

## 1 SENATE BILL NO. 389

2 INTRODUCED BY J. COBB

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE IMPLEMENTATION OF A CROP  
 5 INSURANCE PROGRAM THAT MAY INCLUDE FIRE INSURANCE AS AN OPTION WHEN PROVIDING HAIL  
 6 INSURANCE FOR CROPS; AND AMENDING SECTIONS 2-15-3003, 80-2-201, 80-2-202, 80-2-203,  
 7 80-2-204, 80-2-205, 80-2-206, 80-2-207, 80-2-208, 80-2-209, 80-2-221, 80-2-222, 80-2-226,  
 8 80-2-227, 80-2-228, 80-2-229, 80-2-230, 80-2-231, 80-2-232, 80-2-241, 80-2-242, 80-2-243,  
 9 80-2-244, AND 80-2-245, MCA."

10

11 WHEREAS, the state Board of Hail Insurance has authority, as originally enacted by the Legislature  
 12 in 1917, to provide hail insurance to agriculture producers who seek to purchase this service from the  
 13 State of Montana; and

14 WHEREAS, recent fire events affecting producers of agricultural commodities suggest that it may  
 15 be in their best interest to have, in addition to or as an option to hail insurance, the ability to purchase fire  
 16 insurance for crops; and

17 WHEREAS, the Legislature of the State of Montana finds it advisable to grant authority to the state  
 18 Board of Hail Insurance to consider the addition of fire insurance for crops if, in the Board's judgment, the  
 19 demand exists and the costs of providing fire insurance for crops are reasonable.

20

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

22

23 **Section 1.** Section 2-15-3003, MCA, is amended to read:

24 **"2-15-3003. Board of hail and fire insurance.** (1) There is a 5-member board of hail and fire  
 25 insurance ~~of five members~~ consisting of the state auditor, the director of agriculture, who is secretary of  
 26 the board, and three other members to be appointed by the governor and confirmed by the senate.

27 (2) The governor shall designate one of the appointive members to act as ~~chairman~~ presiding  
 28 officer of the board.

29 (3) Whenever the term of any member expires, either by death, resignation, removal for cause,  
 30 or expiration of ~~his~~ the member's term of office, the governor shall appoint ~~his~~ a successor and shall also

1 appoint one of the board for ~~chairman~~ presiding officer in case of a vacancy in that office.

2 (4) Each appointive member of the board ~~shall~~ must be appointed for 3 years, except when ~~such~~  
3 the appointment is made to fill a vacancy on the board, in which event ~~such~~ the appointee shall fill out the  
4 unexpired term of the member whose place ~~he fills~~ is being filled.

5 (5) All members of the board ~~shall be~~ are subject to removal for cause by the governor.

6 (6) The board is allocated to the department of agriculture for administrative purposes only as  
7 prescribed in 2-15-121. The department may charge the board for services provided by the department  
8 pursuant to 2-15-121. The costs charged by the department must be commensurate with the cost of the  
9 services provided."

10

11 **Section 2.** Section 80-2-201, MCA, is amended to read:

12 **"80-2-201. Powers and duties of board of hail and fire insurance.** The board of hail and fire  
13 insurance provided for in 2-15-3003:

14 (1) shall hold meetings when necessary ~~and essential~~ for the ~~proper~~ conduct of its business;

15 (2) ~~is hereby authorized, directed, and empowered to make~~ may adopt rules ~~as it may from time~~  
16 ~~to time find practical, necessary, and beneficial~~ for the administration of this part;

17 (3) shall prescribe blank forms for all purposes necessary, proper, and incidental to the effective  
18 operation and enforcement of this part; and

19 (4) shall use any appropriate means of communication to inform Montana producers of the  
20 purposes, scope, and benefits of this part in furnishing protection against loss by hail or fire at the actual  
21 cost of the risk to all ~~taxpayers~~ persons who may elect to become subject to the provisions of this part."

22

23 **Section 3.** Section 80-2-202, MCA, is amended to read:

24 **"80-2-202. Compensation of ~~chairman~~ presiding officer and officers.** (1) The appointed members  
25 of the board of hail and fire insurance ~~shall~~ must receive a per diem of \$25 for each day they are engaged  
26 in the transaction of official business.

27 (2) All board members and employees ~~shall~~ must be allowed expenses as provided in 2-18-501  
28 through 2-18-503.

