HCS SB 282 -- PROPERTY AND CASUALTY INSURANCE PROCEDURES

SPONSOR: Parson (Gosen)

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Property, Casualty, and Life Insurance by a vote of 8 to 1. Voted "Do Pass with HCS" by the Select Committee on Insurance by a vote of 11 to 0.

This bill modifies the law relating to property and casualty insurance procedures. In its main provisions, the bill:

ELECTRONIC SIGNATURE FOR TITLE TRANSFER (Section 301.645, RSMo)

The bill allows the use of an electronic signature for a motor vehicle owner to assign ownership of a motor vehicle or trailer to an insurance company where the insurance company has paid or is paying a total loss claim on the motor vehicle or trailer.

BULLETINS AND NO-ACTION LETTERS (Sections 374.015 and 374.018)

This bill allows the Director of the Department of Insurance, Financial Institutions and Professional Registration to issue nonbinding informational documents for the purpose of educating the insurance industry and the general public about a regulatory topic or issue.

The bill allows the department director to issue a no-action letter stating the intention of the department to not take enforcement actions on a particular insurer based on a specific set of facts presented by the insurer under applicable law as of the date of the issuance of the letter. If there is no change in any material fact or law or a discovery of a material misrepresentation or omission made by the insurer, the department is estopped from bringing any enforcement action against an insurer who has been issued a no-action letter concerning the conduct that is the subject of the no-action letter.

FOREIGN INVESTMENTS BY INSURANCE COMPANIES (Sections 375.534, 375.1070, 375.1074, and 375.1078)

Currently, insurance companies organized under Missouri law having assets of at least $100 million may invest not more than 5% of their admitted assets in securities, investments, and deposits issued, guaranteed or assumed by a foreign government or foreign corporation. This bill increases the percentage to not more than 20% with not more than 10% in a single foreign jurisdiction having a sovereign debt rating of SVO "1" or 5% of its admitted assets as to any other foreign jurisdiction.

An insurer is prohibited from acquiring, directly or indirectly through an investment subsidiary, a Canadian investment otherwise permitted under law if the aggregate amount of the Canadian investments then held by the insurer would exceed 25% of its admitted assets.

For any insurer authorized to do business in Canada or that has outstanding contracts on lives or risks resident or located in Canada, denominated in Canadian currency, the 25% limitation must be increased by the greater of the amount the insurer is required by applicable Canadian law to invest in Canada or be denominated in Canadian currency or 125% percent of the amount of the insurer’s reserves and other obligations under contracts on risks resident or located in Canada.

WORKERS COMPENSATION (Section 375.1605)

This bill requires all large deductible claims as specified in the bill that are also covered claims as defined by the applicable guaranty association law to be turned over to the responsible guaranty association for handling unless otherwise agreed by the responsible guaranty association. To the extent the insured funds or pays a deductible claim pursuant to an agreement, the funding or payment will extinguish the obligations, if any, of the receiver or any guaranty association to pay the claim. A charge of any kind cannot be made against the receiver or a guaranty association on the basis of an insured's funding or payment of a deductible claim. To the extent a guaranty association pays any deductible claim for which the insurer would have been entitled to reimbursement from the insured, a guaranty association must be entitled to the full amount of the reimbursement to the extent necessary to reimburse the guaranty association. If the guaranty association is not reimbursed, it must be entitled to assert a claim for the amount owed in the delinquency proceeding.

The receiver must have the obligation to collect reimbursements owed for deductible claims taking all commercially reasonable actions to collect the reimbursements and must promptly bill the insured for the reimbursement. Insolvency of the insurer or its inability to perform its obligations under the policy must not be a defense to the insured's reimbursement obligation. Except for gross negligence, an allegation of improper handling or payment of a deductible claim by the insurer, the receiver or any guaranty association cannot be a defense to the insured's reimbursement obligations.

A receiver is required to utilize collateral, when available, to secure the insured's obligations to fund or reimburse deductible claims or other secured or other payment obligations.

AUTOMOBILE INSURANCE NOTICE REQUIREMENTS (Sections 379.118 and 379.120)

This bill requires any insurer canceling, refusing to renew, or refusing to write a policy of automobile insurance to send written notice by United States Postal Service certificate of mailing, first class mail using Intelligent Mail barcode (IMb), or another mail tracking method used, approved, or accepted by the United States Postal Service.

RETURN OF PREMIUMS (Section 379.470)

The bill allows a casualty insurer to return or refund a portion of its expense savings to an insured if the insured makes no reportable claim under specified coverages within a prescribed period of time established by the insurer, regardless of whether the claim is due to the fault of the insured. The return of savings may be represented as a predetermined portion of the premium and must not constitute a rebate or an unfair trade practice under Sections 375.930 to 375.948.

RATING PLANS (Section 379.473)

This bill provides that for purposes of Sections 379.318 to 379.470 relating to property and casualty insurance coverage, a rating difference resulting from the application of a rating plan intended to control rate changes, on current policyholders at renewal or transfer among insurers, is not excessive, inadequate, or unfairly discriminatory, and must not be deemed an unfair trade practice under Sections 375.930 to 375.948.

PERSONAL AUTOMOBILE INSURANCE COVERAGE EXCLUSIONS (Section 379.1706)

The bill specifies that insurers that write automobile insurance in Missouri may exclude any and all coverage under a policy issued to an owner or operator of a personal vehicle for any loss or injury that occurs while the driver is logged on to a Transportation Network Company's digital network, provides a prearranged ride, or a vehicle is being used to transport or carry persons or property for any compensation or suggested donation.

PROPONENTS: Supporters say that this will allow for the United States Postal Service to use Intelligent Mail barcoding and will allow for a more cost effective and efficient way of tracking the written notice requirement of insurance policy cancellations.

Testifying for the bill were Representative Parson; Farmers Group, Inc.; and Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.