

House BILL NO. *457*

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INTRODUCED BY *Adams*
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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING INSURERS TO NOTIFY THEIR CUSTOMERS BY CERTIFIED MAIL OF ANY UPCOMING POLICY CANCELLATION OR NONRENEWAL; AND AMENDING SECTIONS 33-15-1103, 33-15-1105, 33-15-1107, AND 33-23-401, MCA."

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

Section 1. Section 33-15-1103, MCA, is amended to read:

"33-15-1103. Midterm cancellation. (1) An insurer may not cancel an insurance policy before either the expiration of the agreed term or 1 year from the effective date of the policy or renewal date, whichever is less, except:

- (a) for reasons specifically allowed by statute;
- (b) for failure to pay a premium when due; or
- (c) on grounds stated in the policy ~~which~~ that pertain to the following:
 - (i) material misrepresentation;
 - (ii) substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk when the contract was written;
 - (iii) substantial breaches of contractual duties, conditions, or warranties;
 - (iv) determination by the commissioner that continuation of the policy would place the insurer in violation of this code;
 - (v) financial impairment of the insurer; or
 - (vi) any other reason approved by the commissioner.

(2) Cancellation under subsection (1) is not effective until 10 days after a notice of cancellation is either delivered to the insured or mailed to the insured by certified mail with a return receipt requested.

(3) Subsections (1) and (2) do not apply to a newly issued insurance policy if the policy has been in effect less than 60 days at the time that the notice of cancellation is mailed or delivered. ~~No~~ A cancellation under this subsection is not effective until 10 days after the notice is delivered to the insured or mailed to the insured by certified mail with a return receipt requested.



HB457
INTRODUCED BILL

1 (4) If a policy has been issued for a term longer than 1 year and if either the premium is prepaid
2 or an agreed term is guaranteed for additional premium consideration, the insurer may not cancel the policy
3 except:

4 (a) for reasons specifically allowed by statute;

5 (b) for failure to pay a premium when due; or

6 (c) on grounds stated in the policy ~~which~~ that pertain to those grounds listed in subsection (1)(c)."
7

8 **Section 2.** Section 33-15-1105, MCA, is amended to read:

9 **"33-15-1105. Nonrenewal -- renewal premium.** (1) An insured has a right to reasonable notice of
10 nonrenewal. Unless otherwise provided by statute or unless a longer term is provided in the policy, at least
11 30 days prior to the expiration date provided in the policy, an insurer who does not intend to renew a policy
12 beyond the agreed expiration date shall send by certified mail with a return receipt requested or deliver to
13 the insured a notice of ~~such~~ the insurer's intention. The insurer shall also mail or deliver a copy to the
14 insured's insurance producer.

15 (2) An insurer shall give notice of the premium due not more than 60 days or less than 10 days
16 before the due date of a renewal premium. The notice must clearly state the effect of nonpayment of the
17 premium on or before the due date.

18 (3) Subsections (1) and (2) do not apply if:

19 (a) the insured has obtained insurance elsewhere, has accepted replacement coverage, or has
20 requested or agreed to nonrenewal; or

21 (b) the policy is expressly designated as nonrenewable."
22

23 **Section 3.** Section 33-15-1107, MCA, is amended to read:

24 **"33-15-1107. Information about grounds for nonrenewal.** (1) If an insured questions the facts
25 upon which an insurer's decision to cancel or not renew is based, the insurer shall send by certified mail
26 with a return receipt requested or deliver ~~such~~ the information to the insured within 15 working days of
27 receiving a written request from the insured. A notice is not effective unless it contains adequate
28 information about the insured's right to make the request.

29 (2) This section does not apply if the ground for cancellation or nonrenewal is nonpayment of the
30 premium and the notice so states."