29 (3) All other public officials specified in this chapter shall perform the duties relative to hail or fire  
30 insurance without other compensation than that allowed by law."

1

2 **Section 4.** Section 80-2-203, MCA, is amended to read:

3 **"80-2-203. Participation in program -- tax.** (1) A ~~taxpayer~~ person or an association of ~~taxpayers~~  
4 persons engaged in the growing of crops other than those specified in this part or other agricultural or  
5 horticultural products subject to injury or destruction by hail or fire may, by individual or joint election filed  
6 with and approved by the board of hail and fire insurance, accept the provisions of this part and elect to  
7 become subject to this part. The risks may be classified by the board, and suitable levies may be imposed  
8 as agreed upon by the board and the ~~taxpayers~~ persons. The ~~taxpayers~~ persons are entitled to the benefits  
9 and protection afforded by the insurance provisions of this part.

10 (2) Each ~~farmer taxpayer~~ person who signifies a desire to become subject to the provisions of this  
11 part shall file with the department of revenue the properly filled out form not later than August 15. The  
12 ~~taxpayer~~ person is chargeable with the tax provided for on lands growing crops subject to injury or  
13 destruction by hail or fire and shall share in the protection and benefits under the hail or fire insurance  
14 provisions of this part. The application for hail or fire insurance is in full force and effect at 12:01 a.m. the  
15 day immediately following the acceptance of the application by the department of revenue.

16 (3) This part may not be construed to empower anyone except the actual owner of the land to  
17 make the land subject to the hail or fire tax provided in this part."  
18

18

19 **Section 5.** Section 80-2-204, MCA, is amended to read:

20 **"80-2-204. Duty of department of revenue -- election of benefits of law.** The department of  
21 revenue shall upon request explain to each ~~taxpayer~~ person engaged in the growing of crops subject to  
22 injury or destruction by hail or fire the provisions of this part. The department of revenue shall issue hail  
23 or fire insurance policies to each ~~taxpayer~~ person who desires to become subject to this part, to become  
24 liable for the tax levies provided in this part, and to be eligible for the benefits and protection of this part.  
25 A ~~taxpayer~~ person who elects to become subject to this part is liable for the taxes levied for hail or fire  
26 insurance and shall participate in the benefits and protection afforded by this part. ~~Either the~~ The owners  
27 of lands worked by others under lease or contract may make the election for hail or fire insurance, or the  
28 lessee of the land may tender payment, in cash, of the tax levied for hail or fire insurance ~~to protect the~~  
29 ~~lessee's crops, in cash,~~ to the officer authorized to receive payment."  
30

1           **Section 6.** Section 80-2-205, MCA, is amended to read:

2           **"80-2-205. What crops subject to provisions of law.** The crops grown on the lands of all  
3 ~~taxpayers~~ persons who ~~shall~~ elect to become subject to this part ~~shall~~ must be insured under the provisions  
4 of this part for the acreage and the kind of crop for which taxes for hail or fire insurance ~~will~~ have been  
5 levied, ~~which~~ The insurance ~~shall~~ must be provided for, determined, and adjusted and paid for as provided  
6 by this part."

7

8           **Section 7.** Section 80-2-206, MCA, is amended to read:

9           **"80-2-206. Cash payment.** When an applicant for hail or fire insurance tenders cash for the  
10 insurance to the department of revenue, the applicant is allowed a discount of 4%. The hail or fire  
11 insurance must be issued upon the cash payment less the 4%. The charge for the insurance must be based  
12 on the maximum rates shown on the application for hail or fire insurance. If the current rates are reduced  
13 later, the board of hail and fire insurance shall arrange for the proper refund to the insured. All cash  
14 received by the department of revenue must be promptly turned over to the county treasurer, who shall  
15 furnish the insured with a current receipt and place the money in the hail and fire insurance fund."

16

17           **Section 8.** Section 80-2-207, MCA, is amended to read:

18           **"80-2-207. Delinquent taxes -- application by delinquent -- crop lien.** (1) An owner of land who  
19 has more than 1 year's delinquent taxes on the land may not be allowed hail or fire insurance under the  
20 provisions of this part, unless the owner's application is accompanied by a cash payment for the amount  
21 that would be due on the application in the event of a maximum levy for that year.

