

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR

SENATE BILL NO. 691

97TH GENERAL ASSEMBLY
2014

4366L.05T

AN ACT

To repeal sections 375.003 and 379.118, RSMo, and to enact in lieu thereof three new sections relating to certain personal lines policy provisions.

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

Section A. Sections 375.003 and 379.118, RSMo, are repealed and three
2 new sections enacted in lieu thereof, to be known as sections 375.003, 379.118,
3 and 379.827, to read as follows:

375.003. 1. **Except as provided in subsection 2 of this section**, no
2 notice of cancellation of a policy to which section 375.002 applies shall be effective
3 unless mailed or delivered by the insurer to the named insured at least thirty
4 days prior to the effective date of cancellation. [However,]

5 2. Where cancellation is for nonpayment of premium at least ten days'
6 notice of cancellation shall be given **and such notice shall contain the**
7 **following notice or notice substantially similar in bold conspicuous**
8 **type: "THIS POLICY IS CANCELLED EFFECTIVE AT THE DATE AND**
9 **TIME INDICATED IN THIS NOTICE. THIS IS THE FINAL NOTICE OF**
10 **CANCELLATION WE WILL SEND PRIOR TO THE EFFECTIVE DATE**
11 **AND TIME OF CANCELLATION INDICATED IN THIS NOTICE."**

12 3. The notice shall state the insurer's actual reason for proposing the
13 action, the statement of reason to be sufficiently clear and specific so that a
14 person of average intelligence can identify the basis for the insurer's decision
15 without further inquiry. Generalized terms such as "personal habits", "living
16 conditions", or "poor morals" shall not suffice to meet the requirements of this
17 subsection. The notice shall also state that the insured may be eligible for

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 insurance through the Missouri basic property insurance inspection and
19 placement program.

20 **4. Issuance of a notice of cancellation under subsection 1 or 2 of**
21 **this section constitutes a present and unequivocal act of cancellation**
22 **of the policy.**

23 **5. An insurer may reinstate a policy cancelled under subsection**
24 **1 or 2 of this section at any time after the notice of cancellation is**
25 **issued if the reason for the cancellation is remedied. An insurer may**
26 **send communications to the insured, including but not limited to**
27 **billing notices for past due premium, offers to reinstate the policy if**
28 **past due premium is paid, notices confirming cancellation of the policy,**
29 **or billing notices for payment of earned but unpaid premium. The fact**
30 **that a policy may be so reinstated or any such communication may be**
31 **made does not invalidate or void any cancellation effectuated under**
32 **subsection 1 or 2 of this section or defeat the present and unequivocal**
33 **nature of acts of cancellation as described under subsection 4 of this**
34 **section.**

35 **[2.] 6.** This section shall not apply to nonrenewal.

379.118. 1. If any insurer proposes to cancel or to refuse to renew a policy
2 of automobile insurance delivered or issued for delivery in this state except at the
3 request of the named insured or for nonpayment of premium, it shall, on or before
4 thirty days prior to the proposed effective date of the action, send written notice
5 by certificate of mailing of its intended action to the named insured at his last
6 known address. **Where cancellation is for nonpayment of premium at**
7 **least ten days' notice of cancellation shall be given and such notice**
8 **shall contain the following notice or substantially similar in bold**
9 **conspicuous type: "THIS POLICY IS CANCELLED EFFECTIVE AT THE**
10 **DATE AND TIME INDICATED IN THIS NOTICE. THIS IS THE FINAL**
11 **NOTICE OF CANCELLATION WE WILL SEND PRIOR TO THE**
12 **EFFECTIVE DATE AND TIME OF CANCELLATION INDICATED IN THIS**
13 **NOTICE."** The notice shall state:

14 (1) The [proposed] action [to be] taken;

15 (2) The [proposed] effective date of the action;

16 (3) The insurer's actual reason for [proposing to take] **taking** such action,
17 the statement of reason to be sufficiently clear and specific so that a person of
18 average intelligence can identify the basis for the insurer's decision without
19 further inquiry. Generalized terms such as "personal habits", "living conditions",
20 "poor morals", or "violation or accident record" shall not suffice to meet the

21 requirements of this subdivision;

22 (4) That the insured may be eligible for insurance through the assigned
23 risk plan if his insurance is to be cancelled.

