B) foreign insurers 600.00
5 (ii) annual continuation of certificate of authority
6 600.00
7 (iii) reinstatement of certificate of authority
8 25.00
9 (iv) amendment of certificate of authority 50.00
10 (b) articles of incorporation:
11 (i) filing original articles of incorporation of a
12 domestic insurer, exclusive of fees required to be paid by
13 the corporation to the secretary of state 20.00
14 (ii) filing amendment of articles of incorporation,
15 domestic and foreign insurers, exclusive of fees required to
16 be paid to the secretary of state by a domestic corporation
17 25.00
18 (c) filing bylaws or amendment to bylaws where when
19 required 10.00
20 (d) filing annual statement of insurer, other than as
21 part of application for original certificate of authority
22 25.00
23 (e) insurance producer's license:
24 (i) application for original license, including
25 issuance of license, if issued 15.00

1	(ii) appointment of insurance producer, each insurer,	
2	<u>electronically filed</u>	10.00
3	(iii) appointment of insurance producer, each insurer,	
4	<u>nonelectronically filed</u>	15.00
5	+(iii)+(iv) temporary license	15.00
6	+(iv)+(v) amendment of license (excluding additions to	
7	license) or reissuance of master license	15.00
8	(vi) termination of insurance producer, each insurer,	
9	<u>electronically filed</u>	10.00
10	(vii) termination of insurance producer, each insurer,	
11	<u>nonelectronically filed</u>	15.00
12	(f) nonresident insurance producer's license:	
13	(i) application for original license, including	
14	issuance of license, if issued	100.00
15	(ii) appointment of insurance producer, each insurer,	
16	<u>electronically filed</u>	10.00
17	(iii) appointment of insurance producer, each insurer,	
18	<u>nonelectronically filed</u>	15.00
19	+(iii)+(iv) annual renewal of license	10.00
20	+(iv)+(v) amendment of license (excluding additions to	
21	license) or reissuance of master license	15.00
22	(vi) termination of insurance producer, each insurer,	
23	<u>electronically filed</u>	10.00
24	(vii) termination of insurance producer, each insurer,	
25	<u>nonelectronically filed</u>	15.00

1	(g) examination, if administered by the commissioner,	
2	for license as insurance producer, each examination	
3	.....	15.00
4	(h) surplus lines insurance producer license:	
5	(i) application for original license and for issuance	
6	of license, if issued	50.00
7	(ii) annual renewal of license	50.00
8	(i) adjuster's license:	
9	(i) application for original license and for issuance	
10	of license, if issued	15.00
11	(ii) annual renewal of license	15.00
12	(j) insurance vending machine license, each machine,	
13	each year	10.00
14	(k) commissioner's certificate under seal (except when	
15	on certificates of authority or licenses)	10.00
16	(l) copies of documents on file in the commissioner's	
17	office, per page .....	.50
18	(m) policy forms:	
19	(i) filing each policy form	25.00
20	(ii) filing each application, certificate, enrollment	
21	form, rider, endorsement, amendment, insert page, schedule	
22	of rates, and clarification of risks	10.00
23	(iii) maximum charge if policy and all forms submitted	
24	at one time or resubmitted for approval within 180 days	
25	.....	100.00

(n) applications for approval of prelicensing education courses:

(i) reviewing initial application 150.00

(ii) periodic review 50.00

(2) The commissioner shall establish by rule fees commensurate with costs for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205.

(3) The commissioner shall establish by rule an annual accreditation fee to be paid by each domestic and foreign insurer when it submits a fee for annual continuation of its certificate of authority.

(4) (a) Except as provided in subsection (4)(b), the commissioner shall promptly deposit with the state treasurer to the credit of the general fund of this state all fines and penalties, those amounts received pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees and examination and miscellaneous charges that are collected by the commissioner pursuant to Title 33 and the rules adopted under Title 33, except that all fees for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205 must be deposited in the state special revenue fund pursuant to 33-17-1207.