22           (2) Any grain grower unable to secure state hail or fire insurance under the provisions of this part  
23 because of delinquent taxes or for other reasons may make an application to the department of revenue,  
24 and the department of revenue may receive and accept the ~~applications~~ application when the applicant  
25 furnishes a sufficient crop lien that is subject only to a seed lien. The crop lien may be accepted only under  
26 rules and requirements that may be prescribed by the board of hail and fire insurance and under the  
27 provision that the board may cancel any hail or fire insurance accepted in violation of the rules and  
28 requirements. Upon receipt of the application, the department of revenue shall make a record of the  
29 application and shall file the original in the office of the clerk and recorder of the county. The department  
30 of revenue shall also cause an assessment for the proper amount to be made on the property tax record

1 in the same manner provided for in the case of other special levies or assessments.

2 (3) A tenant who has delinquent hail or fire insurance that was secured by a crop lien ~~only~~ and  
3 was not secured by real estate may not be allowed another policy in any succeeding year until the  
4 delinquent account or accounts are paid or until the tenant pays cash for the current hail or fire insurance.

5 (4) If a tenant becomes delinquent for hail or fire insurance after having failed to apply for relief  
6 as provided by the board under 80-2-229, the tenant may apply to the board for a reduction. If the reasons  
7 for requesting a reduction are approved by the board, the board may reduce the charge to not less than  
8 one-half the original amount charged."

9

10 **Section 9.** Section 80-2-208, MCA, is amended to read:

11 "**80-2-208. Maximum insurance.** When the reserve fund is determined actuarially sound, as  
12 provided in 80-2-228, the board of hail and fire insurance may write not more than \$24 insurance on each  
13 acre of grain ~~which that~~ is on nonirrigated land and not more than \$48 ~~per an~~ acre on irrigated land. When  
14 more than one party desires hail or fire insurance on the same crop, each party is entitled to the share of  
15 the maximum provided ~~per on each~~ acre as represented by ~~his the party's~~ interest in the crop. Either party  
16 may insure ~~his a~~ share in the crop for any amount up to and including the maximum ~~per on each~~ acre if  
17 the others waive their right to insure."

18

19 **Section 10.** Section 80-2-209, MCA, is amended to read:

20 "**80-2-209. Reinsurance.** Because of the unusual or unexpected variation in the severity of damage  
21 to grain crops ~~which occur~~ that occurs from year to year and in order to enable the board of hail and fire  
22 insurance ~~board~~ to spread the effect of these variations more evenly over all years, the board is ~~hereby~~  
23 ~~authorized to~~ may negotiate for and ~~to~~ secure reinsurance of a part of the risk in any year when the need  
24 ~~of such for~~ reinsurance appears advisable to the board. The board is ~~hereby authorized to~~ may use ~~moneys~~  
25 money from hail or fire insurance levies for the purchase of ~~such~~ reinsurance whenever it appears to the  
26 board that ~~such~~ reinsurance is necessary and advisable."

27

28 **Section 11.** Section 80-2-221, MCA, is amended to read:

29 "**80-2-221. Tax for hail or fire insurance.** (1) A tax is ~~hereby~~ authorized and directed to be levied  
30 on all lands in this state growing crops subject to injury or destruction by hail or fire, the owners of which

1 have elected to become subject to the provisions of this part.

2 (2) The board of hail and fire insurance shall annually estimate, as accurately as possible, the  
3 amount required to pay all losses, interest on warrants, and costs of administration and shall recommend  
4 a levy to be made on each kind of land respectively, subject to the provisions of this part, to the  
5 department of revenue. The rates recommended to apply on the lands of owners ~~shall~~ must be applied in  
6 the same proportions to the crops of those insured on a personal assessment basis."

7

8 **Section 12.** Section 80-2-222, MCA, is amended to read:

9 **"80-2-222. Board to establish amount of levy -- disposition of funds.** (1) The board of hail and fire  
10 insurance may, when it considers it advisable, establish as many districts as it considers advisable and may  
11 maintain maximum rates in various parts of the state, ~~which~~ The rates must be commensurate with the  
12 risk incurred as nearly as it can determine from past experiences or from any records available.

13 (2) Notice of the various rates established for any year must be plainly printed on the application  
14 for hail or fire insurance, and the rates for the year must be determined and levied by the board of hail and  
15 fire insurance for each of the various districts as established, in ~~such~~ proportions ~~as~~ that will in ~~its~~ the  
16 board's judgment be fair and equitable.