24 2. **Issuance of a notice of cancellation under subsection 1 of this**
25 **section constitutes a present and unequivocal act of cancellation of the**
26 **policy.**

27 3. **An insurer may reinstate a policy cancelled under subsection**
28 **1 of this section at any time after the notice of cancellation is issued if**
29 **the reason for the cancellation is remedied. An insurer may send**
30 **communications to the insured, including but not limited to billing**
31 **notices for past due premium, offers to reinstate the policy if past due**
32 **premium is paid, notices confirming cancellation of the policy, or**
33 **billing notices for payment of earned but unpaid premium. The fact**
34 **that a policy may be so reinstated or any such communication may be**
35 **made does not invalidate or void any cancellation effectuated under**
36 **subsection 1 of this section or defeat the present and unequivocal**
37 **nature of acts of cancellation as described under subsection 2 of this**
38 **section.**

39 4. An insurer shall send an insured written notice of an automobile policy
40 renewal at least fifteen days prior to the effective date of the new policy. The
41 notice shall be sent by first class mail or may be sent electronically if requested
42 by the policyholder, and shall contain the insured's name, the vehicle covered, the
43 total premium amount, and the effective date of the new policy. Any request for
44 electronic delivery of renewal notices shall be designated on the application form
45 signed by the applicant, made in writing by the policyholder, or made in
46 accordance with sections 432.200 to 432.295. The insurer shall comply with any
47 subsequent request by a policyholder to rescind authorization for electronic
48 delivery and to elect to receive renewal notices by first class mail. Any delivery
49 of a renewal notice by electronic means shall not constitute notice of cancellation
50 of a policy even if such notice is included with the renewal notice.

379.827. 1. As used in this section, the term "sinkhole loss" means
2 **actual physical damage to a building or property arising out of sudden**
3 **settlement or collapse of the earth supporting the building, and only**
4 **when the sudden settlement or collapse results directly from**
5 **subterranean voids created by the action of water on limestone or**
6 **similar rock formation and is evidenced by:**

7 (1) The abrupt collapse of the ground cover;

8 (2) A depression in the ground cover clearly visible to the naked

9 eye;

10 (3) Structural damage to the covered building, including the
11 foundation; and

12 (4) The insured structure is uninhabitable, which is evidenced
13 by an order of condemnation by a governmental agency authorized to
14 issue such an order for that structure, where applicable.

15 2. Upon application, beginning January 1, 2015, the plan may
16 issue a policy exclusively for sinkhole loss on habitational property
17 owned by the applicant in accordance with this section to supplement
18 the applicant's primary coverage for loss on such property issued by an
19 insurer authorized to do business in this state. Coverage shall be only
20 for habitational structures and shall not cover driveways or
21 nonhabitational detached structures. Contents coverage shall apply
22 only if there is covered sinkhole loss on the habitational structure in
23 which the contents were located. Sinkhole coverage under this section
24 shall not include loss for the value of the land or for the costs
25 associated with filling a sinkhole.

26 3. The provisions of section 379.810 to 379.880 shall apply to
27 policies issued under this section; however the plan may establish
28 specific procedures designed to expedite approval for policies covering
29 sinkhole loss and premiums charged therefor shall be based only on the
30 risk for sinkhole loss applicable to such property. The plan may
31 establish specific claims investigation procedures for sinkhole losses
32 necessary to determine whether any claimed loss was the result of
33 sinkhole activity rather than due to some other form of earth
34 subsidence not covered under the policy.

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