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## November 18, 2015 – LMAC Meeting

### Governor Bullock requested LMAC identify alternatives to subrogation and address the underlying concerns in SB288

#### **ADDITIONAL INFORMATION**

##### **MONTANA AUTO INSURANCE REQUIREMENTS:**

Based on the information provided by the Insurance Commissioner's office, policies can be written for any amount—what you're willing and able to afford.

The minimum policy is \$25,000—usually covers bodily injury, death, or damage to property (per person bodily injury, per accident bodily injury, and property damage)

The average policy is not much greater than \$25,000 because most purchasers (general public) don't buy more than the minimum because they can't afford it or that's all Montana requires.

Commercial business may have either multiple policies or an umbrella policy.

Montana is a "Fault" state and uses a tort system to settle claims.

#### **Montana is a "Fault" Auto Insurance State**

Like most states, Montana follows a traditional "fault" or "tort" system when it comes to financial responsibility for damages caused by a car accident. This system gives a driver, passenger, or pedestrian several options after a crash, in terms of getting compensation for things like medical bills and vehicle repair, including:

- filing a claim with his or her own insurance company (including health or car insurance, depending on the facts)
- filing a claim with another at-fault driver's insurance company (this is known as a [third party car insurance claim](#)), or
- filing a lawsuit in court, seeking money damages from the at-fault driver.

Note: Montana's car insurance rules differ from those in place in the dozen or so "no-fault" states, where injured people are limited to filing claims with their own insurer except in specific situations. You won't need to worry about this in Montana, but if you'd like to know more, visit our [No-Fault Car Insurance](#) topic.

#### **Minimum Auto Insurance Coverage Required in Montana**

Montana requires drivers to demonstrate their "financial responsibility" in order to legally register and drive a motor vehicle in the state. There are a couple of ways drivers can do this. Most drivers meet the "financial responsibility" requirement by purchasing an auto insurance policy. The minimum coverage Montana requires in a car insurance policy is:

- \$25,000 per person for injuries in a car accident,
- \$50,000 per accident when more than one person is injured, and
- \$10,000 per accident for property damage.

This minimum insurance protects you from liability up to the amounts listed. In order to cover all potential losses, such as repairs to your own car, you may have to buy additional coverage (collision, comprehensive, etc.). Learn more about [car insurance coverage options](#).

## **INSURANCE CODES RELATED TO WORK COMP EXPERIENCE RATING REQUIREMENTS:**

33-16-1023 (3), MCA, requires that each workers compensation insurer shall adhere to the uniform experience rating plan that has been filed by the designated advisory organization (NCCI) with the commissioner and approved by the commissioner.

33-16-1023 (5), MCA, lays out the methodology that the experience rating plan must be based upon which includes reasonable eligibility standards, incentives for loss prevention and premium differentials to encourage safety.

33-16-1026 (1) (d), MCA, requires that the designated advisory organization shall file with the commissioner the uniform experience rating plan. The NCCI actuaries develop the experience rating plan based upon the information reported to them by the insurers and they then file it with actuarial support to the insurance commissioner for review and approval. NCCI files the eligibility standards and caps used in the experience rating calculation.

NCCI filed a new experience rating threshold with the insurance commissioner increasing the premium eligibility for experience rating from \$5,000/\$2,500 to \$10,000/\$5,000. The filing was approved by the insurance commissioner. The filing resulted from SB123 and agreements to eliminate differences between Montana State Fund and NCCI eligibility standards. NCCI estimated approximately 650 to 700 employers would no longer be eligible for experience rating policies. Refer to NCCI filing document.

We have requested an estimate from NCCI of the number and percentage of employers that would not be eligible for experience rating.