

COMMISSIONER OF SECURITIES & INSURANCE

MATTHEW M. ROSENDALE, SR.
COMMISSIONER



OFFICE OF THE MONTANA
STATE AUDITOR

ADVISORY MEMORANDUM

To: ALL LICENSED PROPERTY AND CASUALTY INSURERS

From: MATT M. ROSENDALE – Commissioner of Securities and Insurance,
Montana State Auditor

Date: September 21, 2017

A handwritten signature in blue ink, appearing to read "Matt M. Rosendale, Sr.", is written over the "Date:" line.

INSURANCE REFUSALS AND WILDFIRE RISKS

An active wildfire season is impacting the Montana insurance marketplace. Previous Insurance Commissioners have relied on an advisory memorandum originally issued in the year 2000 that prohibited insurance companies from refusing to issue policies in areas which do not have a substantially increased risk of loss due to wildfires. This prohibition protects Montana insurance consumers from unfair discrimination. Matt Rosendale, Sr., Commissioner of Securities and Insurance, Montana State Auditor, hereby restates this prohibition to protect insurance consumers.

This office has recently received consumer complaints regarding property and casualty insurers refusing to write new or increased coverage due to the alleged risks of wildfires in Montana. Many of these complaints have come from areas which are not threatened by wildfires, including areas within the city limits of many developed cities and towns. For example, we are aware that some insurers are refusing to offer coverage based on the location of property within certain zip code zones alone.

Section 33-18-210(7), Montana Code Annotated, states:

"An insurer may not make or permit unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to issue, refusing to renew, canceling, or limiting the amount of insurance coverage on a property or casualty risk because of the geographic location of the risk, unless:

- (a) the refusal, cancellation, or limitation is for a business purpose that is not a mere pretext for unfair discrimination; or
- (b) the refusal, cancellation, or limitation is required by law or regulatory mandate."

Any refusal to issue or renew, or any cancellation or limitation on the amount of property or casualty insurance based on the threat of wildfires and which involves property that does not have a substantially increased risk of loss due to wildfires will be evaluated as a potential violation of this law. This office will aggressively pursue any such violation of this statute.

Insurers are expected to make decisions concerning the issuance, renewal, cancellation or changes in coverage of property and casualty insurance on a case-by-case basis and with reference to the degree the property involved is actually threatened by wildfire.