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HOUSE BILL NO. 46
INTRODUCED BY LAWSON B
BY REQUEST OF THE STATE AUDITOR

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING INSURERS SELLING CERTAIN LIMITED-BENEFIT INSURANCE POLICIES TO DISCLOSE POLICY INCURRED-LOSS RATIO AT THE TIME OF POLICY APPLICATION."

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

NEW SECTION. **Section 1. Incurred-loss ratio disclosure.** (1) An insurer shall disclose in writing, at the time of policy application, the previous year's average or the previous 5-year average incurred-loss ratio for the following types of policies:

- (a) accidental death and dismemberment;
- (b) credit-only insurance;
- (c) limited-scope dental or vision benefits;
- (d) coverage for only a specified disease or illness; or
- (e) hospital indemnity or other fixed indemnity insurance.

(2) For the purposes of this section, "incurred-loss ratio" or "loss ratio" means the proportion of losses incurred to premiums earned. This ratio indicates the amount of each premium dollar that is being consumed by claims.

(3) The disclosure required in subsection (1) must include a description of "incurred-loss ratio" or "loss ratio" using the language in subsection (2) that defines those terms.

NEW SECTION. **Section 2. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 33, chapter 15, part 4, and the provisions of Title 33, chapter 15, part 4, apply to [section 1].

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