

CCS SS SCS HB 259 -- LIFE INSURANCE

(Vetoed by the Governor)

This bill sets standards for viatical settlements, illustrations for life insurance policies, and administrative rulemaking.

A viatical settlement is a contract to pay a person (viator) with a life-threatening illness to receive the proceeds from his or her life insurance policy. The bill requires viatical settlement providers, brokers, and representatives to obtain licenses from the Department of Insurance. However, the Department of Insurance cannot regulate the amounts paid by viatical settlement contracts. Viators must give informed written consent to viatical settlement contracts and have 30 days to rescind contracts. Payments to viators resulting from these contracts are exempt from Missouri franchise and income taxes.

An illustration is a depiction of the guaranteed and nonguaranteed costs and benefits of a life insurance policy. The bill requires life insurance companies to notify the Department of Insurance whether their policy forms include illustrations. These companies must also certify that illustration formats and scales conform to standards for presenting illustrations. In addition, policy owners and applicants for life insurance must verify that they received illustrations and policy owners can receive updated illustrations in subsequent years.

The bill places any rule promulgated under its authority under certain standards for withstanding a challenge, requires the court to award reasonable fees and expenses to any prevailing party in such a challenge, and requires that rules promulgated pursuant to the bill expire on August 28th of the year after they become effective unless extended by statute. These rules provisions have a conditional termination date. In addition, rulemaking authority delegated prior to the effective date of the bill is repealed. A statement of nonseverability applies to this provision.

This bill also allows the Department of Insurance to change anniversary dates for insurance agent and insurance broker licenses. Specifically, license anniversary dates can change to coincide with each agent or broker's initial license anniversary date.