

HOUSE BILL NO. 764
INTRODUCED BY M. MILBURN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE INSURANCE COMMISSIONER PURSUANT TO A DIRECTIVE FROM THE UNITED STATES CONGRESS TO WORK COLLECTIVELY WITH OTHER STATES TO DEVELOP AND IMPLEMENT APPROPRIATE STANDARDS TO PROTECT MEMBERS OF THE ARMED FORCES FROM DISHONEST AND PREDATORY INSURANCE SALES PRACTICES WHILE ON A MILITARY INSTALLATION IN THIS STATE; AUTHORIZING THE INSURANCE COMMISSIONER TO IMPLEMENT A SYSTEM FOR THE RECEIPT AND DISSEMINATION OF REPORTS FROM GOVERNMENTAL AGENCIES AND INSURERS OF DISCIPLINARY ACTIONS TAKEN BY FEDERAL OR STATE GOVERNMENT ENTITIES OR INSURERS AGAINST PERSONS THAT SELL OR SOLICIT THE SALE OF ANY LIFE INSURANCE PRODUCT ON A MILITARY INSTALLATION; AUTHORIZING THE INSURANCE COMMISSIONER TO ADOPT RULES; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. Section 1. Protection of members of armed forces -- rulemaking authority. (1)

(a) As used in this section, "life insurance product" means any product, including individual and group life insurance, funding agreements, and annuities, that provides insurance for which the probabilities of the duration of human life or the rate of mortality are an element or condition of insurance.

(b) The term includes the granting of:

(i) endowment benefits;

(ii) additional benefits in the event of death by accident or accidental means;

(iii) disability income benefits;

(iv) additional disability benefits that operate to safeguard the contract from lapse or to provide a special surrender value or special benefit in the event of total and permanent disability;

(v) benefits that provide payment or reimbursement for long-term home health care or long-term care in a nursing home or other related facility;

(vi) burial insurance; and

(vii) optional modes of settlement or proceeds of life insurance.

(c) The term does not include workers' compensation insurance, health insurance, disability insurance,

property and casualty insurance, or life insurance products specifically contracted by or through the federal government.

(2) As provided in Public Law 109-290, in cooperation with the national association of insurance commissioners, the commissioner shall:

(a) work collectively with other states to develop and implement appropriate standards to protect members of the armed forces from dishonest and predatory insurance sales practices while on a military installation in this state;

(b) identify this state's role in promoting standards developed pursuant to subsection (2)(a); and

(c) work collectively with other states to implement a system to receive and disseminate reports of disciplinary actions taken by federal or state government entities or insurers against persons that sell or solicit the sale of any life insurance product on a military installation.

(3) (a) The commissioner may adopt rules for:

(i) written disclosures to be used in the sale or solicitation of any life insurance product to members of the armed forces and their dependents to protect the members or the members' dependents from dishonest and predatory insurance sales practices while on a military installation in this state;

(ii) requiring insurers to implement a system to report to the commissioner:

(A) disciplinary actions taken by a federal or state government entity with respect to sales or solicitations of life insurance products on a military installation that the insurer knows or in the exercise of due diligence should have known were taken; and

(B) significant disciplinary action taken by the insurer with respect to sales or solicitations of life insurance products on a military installation of this state.

(b) Rules adopted by the commissioner must be consistent with and may not go beyond the scope of:

(i) any model regulations that are adopted by the national association of insurance commissioners in response to a directive from the United States congress in Public Law 109-290, directing that the states ensure implementation of appropriate standards to protect members of the armed forces from dishonest and predatory insurance sales practices while on a military installation;

(ii) rules or regulations adopted by the secretary of defense pursuant to Public Law 109-290; and

(iii) the requirements of Public Law 109-290.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 33, chapter 18, part 1, and the provisions of Title 33, chapter 18, part 1, apply to [section 1].

NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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