

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 BY REQUEST OF THE DEPARTMENT OF COMMERCE

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6 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING REAL ESTATE OR TIMESHARE BROKERS OR SALES
7 PERSONS WHO ARE LICENSED UNDER TITLE 37, CHAPTER 51, PART 3, OR TITLE 37, CHAPTER 53,
8 PART 3, TO OBTAIN ERRORS AND OMISSIONS INSURANCE COVERAGE; AND PROVIDING AN
9 APPLICABILITY DATE."

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

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13 NEW SECTION. **Section 1. Errors and omissions coverage -- rulemaking.** (1) Effective January
14 1, 2002, all persons actively licensed under this part must be insured for errors and omissions coverage
15 for all activities contemplated under this chapter.

16 (2) The board shall contract with an insurer for a group policy that provides errors and omissions
17 coverage for all persons actively licensed under this part. The board may negotiate for terms of the
18 contract that the board considers necessary or beneficial. Administration of this insurance requirement
19 must accommodate a multiple-year licensing structure.

20 (3) A person licensed under this part may obtain insurance coverage that is independent of the
21 coverage provided in subsection (2) as long as the coverage complies with the minimum requirements
22 established by the board. Each person licensed under this part who elects to not participate in the group
23 policy administered by the board shall annually, on a date determined by the board, submit a certification
24 of coverage that demonstrates compliance with the coverage requirements established by the board. The
25 board shall review the certifications of coverage for compliance with coverage requirements.

26 (4) The board shall establish by rule the terms and conditions of coverage required under this
27 section. All persons licensed under this part must be notified of the required terms and conditions at least
28 30 days prior to the insurance renewal date.

29 (5) A person licensed under this part who fails to pay premiums to the group policy or to submit
30 a certification of coverage prior to the renewal deadline must be placed on inactive status immediately

1 following the renewal deadline, and the person is subject to all reactivation requirements required by the
2 board.

3 (6) If the board is unable for any reason to obtain a group errors and omissions policy, the errors
4 and omissions insurance requirement established in this section does not apply to any person licensed
5 under this part for that period of time that the board is unable to obtain the group policy.

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7 NEW SECTION. Section 2. Codification instruction. (1) [Section 1] is intended to be codified as
8 an integral part of Title 37, chapter 51, part 3, and the provisions of Title 37, chapter 51, part 3, apply
9 to [section 1].

10 (2) [Section 1] is intended to be codified as an integral part of Title 37, chapter 53, part 3, and
11 the provisions of Title 37, chapter 53, part 3, apply to [section 1].

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13 NEW SECTION. Section 3. Applicability. [This act] applies to all persons who are required to be
14 licensed under Title 37, chapter 51, part 3, or Title 37, chapter 53, part 3, on or after January 1, 2002.

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