

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6999H.011
 Bill No.: HB 3328
 Subject: Insurance - Property; Insurance - General; Property, Real and Personal
 Type: Original
 Date: April 13, 2026

Bill Summary: This proposal establishes the Missouri Disaster Mediation Act and Missouri Stronger Homes Program relating to disasters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(\$37,077 to Unknown)	(\$90,764 to Unknown)	(\$115,724 to Unknown)
Total Estimated Net Effect on General Revenue	(\$37,077 to Unknown)	(\$90,764 to Unknown)	(\$115,724 to Unknown)

*DOC notes that current capacity will be met by July 2029 (FY 2030) or potentially much sooner. Therefore, Oversight has made the decision to reflect the marginal cost of incarceration up to an unknown cost if DOC needs to add staff and/or rehabilitate, expand or construct additional capacity. Oversight assumes the unknown cost has the potential to exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Insurance Dedicated Fund (1566)	(\$169,207)	(\$13,081,372)	(\$3,100,712)
Missouri Stronger Homes*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$169,207)	(\$13,081,372)	(\$3,100,712)

*Transfer-in and cost net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Insurance Dedicated Fund (1566)	7 FTE	7 FTE	7 FTE
Total Estimated Net Effect on FTE	7 FTE	7 FTE	7 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§33.080 - 379.3140 – Homeowners Insurance

§375.991

Officials from the **Department of Corrections (DOC)** assume section 375.991 expands a fraudulent insurance act to include inflating the cost of things in order to offset the deductible. The penalty is a class E felony for the first offense, and a class D felony for a second or subsequent offense.

As these are new crimes, there is little direct data on which to base an estimate, and as such, the department estimates an impact comparable to the creation of a new class E felony and a new class D felony.

For each new nonviolent class E felony, the department estimates one person could be sentenced to prison and two to probation. The average sentence for a nonviolent class E felony offense is 3.4 years, with 1.4 years served in prison prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 2 additional offenders in prison and 7 additional offenders on field supervision by FY 2029.

For each new nonviolent class D felony, the department estimates three people could be sentenced to prison and five to probation. The average sentence for a nonviolent class D felony offense is 5 years with 1.7 years served in prison prior to first release. Probation sentences will be 3 years.

The cumulative impact on the department is estimated to be 8 additional offenders in prison and 16 additional offenders on field supervision by FY 2029.

Combined Cumulative Impact

The combined cumulative impact of the new bill would be 10 additional offenders in prison and 23 additional offenders in filed supervision by FY 2029.

	# to prison	Cost per year	Total Costs for prison	Change in probation & parole officers	Total cost for probation and parole	# to probation & parole	Grand Total - Prison and Probation (includes 2% inflation)
Year 1	4	(\$11,123)	(\$37,077)	0	\$0	7	(\$37,077)
Year 2	8	(\$11,123)	(\$90,764)	0	\$0	14	(\$90,764)
Year 3	10	(\$11,123)	(\$115,724)	0	\$0	23	(\$115,724)
Year 4	10	(\$11,123)	(\$118,038)	0	\$0	26	(\$118,038)
Year 5	10	(\$11,123)	(\$120,399)	0	\$0	29	(\$120,399)
Year 6	10	(\$11,123)	(\$122,807)	0	\$0	29	(\$122,807)
Year 7	10	(\$11,123)	(\$125,263)	0	\$0	29	(\$125,263)
Year 8	10	(\$11,123)	(\$127,768)	0	\$0	29	(\$127,768)
Year 9	10	(\$11,123)	(\$130,324)	0	\$0	29	(\$130,324)
Year 10	10	(\$11,123)	(\$132,930)	0	\$0	29	(\$132,930)

The department will assume a marginal cost (multiplied by number of offenders) for any projected increase or decrease in the incarcerated population. Marginal cost is \$30.47 per day or an annual cost of \$11,123 per offender which includes costs such as medical, food, wages and operational E&E. The unknown amount is a result of the uncertainty in the growth of the underlying offender population. The impact of any new legislation combined with the growth of the underlying population could result in the tiered approach below in order to meet the population demands.