(b) The accreditation fee required by subsection (3) must be turned over promptly to the state treasurer who shall deposit the money in the state special revenue fund to

the credit of the commissioner's office. The accreditation fee funds must be used only to pay the expenses of the commissioner's office in discharging the administrative and regulatory duties that are required to meet the minimum financial regulatory standards established by the national association of insurance commissioners, subject to the applicable laws relating to the appropriation of state funds and to the deposit and expenditure of money. The commissioner is responsible for the proper expenditure of the accreditation money.

(5) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded."

Section 2. Section 33-17-231, MCA, is amended to read:

"33-17-231. Appointment of insurance producers -- continuation and termination. (1) Each insurer appointing an insurance producer in this state shall file with the commissioner the appointment, specifying the kinds of insurance to be transacted by the insurance producer for the insurer, and pay the fee as stated in 33-2-708. The appointment may be electronically filed pursuant to rules adopted by the commissioner.

(2) Each appointment remains in effect until the insurance producer's license is revoked or otherwise terminated unless written notice of earlier termination of

the appointment is filed with the commissioner by the insurer or the insurance producer. The written notice may be electronically filed pursuant to rules adopted by the commissioner. Termination of the insurer's authority in Montana also terminates the appointment.

(3) Subject to the insurance producer's contract rights, an insurer may terminate an insurance producer's appointment at any time. The insurer shall promptly give written notice of the termination to the commissioner and to the insurance producer. The commissioner may require reasonable proof that the insurer has given notice to the insurance producer.

(4) As part of the notice of termination given the commissioner, the insurer shall file with the commissioner a statement of the facts relative to the termination and the cause of termination. Any information or statement contained in the notice of termination is not admissible as evidence in any action or proceeding against the insurer or any representative of the insurer by or on behalf of any person affected by the termination."

Section 3. Section 33-17-236, MCA, is amended to read:

"33-17-236. Appointments of insurance producers by insurers. (1) An insurance producer may not claim to be a representative of or an authorized or appointed insurance producer or use another term implying a contractual

relationship with a particular insurer and may not accept applications for the insurer unless the insurance producer becomes an appointed insurance producer of that insurer pursuant to this section. The following are the appointing insurer's requirements for making appointment of a licensed insurance producer:

(a) The insurer shall, no later than 15 days from the date the agency contract is executed or the first insurance application is submitted by a licensed insurance producer, whichever is earlier, file with the insurance department a written notice of appointment on a form prescribed by the insurance department. The notice may be electronically filed pursuant to rules adopted by the commissioner.

(b) If there is no executed agency contract, the insurer shall mail to the licensed insurance producer, no later than 15 days from the date the first insurance application is submitted by him, a copy of the notice of appointment form filed with the insurance department. If the licensed insurance producer does not receive the acknowledgment of appointment from the insurer within 30 days from the date the first insurance application is submitted to the insurer, the insurance producer shall immediately discontinue acting as an insurance producer on behalf of that insurer until the acknowledgment is received or the agency contract is executed.

(2) Upon receipt of the notice of appointment, the insurance department shall verify within 5 working days that the licensed insurance producer is eligible for appointment. If the licensed insurance producer is determined to be ineligible for appointment, the insurance department shall notify the insurer within 5 days of the determination.

(3) An appointment is effective on the date of the executed contract and is perpetual until canceled by the insurer."

Section 4. Section 33-17-237, MCA, is amended to read:

"33-17-237. Notification of violation or appointment termination. (1) Upon the termination of an appointed insurance producer by an insurer, the insurer shall notify the insurance department within 30 days in the manner prescribed by the insurance department, which may include electronic filing.

(2) If the reason for the termination is any of the causes listed in 33-17-1001 or 33-25-301, the insurer shall immediately notify the insurance department of the reason.

(3) Whenever an insurance company or an employee or representative of the company has reasonable cause to believe that a person has violated 33-17-1001 or 33-25-301, it is the duty of that entity, upon acquiring the knowledge, to notify the insurance department and provide the insurance department with a complete statement of all relevant facts

and circumstances.

(4) The insurer, employee, or representative shall, upon request of the insurance department, provide information, documents and records, or other data pertaining to the alleged violation or termination that may be used by the insurance department in any action taken pursuant to Title 33, chapter 17, part 10.

