

HB 243 -- AUTO INSURANCE

SPONSOR: Luetkemeyer

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Services by a vote of 12 to 7.

This bill changes the definition of "renewal" as that term applies to automobile insurance. Any automobile insurance policy with a term of less than six months or with no fixed expiration date will be considered a six-month policy. Under current law, the default term is 12 months.

FISCAL NOTE: No impact on state funds.

PROPOSERS: Supporters say that the bill is based upon a recommendation by the National Association of Insurance Commissioners. A shorter term allows insurers to better rate their risk. Reducing the term will cause insurers to be more active in their underwriting and make premiums more in line with the risk associated with each driver.

Testifying for the bill were Representative Luetkemeyer; Farmers Insurance Company; Missouri Insurance Coalition; State Farm Insurance Company; and National Association of Independent Insurers.

OPPOSERS: Those who oppose the bill say that it is not in the best interest of the consumer. Currently, a person can be guaranteed coverage for 10 months, rather than the six months that would be required by the bill. If an insurer wanted to cancel a person, they could do so four months earlier.

Testifying against the bill was the Independent Insurance Agents and Brokers of Missouri.

Richard Smreker, Senior Legislative Analyst