1. Fully staffing current capacity (27,368) which is habitable, but DOC does not have the staffing resources for all bed space.
2. Rehabilitating current space that is not currently habitable and obtaining staffing resources for that space (requires capital improvements).
3. Expanding new capacity by adding housing units or wings to existing prisons and obtaining staffing resources for that space (requires capital improvements).
4. Constructing a new prison and obtaining staffing resources. Based on current construction projects in other Midwest states, the department estimates the cost of constructing a new 1,500-bed maximum security prison at approximately \$825 million to \$900 million plus annual operating costs of approximately \$50 million (requires capital improvements).

The department's population projections indicate current physical capacity will be met by July 2029; however recent trends indicate that capacity could be met much sooner. Should new construction be the result of the increasing offender population, the full cost per day per offender would be used which is \$106.96 or an annual cost of \$39,040. This includes all items in the marginal cost calculation plus fringe, personal service, utilities, etc.

DOC's cost of probation or parole is determined by the number of P&P Officer II positions that are needed to cover its caseload. The DOC average district caseload across the state is 51 offender cases per officer. An increase/decrease of 51 cases would result in a cost/cost avoidance equal to the salary, fringe, and equipment and expenses of one P&P Officer II. Increases/decreases smaller than 51 offender cases are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

* If this impact statement has changed from statements submitted in previous years, it could be due to an increase/decrease in the number of offenders, a change in the cost per day for institutional offenders, and/or an increase in staff salaries.

Oversight does not have any information contrary to that provided by DOC. Therefore, Oversight will reflect DOC's impact for fiscal note purposes.

§§379.3000-379.3055

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create the "Missouri Disaster Mediation Act" which allows dispute resolution program for a facilitated claim resolution process per Director's order initiating such alternative dispute resolution program and Governor proclamation of emergency. While the mediator expenses are borne by the insurer, the Director's office transmits the requests to the administrator within three business days after receipt.

The department believes it can absorb the additional workload that would result from this legislation within existing appropriations and FTE. However, should the workload exceed expectations, the department would request an additional appropriation and/or FTE through the budget process to cover the increased costs.

Officials from the DCI assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

§§379.3100-379.3140

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create "Missouri Stronger Homes Act" provides grant moneys to assist Missouri residents in retrofitting and constructing insurable properties to resist loss due to a catastrophic event, pending receipt of federal grants or funds. Mitigation efforts subject to Insurance Institute for Business & Home Safety (IBHS) Fortified Homes Program and local building codes.

The department would be responsible for creating eligibility criteria, income tiers, construction and inspection standards, and application procedures; overseeing receipt and use of federal and other funds; conducting or authorizing compliance monitoring, random inspections, and fraud detection activities, including issuance of cease-and-desist orders under section 375.991.

The department will need four Grants Specialists at the salary of \$79,490 and a Grants Manager at the salary of \$110,933 to perform grant related research, monitor grant activities, review, write, evaluate, manage, and award grants.

Additionally, the department will need one Intermediate Accountant at the salary of \$86,434 and one Senior Accountant at the salary of \$93,931 to review documents to determine completeness, accuracy, and proper authorizations, and process account payables.

Finally, the department will need expense and equipment to support these additional staff in the amount of \$176,302.

DCI assumes with the start of this program being in FY28, the assumption is that the department would start the recruiting process and only have staff on board for a month in FY27.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the FTE cost estimate as provided by DCI in the fiscal note to the Insurance Dedicated Fund (1566).

§379.3115

Officials from the **Department of Commerce and Insurance (DCI)** assume these sections create the “Missouri Stronger Homes Fund” under state treasurer. These sections provide for the transfer of twelve million dollars on July 1, 2027, and then beginning July 1, 2028, and annually until July 1, 2037, up to 20 percent of the remaining balance in the Insurance Dedicated Fund as of June thirtieth of the preceding fiscal year not to exceed two million dollars in any one year.

Oversight will reflect a transfer out of \$12,000,000 in FY 2028 and \$2,000,000 in FY 2029 from the Insurance Dedicated Fund (1566) to the newly created Missouri Stronger Homes Fund.

