

# COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN  
COMMISSIONER



OFFICE OF THE MONTANA  
STATE AUDITOR

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## Advisory Memorandum

**To:** All Property and Casualty Insurance Companies

**From:** MONICA J. LINDEEN - Commissioner of Securities and Insurance,  
Montana State Auditor (CSI)

**Date:** October 31, 2011

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### HB 265 (2011) Prohibit Insurer From Disregarding Cost Item Identified By Estimating System

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The 2011 Montana Legislature passed House Bill 265 revising Mont. Code Ann. § 33-18-224, Designation of Specific Automobile Body Repair Businesses Prohibited, which was signed into law on April 28, 2011. The purpose of HB 265 was to ensure that the Insurer, and its agents, do not deny charges for repairs that are identified by the agreed upon estimating system.

Specifically, the law was amended to insert (1)(a)(iii) that provides "[a]n insurance company, including its producers and adjusters, that issues or renews a policy of insurance in this state covering, in whole or in part, a motor vehicle may not... unilaterally disregard a repair operation or cost identified by an estimating system that the insurer and an automobile body repair business or location have agreed to utilize in determining the cost of repair."

Violations of Mont. Code Ann. § 33-18-224 may result in the following:

- An administrative action for unfair trade practices;
- A cease and desist order;
- A penalty up to \$5000 for each violation for adjusters or \$25,000 for the insurance company;
- Administrative fines up to \$25,000 per violation for any violation of this act.

The complete text of the bill may be obtained at <http://leg.mt.gov>.

If you have questions, please call the CSI Legal Bureau at (406) 444-2040.