(5) Any information, documents, records, or other data provided pursuant to this section is privileged, and there is no liability on the part of nor may a cause of action of any nature arise against the insurance department, the insurance company, or an authorized representative of either so long as the privileged information is furnished in good faith."

NEW SECTION. **Section 5.** Effective date. [This act] is effective July 1, 1994.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0014, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION: An act to provide for the electronic filing of the appointment and termination of insurance producers and providing for fees for the electronic and non-electronic filing.


ASSUMPTIONS:

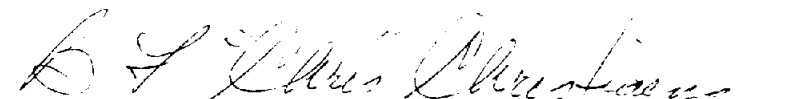
1. Automation of the filing process in the State Auditor's Office will reduce the staff resources, and associated personal services expenditures, required for processing renewal payments and related mail. There also will be reductions in postage and other operating expenses.
2. There will be 12,000 agent appointments filed by insurance companies during FY95. 2/3 of these will be filed electronically. The bill increases the fee for non-electronic filing from \$10 to \$15. This will increase revenue by about \$20,000 per year for those appointments ($12,000 \times 1/3 \times \5).
3. There will be 2,500 agent terminations filed by insurance companies during FY95. 2/3 of these will be filed electronically. The bill establishes fees for terminations: \$10 for electronic and \$15 for non-electronic. This will increase revenue by about \$29,200 per year ($(2,500 \times 2/3 \times \$10) + (2,500 \times 1/3 \times \$15)$).
4. Confirmation of appointments and terminations will be made electronically rather than mail.
5. Fee payments will be received monthly rather than with each appointment.

FISCAL IMPACT:State Auditor's Office-Central Management and Insurance Programs:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
FTE	47.75	47.75	0.00	48.00	48.00	0.00
Personal Services	1,504,271	1,504,271	0	1,530,922	1,513,422	(17,500)
Operating Expenses	407,201	407,201	0	324,499	316,999	(7,500)
Equipment	29,198	29,198	0	0	0	0
Total	1,940,670	1,940,670	0	1,855,421	1,830,421	(25,000)
<u>Funding:</u>						
General Fund (01)	1,385,094	1,385,094	0	1,388,095	1,363,095	(25,000)
State Special (02)	548,641	548,641	0	460,381	460,381	0
Proprietary (06)	6,935	6,935	0	6,945	6,945	0
Total	1,940,670	1,940,670	0	1,855,421	1,830,421	(25,000)

(continued)


 DAVID LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning


 B.F. "CHRIS" CHRISTIAENS, PRIMARY SPONSOR DATE
 Fiscal Note for SB0014, as introduced 12/3/97
SB 14

Fiscal Note Request, SB0014, as introduced
Form BD-15 page 2
(continued)

Revenue:	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
General Fund (01)	120,000	120,000	0	120,000	169,200	49,200
Net Impact:						
General Fund (Combined savings & revenue)			0			(74,200)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
None.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
Permanent savings of about \$25,000 of general fund expenditures is expected. General fund revenue will increase by about \$49,200 each year.

APPROVED BY COMM. ON
FINANCE AND CLAIMS

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2 INTRODUCED BY *Christiane Kennedy*
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4 OFFICE OF BUDGET AND PROGRAM PLANNING
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22 articles of incorporation of domestic insurers as provided
23 in subsection (1)(b)) and other charter documents, bylaws,
24 financial statement, examination report, power of attorney
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3 (A) domestic insurers \$ 600.00
4 (B) foreign insurers 600.00
5 (ii) annual continuation of certificate of authority
6 600.00
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13 the corporation to the secretary of state 20.00
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16 be paid to the secretary of state by a domestic corporation
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19 required 10.00
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23 (e) insurance producer's license:
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25 issuance of license, if issued 15.00

1	(ii) appointment of insurance producer, each insurer,	
2	<u>electronically filed</u>	10.00
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14	(k) commissioner's certificate under seal (except when	
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18	(m) policy forms:	
19	(i) filing each policy form	25.00
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22	of rates, and clarification of risks	10.00
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24	at one time or resubmitted for approval within 180 days	
25	100.00

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(b) The accreditation fee required by subsection (3) must be turned over promptly to the state treasurer who shall deposit the money in the state special revenue fund to

the credit of the commissioner's office. The accreditation fee funds must be used only to pay the expenses of the commissioner's office in discharging the administrative and regulatory duties that are required to meet the minimum financial regulatory standards established by the national association of insurance commissioners, subject to the applicable laws relating to the appropriation of state funds and to the deposit and expenditure of money. The commissioner is responsible for the proper expenditure of the accreditation money.

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(3) Subject to the insurance producer's contract rights, an insurer may terminate an insurance producer's appointment at any time. The insurer shall promptly give written notice of the termination to the commissioner and to the insurance producer. The commissioner may require reasonable proof that the insurer has given notice to the insurance producer.

(4) As part of the notice of termination given the commissioner, the insurer shall file with the commissioner a statement of the facts relative to the termination and the cause of termination. Any information or statement contained in the notice of termination is not admissible as evidence in any action or proceeding against the insurer or any representative of the insurer by or on behalf of any person affected by the termination."

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relationship with a particular insurer and may not accept applications for the insurer unless the insurance producer becomes an appointed insurance producer of that insurer pursuant to this section. The following are the appointing insurer's requirements for making appointment of a licensed insurance producer:

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(b) If there is no executed agency contract, the insurer shall mail to the licensed insurance producer, no later than 15 days from the date the first insurance application is submitted by him, a copy of the notice of appointment form filed with the insurance department. If the licensed insurance producer does not receive the acknowledgment of appointment from the insurer within 30 days from the date the first insurance application is submitted to the insurer, the insurance producer shall immediately discontinue acting as an insurance producer on behalf of that insurer until the acknowledgment is received or the agency contract is executed.

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and circumstances.

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(5) Any information, documents, records, or other data provided pursuant to this section is privileged, and there is no liability on the part of nor may a cause of action of any nature arise against the insurance department, the insurance company, or an authorized representative of either so long as the privileged information is furnished in good faith."

NEW SECTION. **Section 5.** Effective date. [This act] is effective July 1, 1994.

-End-

1 *Senate* BILL NO. *14*
2 INTRODUCED BY *Christina Kennedy*
3 BY REQUEST OF THE STATE AUDITOR AND THE
4 OFFICE OF BUDGET AND PROGRAM PLANNING
5 *Speccer*
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13	(i) application for original license, including	
14	issuance of license, if issued	100.00
15	(ii) appointment of insurance producer, each insurer,	
16	<u>electronically filed</u>	10.00
17	(iii) appointment of insurance producer, each insurer,	
18	<u>nonelectronically filed</u>	15.00
19	+ iii + (iv) annual renewal of license	10.00
20	+ iv + (v) amendment of license (excluding additions to	
21	license) or reissuance of master license	15.00
22	(vi) termination of insurance producer, each insurer,	
23	<u>electronically filed</u>	10.00
24	(vii) termination of insurance producer, each insurer,	
25	<u>nonelectronically filed</u>	15.00

1	(g) examination, if administered by the commissioner,	
2	for license as insurance producer, each examination	
3	.....	15.00
4	(h) surplus lines insurance producer license:	
5	(i) application for original license and for issuance	
6	of license, if issued	50.00
7	(ii) annual renewal of license	50.00
8	(i) adjuster's license:	
9	(i) application for original license and for issuance	
10	of license, if issued	15.00
11	(ii) annual renewal of license	15.00
12	(j) insurance vending machine license, each machine,	
13	each year	10.00
14	(k) commissioner's certificate under seal (except when	
15	on certificates of authority or licenses)	10.00
16	(l) copies of documents on file in the commissioner's	
17	office, per page .....	.50
18	(m) policy forms:	
19	(i) filing each policy form	25.00
20	(ii) filing each application, certificate, enrollment	
21	form, rider, endorsement, amendment, insert page, schedule	
22	of rates, and clarification of risks	10.00
23	(iii) maximum charge if policy and all forms submitted	
24	at one time or resubmitted for approval within 180 days	
25	.....	100.00

(n) applications for approval of prelicensing education courses:

- (i) reviewing initial application 150.00
- (ii) periodic review 50.00

(2) The commissioner shall establish by rule fees commensurate with costs for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205.

(3) The commissioner shall establish by rule an annual accreditation fee to be paid by each domestic and foreign insurer when it submits a fee for annual continuation of its certificate of authority.

(4) (a) Except as provided in subsection (4)(b), the commissioner shall promptly deposit with the state treasurer to the credit of the general fund of this state all fines and penalties, those amounts received pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees and examination and miscellaneous charges that are collected by the commissioner pursuant to Title 33 and the rules adopted under Title 33, except that all fees for filing documents and conducting the course reviews required by 33-17-1204 and 33-17-1205 must be deposited in the state special revenue fund pursuant to 33-17-1207.

(b) The accreditation fee required by subsection (3) must be turned over promptly to the state treasurer who shall deposit the money in the state special revenue fund to

the credit of the commissioner's office. The accreditation fee funds must be used only to pay the expenses of the commissioner's office in discharging the administrative and regulatory duties that are required to meet the minimum financial regulatory standards established by the national association of insurance commissioners, subject to the applicable laws relating to the appropriation of state funds and to the deposit and expenditure of money. The commissioner is responsible for the proper expenditure of the accreditation money.

(5) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded."

Section 2. Section 33-17-231, MCA, is amended to read:

"33-17-231. Appointment of insurance producers -- continuation and termination. (1) Each insurer appointing an insurance producer in this state shall file with the commissioner the appointment, specifying the kinds of insurance to be transacted by the insurance producer for the insurer, and pay the fee as stated in 33-2-708. The appointment may be electronically filed pursuant to rules adopted by the commissioner.

(2) Each appointment remains in effect until the insurance producer's license is revoked or otherwise terminated unless written notice of earlier termination of

1 the appointment is filed with the commissioner by the
 2 insurer or the insurance producer. The written notice may be
 3 electronically filed pursuant to rules adopted by the
 4 commissioner. Termination of the insurer's authority in
 5 Montana also terminates the appointment.

6 (3) Subject to the insurance producer's contract
 7 rights, an insurer may terminate an insurance producer's
 8 appointment at any time. The insurer shall promptly give
 9 written notice of the termination to the commissioner and to
 10 the insurance producer. The commissioner may require
 11 reasonable proof that the insurer has given notice to the
 12 insurance producer.

13 (4) As part of the notice of termination given the
 14 commissioner, the insurer shall file with the commissioner a
 15 statement of the facts relative to the termination and the
 16 cause of termination. Any information or statement contained
 17 in the notice of termination is not admissible as evidence
 18 in any action or proceeding against the insurer or any
 19 representative of the insurer by or on behalf of any person
 20 affected by the termination."

21 **Section 3.** Section 33-17-236, MCA, is amended to read:

22 "33-17-236. **Appointments of insurance producers by**
 23 **insurers.** (1) An insurance producer may not claim to be a
 24 representative of or an authorized or appointed insurance
 25 producer of or use another term implying a contractual

1 relationship with a particular insurer and may not accept
 2 applications for the insurer unless the insurance producer
 3 becomes an appointed insurance producer of that insurer
 4 pursuant to this section. The following are the appointing
 5 insurer's requirements for making appointment of a licensed
 6 insurance producer:

7 (a) The insurer shall, no later than 15 days from the
 8 date the agency contract is executed or the first insurance
 9 application is submitted by a licensed insurance producer,
 10 whichever is earlier, file with the insurance department a
 11 written notice of appointment on a form prescribed by the
 12 insurance department. The notice may be electronically filed
 13 pursuant to rules adopted by the commissioner.

