

HB 2440 -- Regulation of Insurance (Christofanelli)

COMMITTEE OF ORIGIN: Standing Committee on Insurance Policy

This bill repeals the requirement that certain notices provided under the Motor Vehicle Financial Responsibility Enforcement and Compliance Incentive Program specify that the minimum penalty for a violation includes four license points.

The bill limits, to five years after implementation, the Department of Revenue's obligation to provide the legislature with annual reports regarding the Motor Vehicle Financial Responsibility Enforcement and Compliance Incentive Program.

The bill specifies that an advisory council for the Department of Revenue's Motor Vehicle Financial Responsibility Verification System will serve in an advisory capacity as the Department may request, and will expire one year after implementation of the Program.

The bill provides that the Department of Revenue's Motor Vehicle Financial Responsibility Verification System will be implemented no later than December 31, 2027 or as soon as technologically possible following development and maintenance of the Department's electronic titling and registration system, rather than January 1, 2025.

The bill further specifies that regulated entities will have at least 30 calendar days to submit any record or material requested by the Department of Commerce and Insurance, except for the Division of Consumer Affairs. Records maintained beyond the required retention period shall not be required to be produced unless the Director has substantial and competent evidence the regulated entity committed a level four or five violation of the insurance laws of this State or a felony related to the business of insurance.

This bill outlines the disposition of certain reinsurance contracts for policies of life or health insurance and annuities in the event the insurance company that issued that policy goes insolvent.

This bill specifies the rights and obligations of the insurer, the reinsurer, the guaranty association, and the receiver with respect to reinsurance contracts covering policies of life or health insurance or annuities in different scenarios of conservation, rehabilitation, or liquidation proceedings.

The bill allows a guaranty association covering policies of life or health insurance or annuities to elect to assume the reinsurance

contracts within 180 days of the order of liquidation. If the reinsurance contracts are not assumed, they are terminated retroactively and a settlement amount is calculated and a settlement is decided by the reinsurer and the receiver. The bill outlines how the reinsurer and receiver determines the settlement amount.

This bill increases, from \$5,000 to \$15,000, the maximum insurance coverage that may be offered by limited lines self-service storage insurance producers and their associates.

This bill establishes the "Protecting Missouri's Mutual Insurance Companies Act", which states that no Missouri mutual insurance company (Missouri mutual company) will be required to acquire or carry reinsurance greater than adequate reinsurance, and that unlimited aggregate reinsurance will be optional.

The authority granted in Section 380.621, RSMo will be the sole authority granted to the Department over any Missouri company operating under Chapter 380, Missouri mutual company, with a provision that premium taxation under Chapter 148 remains applicable and that Chapter 382 also remains applicable to a Missouri mutual company which is a member of or seeking membership in an insurance holding company system. The extent of the Department's authority to require a Missouri mutual company to waive benefits and its ability to confer favorable treatment is similarly limited, with the effectiveness of certain agreements as specified in the bill.

The Director of the DCI holds a hearing regarding a proposed merger of Missouri mutual insurance companies unless there is substantial and competent evidence to believe the merger will prejudice the policyholders of the companies. The Director provides a written notice of hearing with the reasons and the date of the hearing within 15 days of receiving the petition of merger.

The bill states that the Department will not charge a rate exceeding a reasonable fee for the examination of a Missouri mutual company, and that the Department must hold a scheduling conference and provide a budget estimate for the examination. The bill also states that the working papers, documents, and information obtained or disclosed during the examination will be confidential and not subject to subpoena or public disclosure.

The bill also defines the word "insolvent" for Missouri mutual companies that operate under Chapter 380. Currently, the Insurers Supervision, Rehabilitation, and Liquidation Act in Sections 375.1150 to 375.1246 exempts Missouri mutual companies operating under Chapter 380. This bill adds Missouri mutual companies to the

Act and states that Sections 375.570 to 375.750 apply to those proceedings.