

Amendments to Senate Bill No. 457
1st Reading Copy

Requested by Senator Kelly Gebhardt

For the Senate Business, Labor, and Economic Affairs Committee

Prepared by Pat Murdo
February 18, 2005 (3:16pm)

1. Title, page 1, line 6.

Following: "SECTIONS"

Insert: "33-15-1103,"

Following: "33-15-1105"

Insert: ", "

2. Page 1.

Following: line 9

Insert: "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 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 Except as provided in 33-23-401.

cancellation under subsection (1) is not effective until 10 days after a notice of cancellation is either delivered or mailed to the insured.

(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 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 or mailed to the insured.

(4) If a policy has been issued for a term longer than 1 year and if either the premium is prepaid or an agreed term is

guaranteed for additional premium consideration, the insurer may not cancel the policy 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 pertain to those grounds listed in subsection (1)(c)."

{ Internal References to 33-15-1103: None. }

Renumber: subsequent sections

3. Page 2, line 6.

Following: "premiums,"

Strike: "as provided" through "33-15-1103,"

4. Page 2, line 7.

Strike: "10"

Insert: "30"

- END -