14 (b) If there is no executed agency contract, the
 15 insurer shall mail to the licensed insurance producer, no
 16 later than 15 days from the date the first insurance
 17 application is submitted by him, a copy of the notice of
 18 appointment form filed with the insurance department. If the
 19 licensed insurance producer does not receive the
 20 acknowledgment of appointment from the insurer within 30
 21 days from the date the first insurance application is
 22 submitted to the insurer, the insurance producer shall
 23 immediately discontinue acting as an insurance producer on
 24 behalf of that insurer until the acknowledgment is received
 25 or the agency contract is executed.

(2) Upon receipt of the notice of appointment, the insurance department shall verify within 5 working days that the licensed insurance producer is eligible for appointment. If the licensed insurance producer is determined to be ineligible for appointment, the insurance department shall notify the insurer within 5 days of the determination.

(3) An appointment is effective on the date of the executed contract and is perpetual until canceled by the insurer."

Section 4. Section 33-17-237, MCA, is amended to read:

"33-17-237. Notification of violation or appointment termination. (1) Upon the termination of an appointed insurance producer by an insurer, the insurer shall notify the insurance department within 30 days in the manner prescribed by the insurance department, which may include electronic filing.

(2) If the reason for the termination is any of the causes listed in 33-17-1001 or 33-25-301, the insurer shall immediately notify the insurance department of the reason.

(3) Whenever an insurance company or an employee or representative of the company has reasonable cause to believe that a person has violated 33-17-1001 or 33-25-301, it is the duty of that entity, upon acquiring the knowledge, to notify the insurance department and provide the insurance department with a complete statement of all relevant facts

and circumstances.

(4) The insurer, employee, or representative shall, upon request of the insurance department, provide information, documents and records, or other data pertaining to the alleged violation or termination that may be used by the insurance department in any action taken pursuant to Title 33, chapter 17, part 10.

(5) Any information, documents, records, or other data provided pursuant to this section is privileged, and there is no liability on the part of nor may a cause of action of any nature arise against the insurance department, the insurance company, or an authorized representative of either so long as the privileged information is furnished in good faith."

NEW SECTION. **Section 5.** Effective date. [This act] is effective July 1, 1994.

-End-

SENATE BILL NO. 14

INTRODUCED BY CHRISTIAENS, KENNEDY, DOWELL, SQUIRES

BY REQUEST OF THE STATE AUDITOR AND THE

OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR
ELECTRONIC FILING OF THE APPOINTMENT AND TERMINATION OF
INSURANCE PRODUCERS; ESTABLISHING ELECTRONIC AND
NONELECTRONIC FILING FEES; AMENDING SECTIONS 33-2-708,
33-17-231, 33-17-236, AND 33-17-237, MCA; AND PROVIDING AN
EFFECTIVE DATE."

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

Section 1. Section 33-2-708, MCA, is amended to read:

"33-2-708. Fees and licenses. (1) Except as provided in
33-17-212(2), the commissioner shall collect in advance and
the persons served shall pay to the commissioner the
following fees:

(a) certificates of authority:

(i) for filing applications for original certificates
of authority, articles of incorporation (except original
articles of incorporation of domestic insurers as provided
in subsection (1)(b)) and other charter documents, bylaws,
financial statement, examination report, power of attorney
to the commissioner, and all other documents and filings

required in connection with the application and for issuance
of an original certificate of authority, if issued:

(A) domestic insurers \$ 600.00

(B) foreign insurers 600.00

(ii) annual continuation of certificate of authority
..... 600.00

(iii) reinstatement of certificate of authority
..... 25.00

(iv) amendment of certificate of authority 50.00

(b) articles of incorporation:

(i) filing original articles of incorporation of a
domestic insurer, exclusive of fees required to be paid by
the corporation to the secretary of state 20.00

(ii) filing amendment of articles of incorporation,
domestic and foreign insurers, exclusive of fees required to
be paid to the secretary of state by a domestic corporation
..... 25.00

(c) filing bylaws or amendment to bylaws where when
required 10.00

(d) filing annual statement of insurer, other than as
part of application for original certificate of authority
..... 25.00

(e) insurance producer's license:

(i) application for original license, including
issuance of license, if issued 15.00

