

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE MONTANA STATE AUDITOR

In the matter of the amendment of)	NOTICE OF PROPOSED
ARM 6.6.803, 6.6.1101, 6.6.2707,)	AMENDMENT
6.6.2809, and 6.6.5701 pertaining to)	
Annuities, Credit Life and Disability)	NO PUBLIC HEARING
Insurance, Periodic Payment of)	CONTEMPLATED
Premium Taxes, and Surplus Lines)	
Insurance Transactions)	
)	

TO: All Concerned Persons

1. The Commissioner of Securities and Insurance, Office of the Montana State Auditor (CSI) proposes to amend the above-stated rules.

2. CSI will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact CSI no later than 5:00 p.m. on August 16, 2022, to advise us of the nature of the accommodation that you need. Please contact Sam Loveridge, Communications Director, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2040 or 1-800-332-6148; fax (406) 444-3497; TDD (406) 444-3246; or e-mail csi@mt.gov.

3. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

6.6.803 APPLICABILITY AND SCOPE (1) will remain the same:
 (a) through (d) will remain the same;
 (e) structured settlement annuities; ~~and~~
 (f) charitable gift annuities; and
 (g) funding agreements.

AUTH: 33-1-313, 33-20-308, MCA
IMP: 33-20-308, MCA

6.6.1101 CREDIT LIFE INSURANCE -- ACCEPTABLE RATES (1) will remain the same:

(a) will remain the same.
 (b) If the premium is charged on a single premium basis, the rate must be computed according to the following formula or according to a ~~formula~~ formula approved by the commissioner which produces a rate which is substantially the same as the rate produced by the following formula:

$$S_p = \sum_{t=1}^n \left(\frac{O_p}{10} \times \frac{I_t}{I_i} \times v^{t-1} \right)$$

$$v = \frac{1}{1 + (dis)}$$

S_p = Single premium rate per \$100 of initial credit life insurance coverage.

O_p = \$.80, the prima facie credit life insurance premium rate for monthly outstanding balance coverage from (1).

I_t = The scheduled amount of insurance for month t.

I_i = Initial amount of insurance. For a net insurance policy, I_i equals the initial principal balance of the loan.

dis = .0036, representing an annual discount rate of 4% for the interest plus .4% for mortality.

n = The number of months in the term of the insurance.

(c) will remain the same.

(2) will remain the same.

AUTH: 33-21-111, MCA

IMP: 33-21-205, MCA

6.6.2707 CESSATION OF BUSINESS (1) If an insurer, ~~on a form approved by the commissioner and under oath,~~ notifies the commissioner in writing that it is no longer writing new or renewing existing insurance policies of any type in the state, the commissioner may waive the periodic payment requirements established in these rules.

AUTH: 33-2-705, MCA

IMP: 33-2-705, MCA

6.6.2809 APPROVED RISK LIST -- INSURANCE PRESUMED UNOBTAINABLE FROM AUTHORIZED INSURERS (1) will remain the same.

(2) The commissioner, ~~in consultation with the surplus lines insurance producer association domiciled in Montana,~~ shall appoint a five-member committee to compile a proposed approved risk list for consideration by the commissioner. The committee shall consist of four Montana-licensed surplus lines insurance producers and one staff member of the department, each serving until replaced by the commissioner.

(3) through (5) will remain the same.

AUTH: 33-1-313, 33-2-316, MCA

IMP: 33-2-301, 33-2-302, 33-2-303, 33-2-305, 33-2-306, 33-2-308, 33-2-310, 33-2-311, 33-2-312, 33-2-313, 33-2-316, 33-2-321, MCA

6.6.5701 SUPERVISION, REHABILITATION, AND LIQUIDATION (1) The commissioner has the authority to impose sanctions on any self-funded multiple employer welfare arrangement (MEWA) for failure to maintain sufficient reserves as required by 33-35-209 , MCA. The commissioner may impose and take any action or sanction as is authorized pursuant to the provisions of Title 33, chapter 2, part 13, MCA, which are adopted herein by reference and excepting therefrom 33-2-1303 (1) and (10), MCA; 33-2-1335 , MCA; 33-2-1342 (6) (b) and (6) (c) , MCA; 33-2-1344 , MCA; 33-2-1349 , MCA; and 33-2-1379 through 33-2-1390 , MCA. ~~A copy of the statutes is available for public inspection at and a copy may be obtained from the office of the Commissioner of Insurance, Room 270, Sam W. Mitchell Building, 126 N. Sanders, P.O. Box 4009, Helena, MT 59620-4009.~~

AUTH: 33-35-209, MCA

IMP: 33-35-209, MCA

4. REASON: The Commissioner of Securities and Insurance, Montana State Auditor, Troy Downing (Commissioner) has completed a biannual review of CSI's rules as required by 2-4-314, MCA, and identified each of the above rules of the Insurance Department as needing a housekeeping type amendment. The reason for each of above-proposed amendments is set forth below.

ARM 6.6.803(1)(e) through (g) are proposed to be amended to correct an error in the punctuation of the list and make the rule more easily understood.

ARM 6.6.1101(1)(b) is proposed to be amended to correct a misspelled word ("forumla" to "formula").

ARM 6.6.2707(1) is proposed to be amended to eliminate the reference to and requirement to use a form that is no longer used or provided by the office and instead to allow an insurer to simply provide written notice to the commissioner that it has ceased writing new or renewing business.

ARM 6.6.2809(2) is proposed to be amended to eliminate reference to "the surplus lines insurance producer association domiciled in Montana," as that association has ceased to exist; further, the statute regarding the formation of this association is permissive, and the commissioner's consultation with the association is allowed, but not required, by 33-2-322, MCA.

ARM 6.6.5707(1) is proposed to be amended to eliminate an unnecessary and confusing adoption-by-reference of the Montana Code Annotated, which is not required by 2-4-307(1), MCA.

5. Concerned persons may submit their data, views, or arguments concerning the proposed actions in writing to: Sam Loveridge, CSI Communications Director, 840 Helena Avenue, Helena, Montana, 59601; telephone (406) 444-2040 or 1-800-332-6148; fax (406) 444-3497; TDD (406) 444-3246; or e-mail CSI@mt.gov, and must be received no later than 5:00 p.m., September 2, 2022.

6. If persons who are directly affected by the proposed actions wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to Sam Loveridge at the above address no later than 5:00 p.m., September 2, 2022.

7. If the agency receives requests for a public hearing on the proposed actions from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed actions; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 10 persons based on a conservative estimate of how frequently CSI receives questions about the above stated rules per year.

8. CSI maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list must make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the contact person in ¶5 above or may be made by completing a request form at any rules hearing held by CSI.

9. An electronic copy of this proposal notice is available through the Secretary of State's website at <http://sosmt.gov/ARM/Register>.

10. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

11. With regard to the requirements of 2-4-111, MCA, CSI has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Kirsten Madsen
Kirsten Madsen
Rule Reviewer

/s/ Ole Olson
Ole Olson
Chief Legal Counsel
Commissioner of Securities and Insurance,
Office of the Montana State Auditor

Certified to the Secretary of State July 26, 2022.