

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1893**  
**94TH GENERAL ASSEMBLY**

4718L.02T

2008

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**AN ACT**

To repeal section 385.050, RSMo, and to enact in lieu thereof one new section relating to premium refund calculations for credit insurance.

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

Section A. Section 385.050, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 385.050, to read as follows:

385.050. 1. Any insurer may revise its schedules of premium rates from time to time and shall file the revised schedules with the director. No insurer shall issue any credit life insurance policy or credit accident and sickness insurance policy for which the premium rate exceeds that determined by the schedules of the insurer as then approved by the director.

2. Each individual policy or group certificate shall provide that in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto; provided, however, that no refund of less than one dollar need be made. The formula to be used in computing the refund shall be the actuarial method of calculating refunds which produces a refund equal to the original premium multiplied by the ratio of the sum of the remaining insured balances divided by the sum of the original insured balances [as of the due date nearest the date of prepayment in full]. **In determining the number of months for which a premium is earned, the first month's premium may be considered as earned on the first day of coverage and for all successive months' premiums, on the coverage anniversary date in each successive month.**

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.

16           3. If a creditor requires a debtor to make any payment for credit life insurance or credit  
17 accident and sickness insurance and an individual policy or group certificate of insurance is not  
18 issued, the creditor shall immediately give written notice to the debtor and shall promptly make  
19 an appropriate credit to the account.

20           4. The amount charged to a debtor for any credit life or credit accident and sickness  
21 insurance shall not exceed the premiums charged by the insurer, as computed at the time the  
22 charge to the debtor is determined.

23           5. Nothing in sections 385.010 to 385.080 shall be construed to authorize any payments  
24 for insurance now prohibited under any statute, or rule thereunder, governing credit transactions.

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