1	(ii) appointment of insurance producer, each insurer,	
2	<u>electronically filed</u>	10.00
3	(iii) appointment of insurance producer, each insurer,	
4	<u>nonelectronically filed</u>	15.00
5	(iii) (iv) temporary license	15.00
6	(iv) (v) amendment of license (excluding additions to	
7	license) or reissuance of master license	15.00
8	(vi) termination of insurance producer, each insurer,	
9	<u>electronically filed</u>	10.00
10	(vii) termination of insurance producer, each insurer,	
11	<u>nonelectronically filed</u>	15.00
12	(f) nonresident insurance producer's license:	
13	(i) application for original license, including	
14	issuance of license, if issued	100.00
15	(ii) appointment of insurance producer, each insurer,	
16	<u>electronically filed</u>	10.00
17	(iii) appointment of insurance producer, each insurer,	
18	<u>nonelectronically filed</u>	15.00
19	(iii) (iv) annual renewal of license	10.00
20	(iv) (v) amendment of license (excluding additions to	
21	license) or reissuance of master license	15.00
22	(vi) termination of insurance producer, each insurer,	
23	<u>electronically filed</u>	10.00
24	(vii) termination of insurance producer, each insurer,	
25	<u>nonelectronically filed</u>	15.00

1	(g) examination, if administered by the commissioner,	
2	for license as insurance producer, each examination	
3	.....	15.00
4	(h) surplus lines insurance producer license:	
5	(i) application for original license and for issuance	
6	of license, if issued	50.00
7	(ii) annual renewal of license	50.00
8	(i) adjuster's license:	
9	(i) application for original license and for issuance	
10	of license, if issued	15.00
11	(ii) annual renewal of license	15.00
12	(j) insurance vending machine license, each machine,	
13	each year	10.00
14	(k) commissioner's certificate under seal (except when	
15	on certificates of authority or licenses)	10.00
16	(l) copies of documents on file in the commissioner's	
17	office, per page .....	.50
18	(m) policy forms:	
19	(i) filing each policy form	25.00
20	(ii) filing each application, certificate, enrollment	
21	form, rider, endorsement, amendment, insert page, schedule	
22	of rates, and clarification of risks	10.00
23	(iii) maximum charge if policy and all forms submitted	
24	at one time or resubmitted for approval within 180 days	
25	.....	100.00

1 (n) applications for approval of prelicensing education
2 courses:

3 (i) reviewing initial application 150.00

4 (ii) periodic review 50.00

5 (2) The commissioner shall establish by rule fees
6 commensurate with costs for filing documents and conducting
7 the course reviews required by 33-17-1204 and 33-17-1205.

8 (3) The commissioner shall establish by rule an annual
9 accreditation fee to be paid by each domestic and foreign
10 insurer when it submits a fee for annual continuation of its
11 certificate of authority.

12 (4) (a) Except as provided in subsection (4)(b), the
13 commissioner shall promptly deposit with the state treasurer
14 to the credit of the general fund of this state all fines
15 and penalties, those amounts received pursuant to 33-2-311,
16 33-2-705, and 33-2-706, and any fees and examination and
17 miscellaneous charges that are collected by the commissioner
18 pursuant to Title 33 and the rules adopted under Title 33,
19 except that all fees for filing documents and conducting the
20 course reviews required by 33-17-1204 and 33-17-1205 must be
21 deposited in the state special revenue fund pursuant to
22 33-17-1207.

23 (b) The accreditation fee required by subsection (3)
24 must be turned over promptly to the state treasurer who
25 shall deposit the money in the state special revenue fund to

1 the credit of the commissioner's office. The accreditation
2 fee funds must be used only to pay the expenses of the
3 commissioner's office in discharging the administrative and
4 regulatory duties that are required to meet the minimum
5 financial regulatory standards established by the national
6 association of insurance commissioners, subject to the
7 applicable laws relating to the appropriation of state funds
8 and to the deposit and expenditure of money. The
9 commissioner is responsible for the proper expenditure of
10 the accreditation money.

11 (5) All fees are considered fully earned when received.
12 In the event of overpayment, only those amounts in excess of
13 \$10 will be refunded."

