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HB \_\_\_\_\_

## Modifications to the Guaranty Association Statutes

House Bill 168 – Sponsored by Rep. Arlene Becker

EXHIBIT 1  
DATE 1-12-05  
HB 168

This bill would change two sections of existing statute relating to the Montana Insurance Guaranty Association.

The association is created by Montana law to protect insurance policy holders in the event of a failure or insolvency of an insurance company. Generally, the guaranty association consists of all insurers in the Property and Casualty Insurance business in Montana. They are required to pay an assessment that is imposed periodically on each company doing this type of insurance business in Montana if one or more of their number goes out of business by insolvency. These assessments are computed and charged to cover the costs of paying claims of policyholders of companies that have become insolvent. In this way the association and its member companies act as a safety net for policy holders of insolvent property and casualty insurers.

House Bill 168 would make two statutory changes requested by the Montana Insurance Guaranty Association and submitted by request of the State Auditor and Commissioner of Insurance and Securities.

- First, it eliminates a \$100 deductible on claims against the Guaranty Association. This means that when claims are made under existing law, i.e. 33-10-105(1)(a)(ii) the guaranty association only pays claims above \$100 and less than \$300,000. The association proposes paying all claims that do not exceed \$300,000, by eliminating the \$100 deductible.
- Second, the bill would change the statute that provides immunity for the association and its members, their employees and agents and the commissioner and commissioner's representatives for actions they take administering the guaranty system. The present statute provides immunity from liability during performance of their duties in administering the insurance guaranty law but this amendment would change the immunity section to be identical to the immunity section for the Life and Health Guaranty Association provided in 33-10-207 and adopted by the 2003 legislature. The only substantive change is to extend the immunity granted by the section to agents and employees of the Association.

The Interim Committee on Economic Development approved this bill for drafting.