

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE NO. 2 FOR  
**HOUSE BILL NO. 1703**  
**93RD GENERAL ASSEMBLY**

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Reported from the Committee on Insurance Policy March 16, 2006 with recommendation that House Committee Substitute No. 2 for House Bill No. 1703 Do Pass by Consent. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

STEPHEN S. DAVIS, Chief Clerk

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**AN ACT**

To repeal sections 537.620 and 537.640, RSMo, and to enact in lieu thereof two new sections relating to insurance pooling.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 537.620 and 537.640, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 537.620 and 537.640, to read as follows:

537.620. Notwithstanding any direct or implied prohibitions in chapter 375, RSMo, 377,  
2 RSMo, or 379, RSMo, any three or more political subdivisions of this state may form a business  
3 entity for the purpose of providing liability and all other insurance, including insurance for  
4 elderly or low-income housing in which the political subdivision has an insurable interest, for  
5 any of the subdivisions upon the assessment plan as provided in sections 537.600 to 537.650.  
6 Any **public governmental body or quasi-public governmental body, as defined in section**  
7 **610.010, RSMo, and any political subdivision of this state or any other state** may join this  
8 entity and use public funds to pay any necessary assessments. **Except for being subject to the**  
9 **regulation of the director of insurance under sections 375.930 to 375.949, RSMo, sections**  
10 **375.1000 to 375.1018, RSMo, and sections 537.600 to 537.650, any such business entity shall**  
11 **not be deemed to be an insurance company or insurer under the laws of this state, and the**  
12 **coverage provided by such entity and the administration of such entity shall not be deemed**  
13 **to constitute the transaction of an insurance business.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

537.640. 1. The director of insurance shall be authorized in accordance with [sections  
2 375.171 and 375.173] **section 374.205**, RSMo, to examine into the affairs of any association  
3 organized under the provisions of sections 537.620 to 537.650 and may, in accordance with  
4 section [375.426] **374.045**, RSMo, make such rules and regulations as may be necessary for the  
5 execution of the functions vested in him. Annually thereafter, within thirty days before the  
6 expiration of its license, each association shall pay a renewal license fee of one hundred dollars  
7 and shall file a statement with the director of insurance giving a report of its activities for the  
8 preceding year.

9 2. Any existing association shall also, at the time it files for renewal of its license, file  
10 any amendments to its articles of association or bylaws which have been adopted in the  
11 preceding year.

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