14 **Section 2.** Section 33-17-231, MCA, is amended to read:

15 "33-17-231. **Appointment of insurance producers --**
16 **continuation and termination.** (1) Each insurer appointing an
17 insurance producer in this state shall file with the
18 commissioner the appointment, specifying the kinds of
19 insurance to be transacted by the insurance producer for the
20 insurer, and pay the fee as stated in 33-2-708. The
21 appointment may be electronically filed pursuant to rules
22 adopted by the commissioner.

23 (2) Each appointment remains in effect until the
24 insurance producer's license is revoked or otherwise
25 terminated unless written notice of earlier termination of

the appointment is filed with the commissioner by the insurer or the insurance producer. The written notice may be electronically filed pursuant to rules adopted by the commissioner. Termination of the insurer's authority in Montana also terminates the appointment.

(3) Subject to the insurance producer's contract rights, an insurer may terminate an insurance producer's appointment at any time. The insurer shall promptly give written notice of the termination to the commissioner and to the insurance producer. The commissioner may require reasonable proof that the insurer has given notice to the insurance producer.

(4) As part of the notice of termination given the commissioner, the insurer shall file with the commissioner a statement of the facts relative to the termination and the cause of termination. Any information or statement contained in the notice of termination is not admissible as evidence in any action or proceeding against the insurer or any representative of the insurer by or on behalf of any person affected by the termination."

Section 3. Section 33-17-236, MCA, is amended to read:

"33-17-236. **Appointments of insurance producers by insurers.** (1) An insurance producer may not claim to be a representative of or an authorized or appointed insurance producer of or use another term implying a contractual

relationship with a particular insurer and may not accept applications for the insurer unless the insurance producer becomes an appointed insurance producer of that insurer pursuant to this section. The following are the appointing insurer's requirements for making appointment of a licensed insurance producer:

(a) The insurer shall, no later than 15 days from the date the agency contract is executed or the first insurance application is submitted by a licensed insurance producer, whichever is earlier, file with the insurance department a written notice of appointment on a form prescribed by the insurance department. The notice may be electronically filed pursuant to rules adopted by the commissioner.

(b) If there is no executed agency contract, the insurer shall mail to the licensed insurance producer, no later than 15 days from the date the first insurance application is submitted by him, a copy of the notice of appointment form filed with the insurance department. If the licensed insurance producer does not receive the acknowledgment of appointment from the insurer within 30 days from the date the first insurance application is submitted to the insurer, the insurance producer shall immediately discontinue acting as an insurance producer on behalf of that insurer until the acknowledgment is received or the agency contract is executed.

(2) Upon receipt of the notice of appointment, the insurance department shall verify within 5 working days that the licensed insurance producer is eligible for appointment. If the licensed insurance producer is determined to be ineligible for appointment, the insurance department shall notify the insurer within 5 days of the determination.

(3) An appointment is effective on the date of the executed contract and is perpetual until canceled by the insurer."

Section 4. Section 33-17-237, MCA, is amended to read:

"33-17-237. Notification of violation or appointment termination. (1) Upon the termination of an appointed insurance producer by an insurer, the insurer shall notify the insurance department within 30 days in the manner prescribed by the insurance department, which may include electronic filing.

(2) If the reason for the termination is any of the causes listed in 33-17-1001 or 33-25-301, the insurer shall immediately notify the insurance department of the reason.

(3) Whenever an insurance company or an employee or representative of the company has reasonable cause to believe that a person has violated 33-17-1001 or 33-25-301, it is the duty of that entity, upon acquiring the knowledge, to notify the insurance department and provide the insurance department with a complete statement of all relevant facts

and circumstances.

(4) The insurer, employee, or representative shall, upon request of the insurance department, provide information, documents and records, or other data pertaining to the alleged violation or termination that may be used by the insurance department in any action taken pursuant to Title 33, chapter 17, part 10.

(5) Any information, documents, records, or other data provided pursuant to this section is privileged, and there is no liability on the part of nor may a cause of action of any nature arise against the insurance department, the insurance company, or an authorized representative of either so long as the privileged information is furnished in good faith."

NEW SECTION. Section 5. Effective date. [This act] is effective July 1, 1994.

-End-