

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2194
98TH GENERAL ASSEMBLY

5573H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 375.004 and 379.118, RSMo, and to enact in lieu thereof two new sections relating to the renewal of insurance policies.

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

Section A. Sections 375.004 and 379.118, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 375.004 and 379.118, to read as follows:

375.004. 1. No insurer shall refuse to renew a policy unless the insurer or its agent mails
2 or delivers to the named insured, at the address shown in the policy, at least thirty days' advance
3 notice of its intention not to renew. The notice shall state the insurer's actual reason for
4 proposing the action, the statement of reason to be sufficiently clear and specific so that a person
5 of average intelligence can identify the basis for the insurer's decision without further inquiry.
6 Generalized terms such as "personal habits", "living conditions", or "poor morals" shall not
7 suffice to meet the requirements of this subsection. The notice shall also state that the insured
8 may be eligible for insurance through the Missouri basic property insurance inspection and
9 placement program. This section shall not apply:

- 10 (1) If the insurer has manifested its willingness to renew; or
11 (2) In case of nonpayment of premium; or
12 (3) If the named insured has indicated he does not wish to have the policy renewed; or
13 (4) If the insured fails to pay any advance premium required by the insurer for renewal.
14 2. Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds
15 for cancellation which existed before the effective date of the renewal.

16 **3. An assignment or transfer of a policy among affiliated insurers within an**
17 **insurance holding company system is not a cancellation or nonrenewal for purposes of**
18 **sections 375.001 to 375.008. However, if the assignment or transfer of a policy does not**

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.

19 **result in coverage substantially equivalent to the coverage that was contained in the policy**
20 **being assigned or transferred, the insurer shall, at least fifteen days in advance of the**
21 **effective date of the assignment or transfer, notify the policyholder that some coverage**
22 **provisions will change due to the assignment or transfer, advise the policyholder to refer**
23 **to the new policy for coverage details, and provide a copy of or access to the replacement**
24 **policy form or the executed replacement policy.**

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

14 (1) The action taken;
15 (2) The effective date of the action;
16 (3) The insurer's actual reason for taking such action, the statement of reason to be
17 sufficiently clear and specific so that a person of average intelligence can identify the basis for
18 the insurer's decision without further inquiry. Generalized terms such as "personal habits",
19 "living conditions", "poor morals", or "violation or accident record" shall not suffice to meet the
20 requirements of this subdivision;
21 (4) That the insured may be eligible for insurance through the assigned risk plan if his
22 insurance is to be cancelled.

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

25 3. An insurer may reinstate a policy cancelled under subsection 1 of this section at any
26 time after the notice of cancellation is issued if the reason for the cancellation is remedied. An
27 insurer may send communications to the insured, including but not limited to billing notices for
28 past due premium, offers to reinstate the policy if past due premium is paid, notices confirming
29 cancellation of the policy, 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 made does not invalidate

31 or void any cancellation effectuated under subsection 1 of this section or defeat the present and
32 unequivocal nature of acts of cancellation as described under subsection 2 of this section.

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

44 **5. An assignment or transfer of a policy among affiliated insurers within an**
45 **insurance holding company system is not a cancellation or nonrenewal for purposes of**
46 **sections 379.110 to 379.120. However, if the assignment or transfer of a policy does not**
47 **result in coverage substantially equivalent to the coverage that was contained in the policy**
48 **being assigned or transferred, the insurer shall, at least fifteen days in advance of the**
49 **effective date of the assignment or transfer, notify the policyholder that some coverage**
50 **provisions will change due to the assignment or transfer, advise the policyholder to refer**
51 **to the new policy for coverage details, and provide a copy of or access to the replacement**
52 **policy form or the executed replacement policy.**

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