

HCS SB 1299 -- RESIDENTIAL PROPERTY INSURANCE

SPONSOR: Loudon (Luetkemeyer)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Services by a vote of 19 to 0.

This substitute changes the laws governing insurance and amends provisions of the Property and Casualty Insurance Guaranty Association Act. The substitute:

- (1) Expands the guaranty association's obligations for claims arising from bodily injury, sickness, or disease to include damages for pain and suffering;
- (2) Adds provisions establishing the guaranty association's obligations for insurance products that have been created during the past several years; and
- (3) Clarifies provisions regarding the administration of the guaranty fund to comply with the recommendations of the National Conference on Insurance Guaranty Funds.

In other provisions governing insurance, the substitute:

- (1) Changes the definition of "renewal" as it relates to automobile insurance. Any automobile insurance policy with a term of less than six months or with no fixed expiration date will be considered a six-month policy. Under current law, the default term is 12 months;
- (2) Repeals the bond requirement for acquiring a license to sell surplus lines of insurance; and
- (3) Increases from \$100,000 to \$200,000 the maximum limit of liability on a residential property in the Missouri Basic Property Insurance Inspection and Placement Program.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the maximum dollar amount allowed under the Basic Property Insurance Inspection and Placement Program dates back to 1986, and the costs of homes have increased dramatically since then. The bill brings the program up-to-date.

Testifying for the bill were Senator Loudon; Independent Insurance Agents of Missouri; and Missouri Association of Realtors.

OPPONENTS: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst