

HOUSE BILL NO. 501

INTRODUCED BY T. BERRY

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING INSURANCE LAWS; PROVIDING THAT AN INSURER MAY NOT UNILATERALLY CHANGE CERTAIN COVERAGE PROVISIONS FOR THE PERIOD FOR WHICH A PREMIUM HAS BEEN PAID WITH RESPECT TO A PERSONAL LINES UMBRELLA POLICY UNLESS THE CHANGE IS ASSOCIATED WITH A PREMIUM INCREASE TO AN UNDERLYING POLICY; AND AMENDING SECTION 33-15-1108, MCA."

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

Section 1. Section 33-15-1108, MCA, is amended to read:

"33-15-1108. Limitation on midterm premium increases. (1) In any case involving property or casualty insurance that is subject to this part, if the insured has prepaid the premium for the insurance policy for a specified period, the insurer may not unilaterally increase the rate charged or decrease the coverage provided for the period for which the premium has been paid unless:

- (a) there is a change in risk during that period because of the addition or removal of persons or property that was included in the rate at last renewal;
- (b) the risk was misrepresented by the insured; or
- (c) the insured requests a policy change that increases the rate because of that specific request.

(2) (a) An insurer may not unilaterally increase the rate charged or decrease the coverage provided for the period for which a premium has been paid with respect to a personal lines umbrella policy unless the change is associated with a premium increase to an underlying policy that was properly made under Montana law.

(b) For the purposes of subsection (2)(a), "personal lines umbrella policy" means excess liability insurance that provides additional coverage for situations when the costs associated with an accident, lawsuit, or property loss exceed the coverage limits of primary insurance.

~~(2)~~(3) This section does not prohibit the cancellation of a policy for any other reason permitted by the policy or by law during an initial policy period not to exceed 60 days."

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