



Protecting Montana's consumers through insurance and securities regulation

**Revise insurance producer licensing laws – SB 127**

**Sponsored by Senator Kim Gillan at the request of the State Auditor** **BUSINESS & LABOR**

**Why do we need this legislation?**

EXHIBIT NO. 1  
DATE 1/9/09  
BILL NO. SB 127

Montana has previously adopted parts of the National Association of Insurance Commissioners (NAIC) Uniform Producer Licensing Act. There is currently an effort, however, among states to achieve total uniformity in order to avert an attempt to remove producer licensing regulatory authority from the states and give that authority to the federal government. Uniformity of producer licensing regulations at the state level will make it easier for insurance producers to operate across state lines.

**What does this bill do?**

This bill amends Title 33, Chapter 17 regarding insurance producer licensing, to conform to the NAIC Uniform Producer Licensing Act. The following are the proposed statutory changes:

**33-2-301 MCA** – Adds a definition for the term “Business Entity” for the surplus lines part.

**33-2-305 MCA** – Strikes existing language that requires that an insurance producer be “licensed as a property and casualty insurance producer continuously for 5 years or more” before becoming a surplus lines producer.

**33-2-306 MCA** – Allows a surplus lines insurance producer to share compensation with another producer, even if that producer does not have an appointment in this state.

**33-17-212 MCA** – Strikes the requirement that a nonresident producer take an examination pertaining to Montana law and for “each kind of insurance for which the individual has applied for a license and that is not covered under the license held in the other state.”

**33-17-214 MCA** – In this section and throughout Chapter 17, references to “partnership or corporation” are changed to “business entity.”

**33-17-1001 MCA** - Adds language from the Uniform Producer Licensing Model Act stating that the Commissioner may suspend, revoke or nonrenew a producer's license if that person fails to comply with a final administrative or court order imposing a child support obligation or fails to pay state income tax determined to be delinquent by a final administrative or court order.