

HB 1648 -- RESIDUAL INSURANCE MARKET ENTITIES

SPONSOR: Muntzel

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Insurance Policy by a vote of 16 to 0. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 10 to 0.

This bill modifies provisions relating to the regulation of residual insurance market entities.

MISSOURI AUTOMOBILE INSURANCE PLAN

This bill modifies existing law regarding apportionment of substandard insurance risks to create the Missouri Automobile Insurance Plan ("MOAIP"). MOAIP is authorized to issue motor vehicle insurance policies to applicants who are unable to procure motor vehicle liability policies through ordinary methods, rather than funding issuance of the policies through other insurers. The bill further specifies that the Director of the Department of Commerce and Insurance (director) shall consult with insurance companies who have a certificate of authority to do business in the state and actively write motor vehicle liability policies. MOAIP shall perform its functions under a plan of operation approved by the director through a board of governors as specified in the plan of operation. The plan of operation shall prescribe the issuance of motor vehicle insurance policies, which may include the administration of the policies by a third party, as specified in the bill. MOAIP must obtain approval from the director before using forms, rates, or manuals. MOAIP is subject to the applicable insurance laws of this state unless specifically exempted, is required to file annual financial reports that are subject to examination by the director, and shall have the authority to make assessments on member insurance companies in proportion to their market share. Member insurers and members of the governing committee shall be immune from liability for omissions and actions taken in the performance of their powers and duties under the bill (Section 303.200, RSMo).

MISSOURI BASIC PROPERTY INSURANCE INSPECTION AND PLACEMENT PROGRAM

This bill modifies the Missouri Basic Property Insurance Inspection and Placement Program. The bill requires 10 of the members of the program's governing committee to be elected as specified in the program's plan of operation, rather than prescribing entities from which the members shall be elected. Member insurers and members of the governing committee shall be immune from liability for omissions and actions taken in the performance of their powers and

duties under the bill (Section 379.860).

MEDICAL MALPRACTICE JOINT UNDERWRITING ASSOCIATION

The bill modifies the authority to create a medical malpractice insurance joint underwriting association by specifying that the composition of the association's board of directors shall be established by its plan of operation, and provides that member insurers and members of the governing committee shall be immune from liability for omissions and actions taken in the performance of their powers and duties specified in the bill. This bill requires all policies of insurance written by the association to be written to "provide medical malpractice insurance coverage as provided in the plan of operation", rather than to "apply to injury which results from acts or omissions occurring during the policy period. The bill specifies that the association's board of directors shall be established by its plan of operation, rather than prescribing entities from which the members shall be elected (Sections 383.155, 383.160 and 383.175).

PROPONENTS: Supporters say that this bill will help consumers that can not get property and casualty insurance through the standard market to be able to get covered to protect their assets.

Testifying for the bill were Representative Muntzel and the Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.