

HOUSE BILL NO. 66

INTRODUCED BY T. MOORE

BY REQUEST OF THE STATE AUDITOR

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5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING INSURANCE LAWS RELATED TO
6 BENEVOLENT ASSOCIATIONS, INDIVIDUAL HEALTH INSURANCE, AND CHARITABLE ANNUITIES;
7 REMOVING THE REQUIREMENT FOR A CERTIFICATE OF AUTHORITY FOR BENEVOLENT
8 ASSOCIATIONS; REMOVING MOST INSURANCE REGULATORY AUTHORITY OVER BENEVOLENT
9 ASSOCIATIONS, INCLUDING SERVICE OF PROCESS AND CONFLICT-OF-INTEREST REQUIREMENTS;
10 REMOVING APPLICATION OF UNFAIR TRADE PRACTICE AND CONTINUATION OF COVERAGE FOR
11 PERSONS WITH DISABILITIES AS THESE APPLY TO BENEVOLENT ASSOCIATIONS; REMOVING
12 SPECIFICITY ON INDIVIDUAL HEALTH POLICIES REGARDING NARCOTICS OR INTOXICANTS; REMOVING
13 NOTICE REQUIREMENTS ON CHARITABLE ANNUITIES; AMENDING SECTIONS 33-6-102, 33-6-103,
14 33-22-201, 33-22-202, AND 33-22-221, MCA; REPEALING SECTIONS 33-6-101, 33-6-104, 33-6-201, 33-6-301,
15 33-6-302, 33-6-303, 33-6-304, 33-6-401, 33-6-402, 33-6-403, 33-6-404, 33-6-405, 33-20-703, 33-20-704,
16 33-20-705, AND 33-22-231, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

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20 **Section 1.** Section 33-6-102, MCA, is amended to read:

21 **"33-6-102. Definitions Definition.** (1) ~~(a)~~ An entity is considered a "benevolent association" for the
22 purposes of this chapter if the entity:

23 ~~(i)~~(a) is a corporation, association, or society, or by whatever name called, that issues any certificate,
24 policy, or membership agreement or makes any promise or agreement with its members under which, upon the
25 death of a member, any money or other benefit, charity, aid, or relief is to be paid, provided, or rendered by the
26 corporation, association, or society to the deceased's legal representatives or to the beneficiary designated by
27 the deceased and the money, benefit, charity, aid, or relief is derived from voluntary donations or from admission
28 fees, dues, or assessments or any of those items collected or to be collected from the members of the entity or
29 members of a class of the entity or interest or gains on the items or accumulations of the items; and

30 ~~(ii)~~(b) uses the money or other benefit, charity, aid, or relief for the uses and purposes specified in this

1 chapter, the uses of the corporation, association, or society, or the expenses of management and prosecution
2 of its business.

3 ~~(b)~~(2) The definition of benevolent association in subsection (1)~~(a)~~ is not applicable to:

4 ~~(i)~~(a) burial or death benefits, annuities, endowments, or any other benefit payments of any legal reserve
5 life or disability insurer or of any labor union, railroad brotherhood, or lodge having as a primary business the
6 improvement of working conditions;

7 ~~(ii)~~(b) any auxiliaries to any labor union, railroad brotherhood, or lodge referred to in subsection ~~(1)(b)(i)~~
8 (2)(a); or

9 ~~(iii)~~(c) the benevolent plans within fraternal orders if limited to members and if the plan is not the principal
10 object for the formation or continuance of the fraternal order.

11 ~~(2) "Member" or "member in good standing" is an individual who must contribute to a benevolent~~
12 ~~association upon notice of assessment.~~

13 ~~———(3) (a) "Membership contract" is any certificate, policy, membership agreement, by whatever name~~
14 ~~called, or any promise or agreement of a benevolent association with any or all of its members under which any~~
15 ~~money or other benefit, charity, aid, or relief is to be paid, provided, or rendered by the association upon the death~~
16 ~~of a member to the member's legal representatives or to the beneficiary or beneficiaries designated by the~~
17 ~~member.~~

18 ~~———(b) There must be one contributing member for each membership contract, but a membership contract~~
19 ~~may cover more than one individual.~~

20 ~~———(4) "Officer" is any of the individuals having supervision and control of a benevolent association and~~
21 ~~engaging in the management and the prosecution of the business of the association, whether designated as~~
22 ~~officers, trustees, comptrollers, managers, or by whatever name called."~~

23

24 **Section 2.** Section 33-6-103, MCA, is amended to read:

25 **"33-6-103. New benevolent associations prohibited -- foreign associations.** (1) ~~No~~ A benevolent
26 association ~~shall~~ may not transact or be authorized to transact any business in this state ~~unless it lawfully had~~
27 if the benevolent association did not have authority to transact such business in this state as such an association
28 immediately prior to January 1, 1961.

29 (2) ~~No~~ A new benevolent association ~~shall hereafter~~ may not be organized or formed in this state on or
30 after January 1, 1961.

1 (3) ~~No~~ A benevolent association formed or existing under the laws of any other state or jurisdiction ~~shall~~
2 may not be authorized to transact business in this state."
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4 **Section 3.** Section 33-22-201, MCA, is amended to read:

5 **"33-22-201. Format and content.** An individual policy of disability insurance may not be delivered or
6 issued for delivery to any person in this state unless it otherwise complies with this code and complies with the
7 following:

8 (1) The entire money and other considerations for the policy must be expressed in the policy.

9 (2) The time when the insurance takes effect and terminates must be expressed in the policy.