DCI assumes the distribution of grants out of this fund would vary based on grant applications and fund availability. DCI has estimated the range of cost from \$0 to \$5,000,000 in grant distributions in FY 2028 and \$0 to \$3,000,000 in FY 2029.

Since it is unknown how many grants would be distributed annually, for simplicity, **Oversight** will reflect that all funds will be utilized in the year in which they were received.

DCI notes this section requires premium discount or rate reduction for retrofitting on policies issued after 1/1/27.

Bill as a whole:

In response to a similar proposal from this year (SB 1543), officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Officials from the AGO assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Public Safety - Missouri Highway Patrol, Department of Public Safety - State Emergency Management Agency, Office of the State Courts Administrator** and **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, county circuit clerks were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DOC (§375.991) p.4</u> Increased incarceration costs	(\$37,077 to <u>Unknown</u>)	(\$90,764 to <u>Unknown</u>)	(\$115,724 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$37,077 to <u>Unknown</u>)	(\$90,764 to <u>Unknown</u>)	(\$115,724 to <u>Unknown</u>)
INSURANCE DEDICATED FUND			
<u>Cost – DCI (§§379.3100-379.3140) p.6</u>			
Personal Service	(\$50,772)	(\$621,445)	(\$633,874)
Fringe Benefits	(\$29,950)	(\$364,297)	(\$369,296)
Expense and Equipment	(\$88,485)	(\$95,630)	(\$97,542)
<u>Total Cost – DCI</u>	<u>(\$169,207)</u>	<u>(\$1,081,372)</u>	<u>(\$1,100,712)</u>
FTE Change – DCI	7 FTE	7 FTE	7 FTE
<u>Transfer Out – to Missouri Stronger p.6 Homes Fund (§§379.3100-379.3140)</u>	<u>\$0</u>	<u>(\$12,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND (1566)	(\$169,207)	(\$13,081,372)	(\$3,100,712)
Estimated Net FTE Change on the Insurance Dedicated Fund (1566)	7 FTE	7 FTE	7 FTE
MISSOURI STRONG HOMES FUND			
<u>Transfer In – from Insurance Dedicated Fund (§§379.3100-379.3140) p.6</u>	<u>\$0</u>	<u>\$12,000,000</u>	<u>\$2,000,000</u>
<u>Cost – DCI (§§379.3100-379.3140)</u> Distributed Grants p.6	<u>\$0</u>	<u>(\$12,000,000)</u>	<u>(\$2,000,000)</u>
ESTIMATED FISCAL IMPACT ON THE MISSOURI STRONGER HOMES FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to insurance companies would be expected as a result of this proposal.

FISCAL DESCRIPTION

TRANSFER OF FUNDS TO MISSOURI'S STRONGER HOMES FUND (Section 33.080)
 Currently, \$10 million must be transferred from the Insurance Dedicated Fund and placed to the credit of the Rebuild Damaged Infrastructure Fund.

This bill provides that \$12 million must be transferred from the Insurance Dedicated Fund and placed to the credit of the newly created Missouri's Stronger Homes Fund on July 1, 2027. Funds will be placed on an annual basis commencing July 1, 2028 and ending on July 30, 2037, in amounts as specified in the bill.

PUBLIC ADJUSTERS (Sections 325.052 to 325.055)

This bill provides that a public adjuster may receive a commission for services provided consisting of an hourly fee, a flat rate, a percentage of the total amount paid by an insurer to resolve a claim, or another method of compensation. The total commission received by a public adjuster cannot exceed 10% of the amount of the total of the insurance settlement on the claim.

A public adjuster cannot receive a fee or commission based on a percentage of the total amount paid by an insurer to settle a claim if, within 10 days of reporting the loss, the insurer either pays or commits in writing to pay the insured the policy limits.

A public adjuster is entitled to reasonable compensation from the insured for services provided by a public adjuster on behalf of the insured, based on the actual time spent on a claim that is subject to this section and expenses incurred by a public adjuster, until the claim is paid or the insured receives a written commitment to pay from the insurer.

