

HOUSE BILL NO. 577  
INTRODUCED BY BRUEGGEMAN

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT ~~THREE~~ EIGHT OR MORE EMPLOYERS WITH A TOTAL OF MORE THAN 500 EMPLOYEES MAY APPLY TO THE INSURANCE COMMISSIONER TO ORGANIZE A RECIPROCAL INSURER FOR THE PURPOSE OF PROVIDING WORKERS' COMPENSATION COVERAGE FOR THEIR EMPLOYEES; AND AMENDING SECTION 33-5-201, MCA."

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

**Section 1.** Section 33-5-201, MCA, is amended to read:

**"33-5-201. Organization of reciprocal insurer.** (1) ~~(a)~~ Twenty-five or more persons domiciled in this state may organize a domestic reciprocal insurer and ~~make application~~ apply to the commissioner for a certificate of authority to transact insurance.

~~(b) Three~~ EIGHT or more employers with a total of more than 500 employees may organize a domestic reciprocal insurer and apply to the commissioner for a certificate of authority to transact insurance for the purpose of providing workers' compensation coverage for their employees.

(2) The proposed attorney shall ~~fulfill the requirements of and shall execute and~~ file with the commissioner when applying for a certificate of authority a declaration setting forth:

(a) the name of the insurer;

(b) the location of the insurer's principal office, which ~~shall~~ must be the same as that of the attorney and ~~shall~~ must be maintained within this state;

(c) the kinds of insurance proposed to be transacted, which in the case of a reciprocal insurer organized pursuant to subsection (1)(b) may only be workers' compensation coverage for employees;

(d) the names and addresses of the original subscribers;

(e) the designation and appointment of the proposed attorney and a copy of the power of attorney;

(f) the names and addresses of the officers and directors of the attorney, if a corporation, or its members, if a firm;

(g) the powers of the subscribers' advisory committee and the names and terms of office of the members ~~thereof~~ of the committee;

(h) that all ~~moneys~~ money paid to the reciprocal insurer ~~shall~~ must, after deducting ~~therefrom~~ any sum

payable to the attorney, be held in the name of the insurer and for the purposes specified in the subscribers' agreement;

(i) a copy of the subscribers' agreement;

(j) a statement that each of the original subscribers has in good faith applied for insurance of a kind proposed to be transacted and that the insurer has received from each ~~such~~ subscriber the full premium or premium deposit required for the policy applied for, for a term of not less than 6 months at an adequate rate ~~thereof~~ filed with and approved by the commissioner;

(k) a statement of the financial condition of the insurer, a schedule of its assets, and a statement that the surplus as required by 33-5-401 is on hand; and

(l) a copy of each policy, endorsement, and application form ~~it then proposes to~~ proposed for issue or use.

(3) The declaration ~~shall~~ must be acknowledged by the attorney in the manner required for the acknowledgment of deeds."

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