10 (3) The policy may insure only one person, except that a policy may insure, originally or by subsequent
11 amendment, upon the application of an adult member of a family who is the policyholder, any two or more eligible
12 members of that family, including husband, wife, dependent children or any children under a specified age that
13 may not exceed 25 years, and any other person dependent upon the policyholder.

14 (4) The style, arrangement, and overall appearance of the policy may not give undue prominence to any
15 portion of the text, and every printed portion of the text of the policy and of any endorsements or attached papers
16 must be plainly printed in lightfaced type of a style in general use, the size of which must be uniform and not less
17 than 10 point with a lowercase, unspaced alphabet length not less than 120 point.

18 (5) The "text" must include all printed matter except the name and address of the insurer, name or title
19 of the policy, the brief description, if any, and captions and subcaptions.

20 (6) The exceptions and reductions of indemnity must be set forth in the policy and, other than those
21 contained in 33-22-204 through 33-22-215 and 33-22-221 through ~~33-22-234~~ 33-22-230, must be printed, at the
22 insurer's option, either included with the benefit provision to which they apply or under an appropriate caption
23 such as "Exceptions" or "Exceptions and Reductions", except that if an exception or reduction specifically applies
24 only to a particular benefit of the policy, a statement of the exception or reduction must be included with the
25 benefit provision to which it applies.

26 (7) The policy may not contain a provision purporting to make any portion of the charter, rules,
27 constitution, or bylaws of the insurer a part of the policy unless the portion is set forth in full in the policy, except
28 in the case of the incorporation of or reference to a statement of rates or classification of risks or short-rate table
29 filed with the commissioner."
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1 **Section 4.** Section 33-22-202, MCA, is amended to read:

2 **"33-22-202. Required provisions -- captions -- omissions -- substitutions -- order.** (1) Except as
3 provided in subsection (2), each policy delivered or issued for delivery to any person in this state must contain
4 the provisions specified in 33-22-204 through 33-22-215, as those provisions appear, ~~except that.~~ However, the
5 insurer may, at its option, substitute for one or more of the provisions corresponding provisions of different
6 wording approved by the commissioner and not less favorable in any respect to the insured or the beneficiary.
7 Each provision must be preceded by the applicable caption shown or, at the option of the insurer, by the
8 appropriate individual or group captions or subcaptions as the commissioner may approve.

9 (2) If any provision is in whole or in part inapplicable to or inconsistent with the coverage provided by a
10 particular form of policy, the insurer, with the approval of the commissioner, shall omit from the policy any
11 inapplicable provision or part of a provision and shall modify any inconsistent provision or part of a provision in
12 a manner ~~as to make that makes~~ the provision as contained in the policy consistent with the coverage provided
13 by the policy.

14 (3) The provisions that are the subject of 33-22-204 through 33-22-215 ~~and~~ 33-22-221 through
15 33-22-230, and 33-22-232 or any corresponding provisions ~~which are~~ used in accordance with the cited sections
16 must be printed in the consecutive order of the provisions in the sections ~~or,~~ However, at the option of the
17 insurer, any provision may appear as a unit in any part of the policy with other provisions to which it may be
18 logically related, ~~provided that~~ if the resulting policy is not in whole or in part unintelligible, uncertain, ambiguous,
19 abstruse, or likely to mislead a person to whom the policy is offered, delivered, or issued."

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21 **Section 5.** Section 33-22-221, MCA, is amended to read:

22 **"33-22-221. Optional policy provisions -- substitutes.** Except as provided in 33-22-202(2), ~~no such~~
23 a policy delivered or issued for delivery to ~~any a~~ person in this state ~~shall may not~~ contain provisions ~~respecting~~
24 related to the matters ~~set forth~~ in 33-22-222 through ~~33-22-234, 33-22-230~~ unless ~~such those~~ provisions ~~are in~~
25 the use words ~~in which that are~~ as those that appear in the applicable section, ~~except that.~~ However,
26 the insurer may, at its option, use in lieu of ~~any such a~~ repetitious provision a corresponding provision of different
27 wording approved by the commissioner ~~which if the different wording~~ is not less favorable in any respect to the
28 insured or the beneficiary. Any ~~such~~ provision contained in the policy ~~shall must~~ be preceded individually by the
29 appropriate caption or, at the option of the insurer, by ~~such the~~ the appropriate individual or group captions or
30 subcaptions ~~as that~~ the commissioner may approve."

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2 NEW SECTION. Section 6. Repealer. The following sections of the Montana Code Annotated are

3 repealed:

- 4 33-6-101. Scope of chapter -- provisions applicable.
- 5 33-6-104. Amendments filed with commissioner.
- 6 33-6-201. Officers -- number -- bond.
- 7 33-6-301. Receipts for payment to association.
- 8 33-6-302. Expenses -- assessment for expenses -- shown in annual statement.
- 9 33-6-303. Assessment for death benefit -- notice -- procedure.
- 10 33-6-304. Annual statement.
- 11 33-6-401. Continuous certificate of authority -- fee -- evidence.
- 12 33-6-402. Insurance producers -- license.
- 13 33-6-403. Officers as insurance producers.
- 14 33-6-404. Minimum membership.
- 15 33-6-405. Payment of death claims.
- 16 33-20-703. Notice to donor.
- 17 33-20-704. Notice to commissioner.
- 18 33-20-705. Failure to provide required notice.
- 19 33-22-231. Intoxicants and narcotics.

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21 NEW SECTION. Section 7. Effective date. [This act] is effective on passage and approval.

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