Notwithstanding any authorization, contract, or agreement the insured may have given to a public adjuster, a public adjuster shall not sign or endorse any payment draft or check on behalf of an insured. Additionally, a public adjuster cannot represent himself or herself in any communication as the insured. All communications from a public adjuster shall clearly identify himself or herself as a public adjuster.

The bill requires all contracts with a public adjuster to include the disclaimer specified in the bill.

Currently, public adjusters are prohibited from providing services to repair or replace damaged property when engaged in the adjustment or settlement of the claim. This bill clarifies that the public adjuster cannot do the work even if he or she is a licensed contractor.

This bill prohibits public adjusters from advertising, marketing, offering, contracting, or otherwise representing that he or she can unjustifiably increase or inflate the value of an insurance claim or to waive, absorb, refund, rebate, pay, or not collect the deductible amount agreed to under or imposed by the terms of the insurance policy.

FRAUDULENT INSURANCE ACTS (Section 375.991)

This bill specifies that a fraudulent insurance act includes, the false billing practice of "inflating", as defined in the bill. The Department of Commerce and Insurance may issue an order to cease and desist, or issue a curative or summary order as set forth in current law.

INSURANCE AS IT PERTAINS TO ROOFING (Sections 379.162 to 379.163)

This bill prohibits an insurer from refusing, canceling, or refusing to renew a homeowner's insurance policy on a residential structure with a roof less than 15 years old solely because of the age of the roof. For roofs over the age of 15 years, a homeowner may have an inspection done at their own expense before an insurer requires replacement of the roof as a condition of issuing, continuing, or renewing a homeowner's policy. After this inspection, an insurer cannot refuse to issue, cancel, or refuse to renew a homeowner's policy solely because of roof age if the inspection indicates the roof has five years or more of useful life remaining. Calculation of a roof's age is outlined in the bill.

An insurer's ability to refuse to issue, cancel, or refuse to renew any homeowner's policy still applies to situations including, but not limited to, structures that do not otherwise meet underwriting criteria applicable to replacement cost, law and ordinance coverage, or for other reasons not prohibited by Missouri law. Insurers will not be prohibited from limiting their liability through a deductible or to direct physical loss caused by a covered peril.

A policyholder cannot assign, in whole or in part, any post-loss insurance benefit under any residential property insurance policy or any commercial property insurance policy issued or renewed after January 1, 2027. Any attempt to assign these benefits is void, invalid, and unenforceable.

Until an insurer receives reasonable proof of payment by the policyholder of any deductible applicable to the roof claim, the insurer may refuse to pay a claim for withheld recoverable appreciation or a replacement cost holdback.

MISSOURI DISASTER MEDIATION ACT (Sections 379.3000 to 379.3055)

This bill establishes the "Missouri Disaster Mediation Act". The alternative dispute resolution program handles claims arising out of damage to a residential property caused by an event for which a state of disaster is declared within 60 days of the event.

The alternative dispute resolution program is available to Missouri residents who carry first-party insurance and the home damaged is the primary dwelling of the resident. The alternative dispute resolution program is not available to commercial insurance, property insurance covering multiple family dwellings, motor vehicle insurance, or liability coverage contained within property insurance policies.

The alternative dispute resolution program must remain available until the Director of the Department of Commerce and Insurance makes the determination that the need for the Program has decreased due to sufficient progress of recovery efforts and issues an order terminating the Program.

Insurers are required to give written notice by electronic mail or written mail to insureds in the state of Missouri who have claimed damage to their residential properties. This notice shall be given within five days of the time the insured or the administrator notifies the insurer of a dispute of the insured's claim. This provision applies to all disputed claims including instances where partial or full payment has been issued by the insurer to the insured.

If an insurer has not been notified of a disputed claim before the insurer notifies the insured that a claim has been denied in whole or in part, the insurer must mail a notice of the right to mediate to the insured in the same mailing address as the denial. An insurer is not required to send a notice of the right to mediate if a claim is denied because the amount of the claim is less than the insured's deductible.

Specified language of the notice and information required to be attached to the notice is outlined in the bill.

