

HJ 61 – Property Insurance in MT: Insurance Discounts for Hazard Mitigation, Background Paper

ECONOMIC AFFAIRS INTERIM COMMITTEE
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ANTI-REBATE LAWS RESTRICT DISCOUNT PRACTICES

Why must a state legislate that an insurance discount is permissible, let alone required? State insurance regulators are responsible for ensuring a fair and financially sound market. One method of doing so is prohibiting insurers from offering rebates: in addition to issues of unfair discrimination and marketing gratuitous policies, excessively low prices can undermine insurer solvency, cavitating the market. With these concerns in mind, anti-rebating laws were introduced in the late 1880s and have since been adopted in nearly every state.

Does Montana prohibit insurance rebates? Generally, yes (but see below): 33-28-210 MCA prohibits insurers from providing “rebate, discount, abatement, credit, or reduction of the premium.”

MT HB 136 (2025): BENEFIT OR PREMIUM REDUCTION ALLOWED

In 2025, Montana passed HB 136, allowing insurers to provide a benefit or premium reduction for measures taken to reduce the risk of damage to property from fire, wind, and hail. The act specifies qualifying mitigation measures relevant to each hazard; clarifies that the benefits/reductions *do not* constitute illegal rebates under 33-18-210 MCA; and requires insurers to inform policyholders, in writing, of the potential benefits/reductions.

EXAMPLES OF OTHER STATES¹

Many states, like Montana, *allow* insurers to offer discounts; the following states *mandate* discounts:

STATE	HAZARD	RATES SET BY	DESCRIPTION: FOR WHAT / HOW
AL	Wind/Hurricane	Statute	IBHS FORTIFIED; 20%-60% discount on wind/hurricane portion
CA *	Wildfire	Insurer	Insurers using wildfire risk models; property/community measures
CO *	Wildfire	Insurer	Insurers using wildfire risk models; property/community measures
CT	Wind/Hurricane	Insurer	Premium discount for storm shutters and glass; Actuarially justified
FL	Wind/Hurricane	Insurer	When measures are demonstrated to reduce loss
GA	Wind/Hurricane	Insurer	IBHS FORTIFIED; Wind portion only; Actuarially justified
KY	Wind/Hail	Insurer	IBHS FORTIFIED; Actuarially justified
LA	Wind/Hurricane	Insurer	For wind portion of premium
MD	Hurricane/Storm	Insurer	At least one actuarially justified discount on premium
MN	Wind	Insurer	IBHS FORTIFIED; Offered on wind or total premium; Actuarially justified
MS	Hurricane	Insurer	IBHS FORTIFIED; Specific coastal counties
NY	Hurricane	Insurer	Actuarially justified
NC	Wind/Hail	Insurer	IBHS FORTIFIED; Specific coastal counties
OK	Wind/Hail	Insurer	Actuarially justified with evidence or IBHS FORTIFIED
RI	Wind/Hurricane	Insurer	IBHS FORTIFIED; Premium discounts or credits on hurricane deductible
SC	Wind/Hurricane	Insurer	IBHS FORTIFIED and other select programs; Actuarially justified

This list is a generalization that does not capture the complexity and differences in approaches.

**See pg.2 for further analysis.*

WILDFIRE FOCUS: CA REGULATION / CO LEGISLATION

- **California’s “Safer from Wildfire” Regulations (2022):** The California Department of Insurance adopted regulations that made California the first state to mandate insurance discounts for policyholders who implement wildfire hazard mitigation measures. The regulations apply to an insurer that implements a wildfire risk assessment (which must be provided to the Commissioner, and is subject to public inspection) when calculating premiums.

Mandatory discounts apply to 2 community-level mitigation designations: CA Board of Forestry or Firewise USA determined; and 10 property-level mitigation measures categorized into 1) the immediate surroundings of buildings (clearing flammable materials and use of noncombustible materials), and 2) building hardening measures (fire-resistant materials and techniques).

Insurers may also apply specific optional factors in a rating plan when demonstrated to be substantially related to risk of wildfire loss (fuels, slope, access, aspect, structural characteristics, wind, and other factors recommended by fire safety agencies/organizations).

Insurers must, in writing, notify applicants/policyholders of the property’s wildfire risk rating with detailed explanations of how/why that rating was reached. Applicants/policyholders may appeal the rating.

- **Colorado’s HB25-1182 (2025) [C.R.S. § 10-4-124]:** The Colorado legislature enacted a statute, effective July 1, 2026, that made Colorado the second state (of two) to mandate insurance discounts for policyholders who implement wildfire hazard mitigation measures. The statute applies to an insurer that implements a risk assessment model (which must be provided to the Commissioner, but is treated as a trade secret not subject to disclosure) when calculating premiums.

When an insurer *does not* implement community/property-specific mitigation into its risk model, mandatory discounts apply to community-level mitigation designations (fuel reduction activities, including forest treatment) and property-specific mitigations (defensible space, building hardening, or expert-certified). Risk models are expected to account for state-wide mitigation activities, such as forest treatment, investments in wildfire fighting/mitigation equipment, and utility wildfire mitigation activities.

An insurer must provide information on its website that explains discounts, incentives, or adjustments that are available for specific mitigation measures. Insurers must also notify policyholders and applicants, in writing, of the property’s wildfire risk score, mitigation measures that may be taken, and associated discounts. Applicants/policyholders may appeal the rating.

Links to official text:

- [Montana’s HB 136 \(2025\)](#)
- [California’s “Safer from Wildfire” Regulations: 10 CCR § 2644.9](#)
- [Colorado Revised Statute: 10-4-124](#)

¹ National Association of Insurance Commissioners Center for Insurance Policy and Research & Federal Alliance for Safe Homes. (2026). *Resilience Policy Resource Guide and Retrofitting Program Playbook for State Insurance Regulators, Addendum – January 2026* [Brochure]. <https://flash.org/wp-content/uploads/1/2026/02/1-2026-Resilience-Playbook-Addendum-Digital-Final.pdf>.