

SCS SB 865 -- LIFE INSURANCE DISCRIMINATION

SPONSOR: Rupp (Scharnhorst)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Financial Institutions by a vote of 7 to 0.

This substitute prohibits life insurance companies from denying or refusing to accept an application for life insurance; refusing to renew, canceling, restricting, or otherwise terminating a policy of life insurance; or charging a different rate for the same life insurance coverage based upon the applicant's or insured's past or future lawful travel destinations. This provision will not prohibit a life insurance company from denying an application for life insurance or charging a different premium or rate for coverage under the policy based on a specific travel destination where the denial or rate differential is based upon sound actuarial principles or is related to actual or reasonably anticipated experience. A violation of this provision constitutes an unfair trade practice as defined in Sections 375.930 - 375.948, RSMo. The provisions of the substitute will apply to life insurance policies issued or renewed on or after August 28, 2008.

An itemized income tax deduction is authorized for life insurance premium payments made for life insurance policies which have a special needs trust as the sole beneficiary.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown in FY 2009, FY 2010, and FY 2011. Estimated Income on Other State Funds of \$5,000 in FY 2009, \$0 in FY 2010, and \$0 in FY 2011.

PROPOSERS: Supporters say that the bill will help consumers who legally travel outside the United States to retain their life insurance coverage. Many life insurance companies currently will cancel, deny coverage, or increase rates on insurance policies for people who travel to countries listed on the federal government's watch list.

Testifying for the bill were Representative Scharnhorst for Senator Rupp; Henry Tettlebaum; Aaron Vickar; Life Insurance Association of Missouri; Prudential Financial, Incorporated; and American Council of Life Insurers.

OPPOSERS: There was no opposition voiced to the committee.