Failure to request mediation within the 60 day time period will only bar the right to demand mediation and to seek extracontractual damages. It will not prejudice any other legal right or remedy of the insured nor will it prohibit the insurer from voluntarily accepting the request for mediation.

If an insurer receives a request for mediation, the insurer has three business days to electronically transmit the request to the administrator. If the Director receives any request for mediation, the Director has three business days to electronically transmit the request to the administrator. The administrator shall notify the insurer within three business days of receipt of the request that has been filed with the Director.

The Director may contract with qualified administrators to oversee the mediation program. This may be done by means of a formal bid process, or if a state of emergency has been declared, without a formal bid process. All bid processes must comply with current law.

Expenses and fees of the mediator and of the administrator will be incurred by the insurer. All other mediation costs, fees, or expenses will be incurred by the party incurring such costs, fees, or expenses unless otherwise provided in the settlement agreement.

The Director will establish fee schedules for moneys to be paid directly to the administrator by the insurer for the services of the administrator, the mediator, and for cancellation. Fee schedules shall be established through promulgation of emergency rules to be in effect no later than January 1, 2027.

The Director shall select a qualified mediator with appropriate training and experience in alternative dispute resolution.

The mediator is required to advise the parties of the mediation process and their rights and duties therein. The mediation will terminate if the mediator determines that either party is unable or unwilling to participate meaningfully in the process or upon mutual agreement by the parties.

A party may move to disqualify a mediator for good cause prior to the conference. Good cause consists of conflict of interest, inability of the mediator to handle the mediation competently, or other reasons that might impair the mediation conference.

Within five business days after the conclusion of the mediation conference, the mediator must file a mediator's status report indicating whether the parties reached a settlement. Within those five days, if a settlement is reached, the insurer must disburse the funds in accordance with the settlement agreement.

A settlement agreement may be rescinded if the insured has not received the settlement funds by electronic means or has not cashed or deposited any check or draft disbursed to the insured in payment of the settlement funds. If a settlement agreement is reached, and not rescinded, all specific claims that were presented in the mediation conference shall be released.

If a settlement agreement is not reached, the insured may choose to proceed by other legal means under the appraisal process set forth in the insurance policy, litigation, or by any other dispute resolution procedure available under Missouri law.

Should a settlement agreement be rescinded by the insured, the Director may review the settlement agreement to determine its fairness. If the Director determines the settlement agreement was fair, the Director has 10 business days from notice of the rescission to give notice to the insured that the settlement agreement was fair. Upon notice from the Director of the fairness, the insured has five business days to withdraw the rescission, and the settlement agreement is reinstated as if no rescission had taken place.

All statements made and documents produced at mediation are confidential settlement communications. All documents and records produced prior or during the mediation will be

considered closed records under the Missouri Sunshine Law. No person who serves as administrator or mediator, nor any agent or employee of that person, will be subpoenaed or otherwise compelled to disclose any matter disclosed in the process of setting up or conducting the mediation.

The provisions in this portion of the bill are effective on January 1, 2027, and will expire June 30, 2038.

MISSOURI STRONGER HOMES ACT (Sections 379.3100 to 379.3140)

This bill establishes the "Missouri Stronger Homes Act". The Missouri Stronger Homes Act does not create an entitlement for property owners to obligate this State to fund the inspection, construction, or retrofitting of residential property in this State. Grant moneys provided in the bill will be provided to assist Missouri residents retrofitting or constructing insurable properties to resist loss due to tornado, other catastrophic windstorm events, or hail.

Implementation of this Program is subject to receipt of grants or funds. The Department of Commerce and Insurance must use its best efforts to obtain grants or funds from the Federal government or other sources. The Program may make grants to nonprofit organizations to construct or retrofit insurable residential properties to resist loss due to tornado, other catastrophic windstorm events, or hail.

The Director must establish a maximum grant award amount by rule and adjust the award amount to reflect changes in construction costs. The maximum amount of any grant awarded to an individual cannot exceed \$15,000.

