

HCS SB 101 (LR# 0898H.03C)

PROPERTY AND CASUALTY INSURANCE

Section	Original Bill	Sponsor	Description
379.1850, 379.1851, 379.1853, 379.1855, 379.1857, 379.1859, 379.1861, 379.1863, 379.1865, 379.1867, and 379.1869, RSMo	SB 101 Underlying Bill	Sen. Crawford	<p>LENDER-PLACED INSURANCE</p> <p>This enacts provisions and defines terms relating to lender-placed insurance, as defined in the bill, with applicability as described in the bill. (Sections 379.1850, 379.1851, and 379.1859).</p> <p>This specifies when lender-placed insurance will become effective and terminate, and when mortgagors may be charged for the policies. (Section 379.1853).</p> <p>Coverage amounts and premium amounts should be based upon the replacement cost value of the property, to be determined as laid out in the act. In the event of a covered loss, any replacement cost coverage in excess of the unpaid principal balance on the mortgage shall be paid to the mortgagor. No insurer shall write lender-placed insurance for which the premium rate differs from that determined by the rate schedules on file with the Department of Commerce and Insurance (DCI) as of the effective date of the policy (Section 379.1855).</p> <p>Prohibits insurers and insurance producers from issuing lender-placed insurance if they or one of their affiliates owns, performs servicing for, or owns the servicing right to, the mortgaged property. This prohibits insurers and insurance producers from compensating lenders, insurers, investors, or servicers for lender-placed insurance policies issued by the insurer, and from sharing premiums or risk with the lender, investor, or servicer. This also prohibits payments dependent on profitability or loss ratios from being made in connection with lender-placed insurance, specifies that insurers shall not provide free or below-cost services or outsource its own functions at an above-cost basis. No insurer or insurance producer can make any payments for the purpose of securing lender-placed insurance business or related services (Section 379.1857).</p> <p>This requires lender-placed insurance to be set forth in its own policy or certificate. Proof of coverage must be provided in person or by mail to the last known address of the mortgagor, or in accordance with the Uniform Electronic Transactions Act, and shall include certain information specified in the bill (Section 379.1861).</p> <p>Policy forms and certificates and premium rates will be filed with the DCI, which will review the rates to determine whether they are excessive, inadequate, or unfairly discriminatory, and whether expenses included in the rate are appropriate. Rates must be filed at least once every 4 years, and all insurers must have separate rates for lender-placed insurance and voluntary insurance obtained by a mortgage servicer on real estate owned property, as defined in the bill. This requires insurers writing at least \$100,000 in lender-placed insurance to annually report certain financial information to the DCI, and specifies that except in the case of lender-placed flood insurance, insurers experiencing an annual loss ratio of less than</p>

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			<p>35% for two consecutive years must re-file rates. Except as otherwise provided in the bill, rates and forms shall be filed as required by law (Section 379.1863).</p> <p>The Director of the DCI will have authority to enforce the provisions of the bill, subject to judicial review as provided by law. The bill will not be construed to create a private cause of action, or to extinguish any mortgagor rights otherwise available under state, federal, or common law (Section 379.1865 and 379.1869).</p> <p>Specifies potential penalties for violations of the bill, including monetary penalties and suspension or revocation of an insurer's license. (Section 379.1867).</p>
379.316	HB 1019 Added in HCS	Rep. Christofanelli	<p>AVIATION INSURANCE</p> <p>Currently, insurers must file with the Director of the DCI, except for commercial property or commercial casualty insurance, every manual of classifications, rules, underwriting rules and rates, every rating plan and every modification of the foregoing which it uses and the policies and forms to which such rates are applied.</p> <p>Insurance against loss of or damage to an aircraft is currently exempt from the rate plan filing requirements.</p> <p>This adds insurance against liability, other than employer's liability, arising out of the ownership, maintenance, or use of aircraft to the exemption.</p>
287.690, 287.921 and 375.1275	SS SB 181 Added in HCS	Sen. Crawford	<p>PRIVATIZATION OF PUBLIC CORPORATIONS</p> <p>Currently, the Missouri Employers Mutual Insurance Company (MEM) is established as a public corporation for the purpose of insuring Missouri employers against liability for workers' compensation, occupational disease, and employers' liability coverage.</p> <p>This repeals the law establishing MEM as a public corporation and all connected statutes and specifies a process under which MEM may convert to a private mutual insurance corporation under the general insurance laws, authorized to write any lines of insurance permitted under Missouri law.</p> <p>The company may continue to conduct business under its current name, and it will become the successor in interest to all assets and liabilities of the company as of the date of conversion.</p> <p>The state will not be liable for the expenses, liabilities, or debts of the private version of the company, the public corporation version of the company or a subsidiary or joint enterprise involving the private version of the company.</p>