17 (3) The board of hail and fire insurance ~~has authority to~~ may accept and expend all funds received  
18 by it, including amounts repaid as principal and interest on investments. The funds are statutorily  
19 appropriated, as provided in 17-7-502, to the board ~~of hail insurance~~ for the purposes of this chapter.  
20 Expenditures for actual and necessary expenses required for the efficient administration of this part must  
21 be made from temporary appropriations, as described in 17-7-501(1) or (2), made for that purpose.

22 (4) In making the levy provided in ~~this section and~~ 80-2-223 and this section, the board of hail  
23 and fire insurance shall provide for:

24 (a) the payment of all expenses of administration, together with all interest owed or to be owing  
25 on registered warrants;

26 (b) that portion of the losses incurred during the current year that are not paid from funds drawn  
27 from the reserve;

28 (c) the maintenance of the reserve, a part or all of which may be used in any ~~one~~ 1 year for the  
29 purpose of paying the costs of administration, interest on the warrants, and losses as settled and adjusted  
30 by the board, including the losses sustained in any prior year or years under the hail and fire insurance law

1 that have not been paid.

2 (5) If at the end of any hail or fire insurance season the board of hail and fire insurance determines  
3 that more funds are accumulating from the current year's levies than were estimated when the levy was  
4 made and are in excess of the need for the payment of losses and expenses and maintenance of the  
5 reserve, the board may, at its discretion, refund the excess to the ~~farmers~~ persons insured for the year,  
6 on a pro rata or percentage basis.

7 (6) The board of hail and fire insurance may direct the board of investments to invest funds from  
8 the enterprise fund pursuant to the provisions of the unified investment program for state funds. The  
9 income from the investments must be credited to the board ~~of hail insurance~~ account in the enterprise  
10 fund."

11

12 **Section 13.** Section 80-2-226, MCA, is amended to read:

13 **"80-2-226. Crop lien -- when created -- assessment.** (1) In addition to the lien created in 80-2-225  
14 on the land of the insured, the levy for ~~such~~ hail or fire insurance ~~shall constitute~~ is a lien on the crops  
15 insured with the exception that the crop lien may not apply to owners of unencumbered land or to the land  
16 or crops of those who pay cash for hail or fire insurance. The applications of these persons may not be  
17 filed with the county clerk and recorded as provided for in 80-2-207. ~~The~~ Except as provided in this  
18 subsection, the crop lien shall must be included in all applications for hail or fire insurance, ~~with the above~~  
19 ~~exceptions,~~ and shall must be enforced, as provided in 80-2-230 and 80-2-231, against all applicable  
20 persons insured ~~except those owning unencumbered land or those who have paid cash for hail insurance.~~

21 (2) All applicants securing hail or fire insurance on crop liens, as ~~heretofore~~ provided ~~shall be in~~  
22 this section, are subject to the same charges per on each acre ~~as provided herein to be~~ that are made on  
23 land."

24

25 **Section 14.** Section 80-2-227, MCA, is amended to read:

26 **"80-2-227. Hail or fire insurance secured by crop lien only.** When any hail or fire insurance issued  
27 under this part is secured by a crop lien only, ~~the said~~ crop lien is ~~hereby declared~~ a first lien on the insured  
28 crop, except ~~only~~ any crop lien ~~which~~ that may have been given to secure the purchase price for the seed  
29 ~~which~~ that was bought and used to plant and produce the insured grain."

30

1           **Section 15.** Section 80-2-228, MCA, is amended to read:

2           **"80-2-228. Reserve fund.** (1) Each year when the board of hail and fire ~~board~~ insurance makes  
3 its annual levy for the payment of current losses, for expenses of administration, and for an addition to  
4 the reserve if conditions permit, it may not increase the levy enough in any year so that the addition to  
5 the reserve will exceed 5% of the maximum risk written for that year.

6           (2) The board may engage the services of a qualified actuary to conduct an actuarial valuation of  
7 the reserve. This valuation ~~shall~~ may include the actuary's determination of the amount of reserve  
8 necessary to absorb all reasonably anticipated catastrophic losses. This amount is the maximum  
9 permissible reserve fund for the next year.

10           (3) The reserve must be deposited in an enterprise fund.

11           (4) The board may not draw on the reserve for any purpose unless the amount required for the  
12 payment of losses for the current year, including interest on warrants and costs of administration, exceeds  
13 the amount of the estimate made by the board for the current year pursuant to 80-2-221."