This bill creates the "The Missouri Stronger Homes Fund". This Fund consists of moneys deposited to the Fund from receipt of Federal grants or funds, or from other sources of grants or funds. The Department of Commerce and Insurance may budget and expend the funds for the purpose of assisting the Missouri Stronger Homes Program in its duties.

Moneys collected cannot be redistributed or transferred to the Insurance Examination Fund or general revenue. Moneys in this fund will not lapse unless otherwise specified under Federal funding or federal grant, or other sources from which funding is received.

Twelve million dollars will be transferred from the Insurance Dedicated Fund and placed to the credit of the Missouri Stronger Homes Fund on July 1, 2027. Beginning July 1, 2028, and annually thereafter until July 1, 2037, up to 20% of the remaining balance in the Insurance Dedicated Fund as of June 13th of the preceding fiscal year, in an amount not to exceed \$2 million in any one year, will be transferred to and placed to the credit of the Missouri Stronger Homes Fund.

The provisions creating the Fund will expire on June 30, 2038. Any moneys remaining in the Missouri Stronger Homes Fund upon expiration of the Fund, will be transferred to the Insurance Dedicated Fund.

To be eligible for a grant, residential property owners must meet the eligibility requirements set forth by the Director by rule for each grant type and as described in this bill.

Applications for grants must be filed electronically with the Department, along with any transaction fees. Grant applications, materials, and other information submitted are closed records under the Missouri Sunshine Law. Applications are approved on a first-come first-served basis. Priority is given to lower-income applicants, applicants who live in locations that, based on historical data, have a higher susceptibility to catastrophic weather events, and applicants meeting any other criteria the Director determines is appropriate to meet the purpose of the Program.

Retrofit projects should be completed within six months of the date the residential property owner receives notice of the grant approval. New construction must be completed within the time frame approved by the Director. Failure to complete the project within the prescribed time frames may result in forfeiture of the grant.

Residential property owners using moneys from the grant must hire an Insurance Institute for Business and Home Safety (IBHS)- certified and eligible contractor who is capable of performing work that satisfies the standards specified by this bill. The residential property owner is responsible for any amount owed to a contractor that exceeds awarded grant moneys. Contractor and evaluator eligibility standards are outlined in the bill.

For homeowner's insurance policies issued, continued, or renewed on or after January 1, 2027, insurers must provide a premium discount or insurance rate reduction to insureds who retrofit the insurable property located in this State. Insurers will be required to offer a premium discount or rate reduction only when the insurer has deemed the adjustments to be actuarially justified and there is significant and credible evidence of cost savings.

To be eligible for a premium discount, rate reduction, or other adjustment, an insurable property must be retrofitted to the FORTIFIED Home High Wind and Hail Standards as adopted by the IBHS. An insurable property can only be certified as conforming to the standards after evaluation and certification by an evaluator certified pursuant to the Standards.

An insured claiming a premium discount, rate reduction, or other adjustment must maintain sufficient certification records, construction records, and receipts from contractors and for materials. The insured must present to the insurer copies of the certification and construction records prior to the premium discount, rate reduction, or other adjustment becoming effective.

Insurers that write homeowner's insurance policies that are subject to the premium discount or rate reduction must submit rating plans as provided under current law. A premium discount, rate reduction, or other adjustment will only apply to policies that provide wind or hail coverage. If an insurer already offers an actuarially justified hail resistance discount, that hailresistance discount will be deemed as having met the requirements of this bill and no additional hail-related

discount or rate reduction will be required. The same pertains to actuarially justified discounts for IBHS FORTIFIED Home Standards already offered by an insurer.

Insurers can apply the premium discount, rate reduction, or other adjustment to the premium at the policy renewal that follows submission of the certification to the insurer. At the time of policy renewal for which the premium discount, rate reduction, or other adjustment have previously been applied, the insurer may request documentation or recertification that the fortified standards continue to be met.

The provisions of this portion of the bill expire on June 30, 2038.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Commerce and Insurance
Department of Corrections
Department of Public Safety – State Emergency Management Agency
Office of the Secretary of State
Office of the State Courts Administrator
Joint Committee on Administrative Rules



Julie Morff
Director
April 13, 2026



Jessica Harris
Assistant Director
April 13, 2026