

## HOUSE BILL NO. 537

INTRODUCED BY RIPLEY, L. JONES, GLASER, MUSGROVE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STATE HAIL INSURANCE LAWS; CLARIFYING THAT HAIL INSURANCE MAY BE ISSUED FOR ANY CROP OR OTHER AGRICULTURAL OR HORTICULTURAL PRODUCT SUBJECT TO INJURY OR DESTRUCTION BY HAIL; CLARIFYING REFERENCES TO CROPS; INCREASING THE AMOUNT OF ACTUAL INSURANCE THAT MAY BE WRITTEN FOR CROPS ON IRRIGATED AND NONIRRIGATED LANDS; AMENDING SECTIONS 80-2-203, 80-2-207, 80-2-208, 80-2-209, 80-2-227, 80-2-231, AND 80-2-244, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 80-2-203, MCA, is amended to read:

**"80-2-203. Participation in program -- fee.** (1) A person or an association of persons engaged in the growing of crops ~~other than those specified in this part~~ or other agricultural or horticultural products subject to injury or destruction by hail may, by individual or joint election filed with and approved by the board of hail insurance, accept the provisions of this part and elect to become subject to this part. The risks may be classified by the board, and suitable fees may be imposed as agreed upon by the board and the persons. The persons are entitled to the benefits and protection afforded by the insurance provisions of this part.

(2) Each person who signifies a desire to become subject to the provisions of this part shall file with the department of revenue the properly filled out form not later than August 15. The person is chargeable with the fee provided for on lands growing crops subject to injury or destruction by hail and shall share in the protection and benefits under the hail insurance provisions of this part. The application for hail insurance is in full force and effect at 12:01 a.m. on the day immediately following the acceptance of the application by the department of revenue.

(3) This part may not be construed to empower anyone except the actual owner of the land to make the land subject to the hail fee provided in this part."

**Section 2.** Section 80-2-207, MCA, is amended to read:

**"80-2-207. Delinquent fees -- application by delinquent -- crop lien.** (1) An owner of land who has more than 1 year's delinquent fees on the land may not be allowed hail insurance under the provisions of this part,

unless the owner's application is accompanied by a cash payment for the amount that would be due on the application for that year.

(2) Any grain grower who is unable to secure state hail insurance under the provisions of this part because of delinquent fees or for other reasons may make an application to the department of revenue, and the department of revenue may receive and accept the application when the applicant furnishes a sufficient crop lien that is subject only to a seed lien. The crop lien may be accepted only under rules and requirements that may be prescribed by the board of hail insurance and under the provision that the board may cancel any hail insurance accepted in violation of the rules and requirements. Upon receipt of the application, the department of revenue shall make a record of the application and shall file the original in the office of the clerk and recorder of the county. The department of revenue shall also send a bill to the grain grower for the proper amount due for hail insurance under the provisions of this part.

(3) A tenant who has delinquent hail insurance that was secured by a crop lien and was not secured by real estate may not be allowed another policy in any succeeding year until the delinquent amount is paid or until the tenant pays cash for the current hail insurance.

(4) If a tenant becomes delinquent for hail insurance after having failed to apply for relief as provided by the board under 80-2-229, the tenant may apply to the board for a reduction. If the reasons for requesting a reduction are approved by the board, the board may reduce the charge to not less than one-half the original amount charged."

**Section 3.** Section 80-2-208, MCA, is amended to read:

**"80-2-208. Maximum insurance.** When the reserve fund is determined actuarially sound, as provided in 80-2-228, the board may write not more than ~~\$40 \$80 \$50 \$60 \$50~~ insurance on each acre of grain crops that is on nonirrigated land and not more than ~~\$56 \$112 \$76 \$84 \$76~~ on each acre on irrigated land. When more than one party desires hail insurance on the same crop, each party is entitled to the share of the maximum provided on each acre as represented by that person's interest in the crop. Either party may insure the party's share in the crop for any amount up to and including the maximum on each acre if the others waive their right to insure."

**Section 4.** Section 80-2-209, MCA, is amended to read:

**"80-2-209. Reinsurance.** Because of the unusual or unexpected variation in the severity of damage to grain crops that occurs from year to year and in order to enable the hail insurance board to spread the effect of these variations more evenly over all years, the board may negotiate for and secure reinsurance of a part of the

risk in any year when the need for reinsurance appears advisable to the board. The board is may use money from hail insurance fees for the purchase of reinsurance whenever it appears to the board that reinsurance is necessary and advisable."

**Section 5.** Section 80-2-227, MCA, is amended to read:

**"80-2-227. Hail insurance secured by crop lien only.** When hail insurance issued under this part is secured by a crop lien only, ~~said the crop lien is hereby declared~~ a first lien on the insured crop, except ~~only~~ for any crop lien ~~which that~~ may have been given to secure the purchase price for the seed ~~which that~~ was bought and used to plant and produce the insured grain crop."

**Section 6.** Section 80-2-231, MCA, is amended to read:

**"80-2-231. Foreclosure of lien.** If the person receiving hail insurance secured by a crop lien fails to pay the fee for insurance to the department of revenue by December 1 of the year in which the crop is grown, the department shall on that day or as soon as possible after that day deliver to the sheriff of the county a full, true, and correct copy of the lien on file in the office of the clerk and recorder and the sheriff shall immediately demand from the person or persons signing the lien payment of the amount due. If the fee is not paid to the sheriff upon demand being made, the sheriff shall seize and sell in the manner provided by law for the sale of personal property under execution a sufficient amount of grain crops belonging to the person to pay the amount due for hail insurance, together with interest and costs and expenses of the seizure and sale."

**Section 7.** Section 80-2-244, MCA, is amended to read:

**"80-2-244. Payment of losses.** (1) The board of hail insurance shall, as soon as practicable after the loss has been sustained, arrange for the payment of the loss in the following manner. From the amount of the loss as adjusted for each claimant, the board shall deduct the amount that the claimant then owes as a delinquent hail insurance fee and the maximum amount assessed as a hail insurance fee for the current year.

(2) The board shall on or before November 1 order payment ~~for the amount deducted. The payment must be remitted to the county treasurer of the county in which the fee was imposed. The board shall then order payment~~ for the balance of the adjustment to be sent to the claimant, provided that the payment for loss may not exceed the maximum amounts established in 80-2-208. A claimant may not receive payment for any loss incurred if the loss does not equal or exceed 5% of the total value of the crop insured. If the losses in any year exceed the current fees plus the reserve, then the payment of all losses must be prorated among all grain growers having

loss claims adjusted and approved, and the unpaid balance of the losses must be paid out of the reserve without interest in the order that the board directs; when in the judgment of the board, there is sufficient money to provide for the payment of the claims and other items payable out of the reserve. In any year, the board may by resolution authorize its presiding officer and secretary to borrow money that the board may consider necessary for the purpose of paying all warrants as issued.

(3) For any money borrowed under the provisions of this part, the board shall cause warrants to be drawn. The warrants must bear interest at a rate not to exceed 6% a year, and the warrants and the interest on the warrants must be paid out of funds from the state hail insurance program as they are collected from the various counties in the state. The board may not at any time borrow a total sum greater than the amount of the fees imposed for the current year, together with delinquent fees that remain unpaid on the books of the county treasurer."

NEW SECTION. **Section 8. Effective date.** [This act] is effective on passage and approval.

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