14

15           **Section 16.** Section 80-2-229, MCA, is amended to read:

16           **"80-2-229. Withdrawal of crop in case of destruction through other means.** When any crop  
17 insured under this part ~~shall have been~~ is destroyed by ~~any other~~ a cause other than hail or fire, the  
18 applicant may, by furnishing the proof required by the board of hail and fire insurance, cause the crop to  
19 be withdrawn from the regular levy of the board for the current year. ~~Such~~ The proof ~~shall~~ must be  
20 submitted to the board ~~of hail insurance~~ in accordance with its rules. ~~Said~~ The rules ~~shall~~ must be plainly  
21 printed on the applications and policies issued by the department. ~~They shall~~ The rules must provide that  
22 the cost for ~~such~~ withdrawn insurance ~~shall~~ must be varied as nearly as practical according to the time  
23 the insurance is in force and according to the risk carried."

24

25           **Section 17.** Section 80-2-230, MCA, is amended to read:

26           **"80-2-230. Collection of levies -- release of lien.** (1) The county treasurer in each county in the  
27 state shall collect all levies made under this part in the same manner as other property taxes are collected  
28 and shall keep all ~~moneys~~ money collected ~~by him or for him~~ for hail or fire insurance in a separate fund  
29 to be known as the hail or fire insurance fund. The county treasurer shall ~~and~~ remit the money ~~same~~ to  
30 the state treasurer in the same manner as provided by law for the remittance of other ~~moneys~~ money due

1 to the state. All county treasurers shall use due diligence in making the collections of the levies provided  
 2 ~~herein for in this part~~. Also the board may furnish assistance needed at any time in making collections or  
 3 may take over the collection of any levy at any time, depositing any collections ~~therefrom~~ with the  
 4 treasurer of the county where the levy ~~therefor~~ was made.

5 (2) All insurance levies, whether levied against land or in the form of special assessments secured  
 6 by crop liens, ~~shall be~~ are payable in full and not in semiannual payments on or before November 30 of  
 7 each year in which ~~such~~ the levies are made.

8 (3) Whenever the amount due on any hail or fire insurance secured by a crop lien is paid, the  
 9 treasurer shall promptly endorse on the lien on file in the office of the county clerk and recorder the  
 10 amount paid ~~thereon~~ with the date of payment, and ~~such~~ the endorsement ~~shall be~~ is a satisfaction and  
 11 release of ~~such~~ the lien."  
 12

13 **Section 18.** Section 80-2-231, MCA, is amended to read:

14 **"80-2-231. Foreclosure of lien.** If the person receiving hail or fire insurance secured by a crop lien  
 15 fails to pay ~~said~~ the insurance to the county treasurer by December 1 of the year in which the crop ~~se~~  
 16 ~~insured~~ is grown, the county treasurer shall on that day or as soon as possible ~~thereafter~~ after that day  
 17 deliver to the sheriff of ~~said~~ the county a full, true, and correct copy of the lien on file in the office of the  
 18 clerk and recorder and ~~such~~ the sheriff ~~must~~ shall immediately demand from the person or persons signing  
 19 ~~such~~ the lien payment of the amount due, ~~thereon and, if the same~~ If the tax is not paid to the sheriff upon  
 20 ~~such~~ demand being made, the sheriff ~~must forthwith~~ shall seize and sell in the manner provided by law for  
 21 the sale of personal property under execution a sufficient amount of grain belonging to ~~such~~ the person  
 22 to pay the amount due for hail or fire insurance, together with interest and costs and expenses of seizure  
 23 and sale."  
 24

25 **Section 19.** Section 80-2-232, MCA, is amended to read:

26 **"80-2-232. State treasurer's duty -- warrants -- transfers to county and state general fund.** (1)  
 27 The state treasurer shall receive all money paid under this part and shall place the money in trust for the  
 28 hail and fire insurance program to the credit of the enterprise fund. All money collected by the board of  
 29 hail and fire insurance must be deposited in the enterprise fund, and all losses must be paid from that fund.  
 30 All other costs are administrative expenses and must be paid from the board's enterprise fund. If registered

1 warrants are presented and there is no money to pay the warrants, the warrants must be registered and  
2 bear interest at the rate of 4% ~~per annum~~ a year until called for payment by the state treasurer.

3 (2) Upon warrants drawn by order of the board, the state treasurer shall pay out of the board's  
4 enterprise fund to the county treasurer of each county, where state hail or fire insurance coverage is in  
5 force, 2% of the gross annual levies made and collected in that county under this part for the use of the  
6 county as the board of county commissioners may determine.

