

**2019 Montana
Legislative Changes**
 Presented
 by
 Jennifer Smith

1

What to take away

- Changes from the 2019 Legislative Session
- Questions about Montana law, administrative rules and compliance
- Increase knowledge of and compliance with Montana insurance law

2

HB 62

Effective Date: 02/12/2019

Summary

1. Removes nonresident vehicles currently registered in the owner's resident jurisdiction from the exempt vehicles listed in 61-3-303

Industry Impact: Insurers of non-residents from the 28 states with lower mandatory auto liability limits than Montana will be most likely to see an impact.

3

HB 64 Life and Health Guaranty Fund

- **Effective:** 1/1/2020
- **Sponsor:** Rep. Bruce Grubbs
- **Summary:**
 1. Brings HMO's and HSCs into guaranty fund
 2. Strikes redundant language per NAIC model
 3. Establishes process to remove director with cause
 4. Changes the amount of a class B assessment(LTC) to a 50-50 percentage between Health members and Life/Annuity Members

4

HB 66 Repeal Bill

- **Effective:** 2/29/2019
- **Sponsor:** Rep. Terry Moore
- **Summary:**
 1. Repeals notice requirements for charitable annuities
 2. Repeals Antiquated Requirements for Benevolent Associations that ONLY provide a Death Benefit (none currently exist)
- **Industry Impact:** Charitable Organizations that issue qualified charitable gift annuities are no longer required to submit notice to the department. The department has record of 300 charitable gift annuity issuers who will no longer be required to file.

5

HB 92 Cleanup Bill

- **Effective:** 10/1/2019
- **Sponsor:** Rep. Julie Dooling
- **Summary:**
 - Section 1: Clarify Gift Statute
 - Section 2: Allows CSI to establish a service of process fee by rule to cover costs
 - Section 3: Clarify statute regarding interest rates
 - Section 4 – 9: Minor Clarifications in statute
 - Section 10: Clarify limitations on mid-term rate increases
 - Section 11: fix draft error regarding grievances



6

HB 373 Producer Affiliation

- **Effective:** 10/1/2019
- **Sponsor:** Rep. David Dunn
- **Summary:**
 1. Minor clarifications to reduce confusion
- **Industry Impact:** n/a
- **Questions:** Jeannie Keller 444-3897

7

HB 382 Auto Safety Discounts

- **Effective:** 10/1/2019
- **Sponsor:** Rep. Mary Caferro
- **Summary:**
 1. Extends safe driver discounts from 2 to 3 years
- **Industry Impact:** All insurers writing private passenger and commercial automobile insurance in Montana will need to renew discounts every 3 years instead of every 2 years. Insurers will need to re-file their personal and commercial rates/rules with the Department.

8


HB 489 COPA Repeal

- **Effective:** 5/10/2019
- **Sponsor:** Rep. Matt Regier
- **Summary:**
 1. Eliminate Certificates of Public Advantage
- **Background:**
 - Regulatory incentive for Hospital Consolidation
 - Merging Hospitals were allowed to apply for COPA, which exempts them from Anti-Trust Restrictions
 - Benefits
 - COPA's enabled market concentration and monopolistic power
- **Questions:** Kendall Cotton 444-3412

9

HB 555 Prior Authorization

- **Effective:** 1/1/2020
- **Sponsor:** Rep. Dennis Lenz
- **Summary:**
 1. Shortens timeline for non-urgent care prospective review determinations from 15 to 7 business days
 2. Updates to prior-authorization review criteria
 3. Shortens timeline for urgent care determinations from 72 to 48 hours.
 4. Allows for 24 hours following emergency care for notification of services provided to the issuer.
- **Industry Impact:** Montana industry will need to update forms, policies, contracts, manuals, website information and internal procedures to reflect the new time frames and requirements.



10

HB 578 Surplus Lines(DI)

- **Effective:** 7/1/2019
- **Sponsor:** Rep. Edward Buttrey
- **Summary:**
 1. Allows Disability **Income** insurance to be offered in surplus lines market in limited situations. This bill does not allow disability (health) products to be offered in surplus market.
 2. Allows for business entities to insure its principles. Professionals in sports or the entertainment industry are examples.
 3. Only allowed in surplus market if unavailable or limited in authorized market.
- **Industry Impact:**
 - This is the first non property and casualty product allowed in Montana's surplus lines market.
 - Industry will need to make sure they are properly licensed to sell this product.
 - A surplus lines license with an underlying producer license with only property and casualty does not allow for this product to be sold.
 - Must also have the disability LOA on their producer license.
- **Questions:** Jeannie Keller 444-3897

11

SB 39 Surplus Lines

- **Effective:** 3/7/2019
- **Sponsor:** Sen. Steve Fitzpatrick
- **Summary:**
 1. Amended prior legislation that allowed multiperil business to be placed in the surplus market.
 2. Changes Montana law to move away from standard model which encourages "authorized" insurers to be innovative.
 3. Removes \$1,500 condition of placement in surplus market. Now a producer does not have to complete a diligent search if the premium quoted by authorized insurer is 10% higher than the premium quoted by the unauthorized insurer.
 4. Adds Inland Marine to definition
- **Industry Impact:** Industry will need to understand changes to when business can be placed in the surplus market.
- **Questions:** Jeannie Keller 444-3897


12

SB 55 Captives

- **Effective:** 7/1/2019
- **Sponsor:** Sen. Dan Salomon
- **Summary:**
 1. Keeps MT competitive with other states by cleaning up outdated language
 2. Removes duplicate corporate filing requirements from pre-internet days.
 3. Closes Tax Loop –Hole
- **Questions:** Steve Matthews 444-4372

13

SB 125 Reinsurance



- **Effective:** Applies Retroactively to plans in 2019
- **Sponsor:** Sen. Steve Fitzpatrick
- **Summary:** Establishes the Montana Reinsurance Association to help reimburse insurers for high-cost claims so those costs aren't included in determining individual marketplace premiums for the following year.
- **Industry Impact:**
 - Lower Premiums by 10-20%
 - Protect coverage for those with pre-existing conditions
- **Questions:** Janelle Williams 444-4613

14

SB 205 Vulnerable Adults

- **Effective:** 10/1/2019
- **Sponsor:** Sen. Steve Fitzpatrick
- **Summary:** Update definition of vulnerable adult, financial exploitation regarding intestate succession, wills, trusts, joint assets, life insurance, and beneficiary designations. (Title 72-Estates, Trusts, Fid Relationships)
- **Industry Impact:** This bill should have no impact on the securities or insurance industries. This bill causes a beneficiary to forfeit any benefit of inheritance if the beneficiary financially exploits the decedent.
- **Questions:** Lynne Egan 444-4388

15

SB 240 Rescission

- **Effective:** 5/7/2019
- **Sponsor:** Sen. Jason Ellsworth
- **Summary:** Reaffirms that the right of rescission is allowed for insurance contracts in the event of fraud, material misrepresentation, and other circumstances.
- **33-15-403.** Representations in applications -- recovery benefit precluded and rescission allowed if fraudulent or material.

16

Any Questions?



17
