

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

In the matter of the amendment of) NOTICE OF PROPOSED
ARM 6.6.706 and 6.6.707 pertaining) AMENDMENT
to Life Insurance Illustrations)
) NO PUBLIC HEARING
) CONTEMPLATED

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:

6.6.706 GENERAL RULES AND PROHIBITIONS (1) will remain the same:

- (a) and (b) will remain the same;
- (c) name and age, and, if sex is used in underwriting, sex of proposed insured, except where a composite illustration is permitted under this subchapter;
- (d) through (g) will remain the same.
- (2) through (3) will remain the same.

AUTH: 33-20-150, MCA

IMP: 33-18-202, 33-20-150, 49-2-309, MCA

6.6.707 STANDARDS FOR BASIC ILLUSTRATIONS – FORMAT (1) will remain the same:

- (a) will remain the same;
- (b) each page, including any explanatory notes or pages, shall be numbered and show its relationship to the total number of pages in the illustration (e.g., the fourth page of a seven-page illustration shall be labeled "-page 4 of 7 pages");
- (c) through (g) will remain the same;
- (h) the guaranteed elements, if any, shall be shown before corresponding non-guaranteed elements and shall be specifically referred to on any page of an illustration that shows or describes only the non-guaranteed elements (e.g., "see page one for guaranteed elements-");
- (i) through (n) will remain the same.

AUTH: 33-20-150, MCA
IMP: 33-18-202, 33-20-150, MCA

4. REASON: The Commissioner of Securities and Insurance, Montana State Auditor, Troy Downing (Commissioner) is the statewide elected official responsible for administering the Montana Insurance Code and regulating the business of insurance. House Bill 379 (Ch. 250, L. 2021) passed by the 67th Montana Legislature, amended 49-2-309(4), MCA, to allow for consideration of sex and marital status in accepted ratemaking methodologies when establishing insurance premium rates. This change was made applicable to insurance contracts renewed on or after January 1, 2022. The Commissioner proposes to amend ARM 6.6.706(1)(c)—which sets forth general rules and prohibitions regarding life insurance illustrations provided to Montana residents pursuant to 33-20-150, MCA—to add reference to “sex” in light of the statutory change to 49-2-309, MCA.

The Commissioner also reviewed the remaining rules in subchapter 7 as part of the biannual review of CSI’s rules pursuant to 2-4-314, MCA. That review identified two housekeeping type corrections that were needed to ARM 6.6.707: first, subsection (1)(b) is proposed to be amended to add a missing word (“the”) so that the sentence is more easily understood; and second, subsection (1)(h) is proposed to be amended to correct the confusing and incorrect placement of the semicolon.

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 far excess of 25 persons based on an estimate of the number of life insurance policies that are marketed, issued, or issued for delivery to Montana residents 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.