7 (3) Upon authorization from the board of hail and fire insurance, the state treasurer shall transfer  
8 out of the board's enterprise fund to the general fund of the state of Montana 1.5% of the gross annual  
9 levies made and collected in the state of Montana."

10

11 **Section 20.** Section 80-2-241, MCA, is amended to read:

12 **"80-2-241. Report of losses.** All losses by hail or fire to crops insured under this part ~~shall~~ must  
13 be reported within 14 days ~~thereafter~~ by the owner of ~~such~~ the crops, ~~his~~ or the owner's agent or  
14 attorney, to the board of hail and fire insurance, which shall require the claimant to make a statement of  
15 the losses sustained, the cause ~~thereof~~ of the losses, and ~~such~~ other information ~~as~~ that the board may  
16 require on the forms to be provided for ~~such~~ that purpose. If a loss is reported more than 14 days after  
17 it occurs, the board shall charge the claimant for all costs incurred in making the adjustment."

18

19 **Section 21.** Section 80-2-242, MCA, is amended to read:

20 **"80-2-242. Appraisers -- appointment -- qualifications -- duties.** (1) The department of agriculture  
21 shall as soon as practicable each year retain a sufficient number of appraisers to appraise all losses by hail  
22 or fire incurred under this part in the various counties. The persons ~~so~~ appointed ~~shall~~ must be actively  
23 engaged in farming or ~~shall~~ must have had practical experience in farming.

24 (2) The board may call on one or more of the ~~duly~~ appointed appraisers for the adjustment of each  
25 ~~and every~~ loss, and the ~~said~~ appraisers shall promptly report their findings to the board according to the  
26 rules provided by the board.

27 (3) ~~No~~ An appraiser who ~~shall be~~ is a relative, attorney, agent, employee, or creditor or in any  
28 manner interested by lien, mortgage, or otherwise in the crop injured or destroyed ~~shall~~ may not assist in  
29 adjusting any ~~such~~ loss.

30 (4) The board may send any ~~duly~~ appointed appraiser or appraisers into any county as the

1 occasion may require."

2

3 **Section 22.** Section 80-2-243, MCA, is amended to read:

4 **"80-2-243. Disputed appraisal.** (1) ~~In case~~ If the party that has sustained the loss is dissatisfied  
5 with and refuses to accept the adjustment made by the official appraiser, ~~then he~~ the party that sustained  
6 the loss ~~shall have~~ the right to appeal to the board of hail and fire insurance. ~~He~~ The party that  
7 sustained the loss shall make ~~such an~~ appeal by ~~registered or~~ certified mail within 10 days after receiving  
8 the adjustment offer of the board in writing. ~~Also the~~ The board may require the posting of a cash bond  
9 of \$25 with the request for reappraisal of the first adjustment. In cases ~~where~~ in which the board requires  
10 the posting of the \$25 bond, the board may retain ~~the bond~~ if ~~no an~~ increase is not allowed. If an  
11 increase is obtained, the board ~~will~~ shall return the bond to the claimant.

12 (2) ~~In case~~ If the adjuster who makes the second appraisal fails to secure an agreement, the  
13 claimant may ~~at his option~~ submit the matter to arbitration as ~~herein~~ provided in this section or sue the  
14 board in the district court of the county where the loss occurred, within 90 days from the date of receipt  
15 of written notice of the second appraisal. ~~Such~~ The actions ~~shall~~ must be ~~trials de novo~~ tried anew, and  
16 the Montana Rules of Civil Procedure ~~shall~~ apply. ~~Where~~ When any claimant demands arbitration, ~~he~~ the  
17 claimant shall, if required by the board, furnish a \$50 cash bond to the board ~~in the sum of \$50~~, which  
18 ~~shall~~ must accompany ~~his~~ the application. If there is not sufficient allowance made to any claimant after  
19 arbitration to cover the cost of arbitration without the use of the \$50 bond, then the board may use a part  
20 or all of ~~said~~ the cash bond. In cases ~~where~~ in which the claimant secures an increase, the bond ~~shall~~ must  
21 be promptly returned to the claimant. If the claimant elects to submit the matter to arbitration, ~~he~~ the  
22 claimant shall then appoint one disinterested person as appraiser and the official appraiser shall appoint  
23 another person as appraiser and the two shall select a third disinterested person and the three shall then  
24 proceed to adjust the loss in the same manner as specified in 80-2-242. The judgment of the majority ~~shall~~  
25 must be the judgment of ~~said~~ the appraisers and ~~shall~~ must be binding upon both parties as the final  
26 determination of ~~said~~ the loss.

27 (3) (a) If the insured person does not recover a greater sum than allowed by the official appraiser  
28 in the first instance, ~~he~~ the insured person shall pay the expenses of the three appraisers and their  
29 witnesses in making ~~said~~ the adjustment, but if ~~he~~ the insured person is awarded a larger sum, then the  
30 expenses of the three appraisers and their witnesses in making the adjustment ~~same~~ shall must be paid

1 by the board.

2 (b) If the insured ~~shall be~~ person is required to pay the expenses of ~~such the~~ reappraisal as  
3 ~~above~~ provided in this section, the board ~~is hereby authorized to~~ may deduct the amount of ~~such the~~  
4 expenses from the amount ~~allowed said~~ awarded to the insured person before making settlement for ~~said~~  
5 the loss.

6 (4) The board shall examine and verify all reports of appraisers ~~and verify the same~~ and adjust all  
7 losses and for ~~such those~~ purposes may order hearings, subpoena witnesses, conduct examinations, and  
8 do all things necessary to secure a fair and impartial appraisal of losses by hail or fire."

9

10 **Section 23.** Section 80-2-244, MCA, is amended to read:

11 **"80-2-244. Payment of losses.** (1) The board of hail and fire insurance shall, as soon as  
12 practicable after the loss has been sustained, arrange for the payment of the loss in the following manner.  
13 From the amount of the loss as adjusted for each claimant, the board shall deduct the amount that the  
14 claimant then owes as delinquent hail or fire insurance tax and the maximum amount assessed as a hail  
15 or fire insurance tax for the current year.

16 (2) The board shall on or before November 1 order payment for the amount ~~so~~ deducted, ~~which~~  
17 The payment ~~shall~~ must be remitted to the county treasurer of the county in which the tax was assessed.  
18 The board shall then order payment for the balance of the adjustment to be sent to the claimant, provided  
19 that ~~in no case may~~ the payment for loss may not exceed \$24 ~~per an~~ acre for grain crops on nonirrigated  
20 lands; or \$48 ~~per an~~ acre on irrigated lands. ~~No A~~ claimant may not receive payment for any loss incurred  
21 ~~where if~~ the loss does not equal or exceed 5% of the total value of the crop insured. If the losses in any  
22 year exceed the current levy plus the reserve, ~~if any~~, then the payment of all losses ~~shall~~ must be prorated;  
23 ~~share and share alike~~, among all grain growers having loss claims adjusted and approved, and the unpaid  
24 balance of the losses ~~shall~~ must be paid out of the reserve without interest in ~~such the~~ order as that the  
25 board directs; ~~when~~, in the judgment of the board, there ~~are is~~ sufficient ~~moneys~~ money to provide for the  
26 payment of the ~~same~~ claims and other items payable out of the reserve. In any year, the board may by  
27 resolution authorize its ~~chairman~~ presiding officer and secretary to borrow ~~as needed from any person,~~  
28 ~~bank, or corporation such sum or sums of money as that~~ the board ~~may consider~~ considers necessary for  
29 the purpose of paying all warrants as issued.

30 (3) For any ~~moneys~~ money borrowed under the provisions of this part, the board shall cause

1 warrants to be drawn. The warrants ~~shall~~ must bear interest at a rate not to exceed 6% a year, and the  
2 warrants and the interest ~~thereon shall~~ on the warrants must be paid out of funds from the state hail and  
3 fire insurance program ~~as they are collected from the various counties in the state~~. The board may not at  
4 any time borrow a total sum greater than the amount of levies ~~as~~ made for taxes for the current year,  
5 together with ~~such~~ delinquent taxes that ~~as~~ remain unpaid ~~on the books of the county treasurer.~~"

6

7 **Section 24.** Section 80-2-245, MCA, is amended to read:

8 **"80-2-245. Benefits exempt from execution.** All money or benefits received from hail or fire  
9 insurance are exempt from execution, are not liable to attachment, and may not be seized, taken, or  
10 appropriated by any local process to pay any debt or liability of the insured unless the amount is assigned  
11 and then for no more than the amount of the claim intended to be secured by the assignment, with lawful  
12 interest."

13

- END -