

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 794**  
**97TH GENERAL ASSEMBLY**

5668H.02C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To repeal sections 362.333, 375.020, and 382.020, RSMo, and to enact in lieu thereof three new sections relating to insurance regulation.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 362.333, 375.020, and 382.020, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 362.333, 375.020, and 382.020, to read as follows:

362.333. In addition to the powers authorized in section 362.332, a bank or trust company [with authorized trust authority and created under the laws of this state] **created under the laws of this or any other state or national bank, with authorized trust authority** may transfer by assignment, for consideration or no consideration, some or all of its fiduciary obligations that consist only of irrevocable life insurance trusts to [the Missouri trust office of an out-of-state bank with trust powers or an out-of-state trust company] **any bank or trust company with authorized trust authority**. The transfer of such irrevocable life insurance trusts shall be subject to the provisions of this section and to all regulatory procedures described in subsections 2 to 7 of section 362.332. On the effective date of the transfer of fiduciary obligations under this section, the transferring bank or trust company shall be released from all transferred fiduciary obligations and shall cease to act as a fiduciary, except that such transferring bank or trust company shall not be relieved of any obligations arising out of a breach of fiduciary duty occurring prior to such effective date.

375.020. 1. Beginning January 1, 2008, each insurance producer, unless exempt pursuant to section 375.016, licensed to sell insurance in this state shall successfully complete courses of study as required by this section. Any person licensed to act as an insurance producer shall, during each two years, attend courses or programs of instruction or attend seminars

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

5 equivalent to a minimum of sixteen hours of instruction. Of the sixteen hours' training required  
6 in this subsection, the hours need not be divided equally among the lines of authority in which  
7 the producer has qualified. The courses or programs attended by the producer during each two-  
8 year period shall include instruction on Missouri law, products offered in any line of authority  
9 in which the producer is qualified, producers' duties and obligations to the department, and  
10 business ethics, including sales suitability. Course credit shall be given to members of the  
11 general assembly as determined by the department.

12 2. Subject to approval by the director, the courses or programs of instruction which shall  
13 be deemed to meet the director's standards for continuing educational requirements shall include,  
14 but not be limited to, the following:

- 15 (1) American College Courses (CLU, ChFC);
- 16 (2) Life Underwriters Training Council (LUTC);
- 17 (3) Certified Insurance Counselor (CIC);
- 18 (4) Chartered Property and Casualty Underwriter (CPCU);
- 19 (5) Insurance Institute of America (IIA);
- 20 (6) Any other professional financial designation approved by the director by rule;
- 21 (7) An insurance-related course taught by an accredited college or university or qualified  
22 instructor who has taught a course of insurance law at such institution;
- 23 (8) A course or program of instruction or seminar developed or sponsored by any  
24 authorized insurer, recognized producer association or insurance trade association, or any other  
25 entity engaged in the business of providing education courses to producers. A local producer  
26 group may also be approved if the instructor receives no compensation for services.

27 3. A person teaching any approved course of instruction or lecturing at any approved  
28 seminar shall qualify for the same number of classroom hours as would be granted to a person  
29 taking and successfully completing such course, seminar or program.

30 4. Excess hours accumulated during any two-year period may be carried forward to the  
31 two-year period immediately following the two-year period in which the course, program or  
32 seminar was held.

33 5. For good cause shown, the director may grant an extension of time during which the  
34 educational requirements imposed by this section may be completed, but such extension of time  
35 shall not exceed the period of one calendar year. The director may grant an individual waiver  
36 of the mandatory continuing education requirement upon a showing by the licensee that it is not  
37 feasible for the licensee to satisfy the requirements prior to the renewal date. Waivers may be  
38 granted for reasons including, but not limited to:

- 39 (1) Serious physical injury or illness;
- 40 (2) Active duty in the armed services for an extended period of time;

41 (3) Residence outside the United States; or

42 (4) The licensee is at least seventy years of age.

43 6. Every person subject to the provisions of this section shall furnish in a form  
44 satisfactory to the director, written certification as to the courses, programs or seminars of  
45 instruction taken and successfully completed by such person. Every provider of continuing  
46 education courses authorized in this state shall, within thirty working days of a licensed producer  
47 completing its approved course, provide certification to the director of the completion in a format  
48 prescribed by the director.

49 7. The provisions of this section shall not apply to those natural persons holding licenses  
50 for any kind or kinds of insurance for which an examination is not required by the law of this  
51 state, nor shall they apply to any limited lines insurance producer license or restricted license as  
52 the director may exempt.

53 8. The provisions of this section shall not apply to a life insurance producer who is  
54 limited by the terms of a written agreement with the insurer to transact only specific life  
55 insurance policies having an initial face amount of [five] **fifteen** thousand dollars or less, or  
56 annuities having an initial face amount of [ten] **fifteen** thousand dollars or less, that are  
57 designated by the purchaser for the payment of funeral or burial expenses. The director may  
58 require the insurer entering into the written agreements with the insurance producers pursuant  
59 to this subsection to certify as to the representations of the insurance producers.

60 9. Rules and regulations necessary to implement and administer this section shall be  
61 promulgated by the director, including, but not limited to, rules and regulations regarding the  
62 following:

63 (1) Course content and hour credits: the insurance advisory board established by section  
64 375.019 shall be utilized by the director to assist him in determining acceptable content of  
65 courses, programs and seminars to include classroom equivalency;

66 (2) Filing fees for course approval: every applicant seeking approval by the director of  
67 a continuing education course under this section shall pay to the director a filing fee of fifty  
68 dollars per course. Fees shall be waived for state and local insurance producer groups. Such fee  
69 shall accompany any application form required by the director. Courses shall be approved for  
70 a period of no more than one year. Applicants holding courses intended to be offered for a  
71 longer period must reapply for approval. Courses approved by the director prior to August 28,  
72 1993, for which continuous certification is sought should be resubmitted for approval sixty days  
73 before the anniversary date of the previous approval.

74 10. All funds received pursuant to the provisions of this section shall be transmitted by  
75 the director to the department of revenue for deposit in the state treasury to the credit of the

76 insurance dedicated fund. All expenditures necessitated by this section shall be paid from funds  
77 appropriated from the insurance dedicated fund by the legislature.

382.020. 1. Any domestic insurer, either by itself or in cooperation with one or more  
2 persons, may invest in, otherwise acquire or operate one or more subsidiaries engaged or  
3 registered to engage in one or more of the following businesses:

4 (1) Any kind of insurance business authorized by the laws of the state of Missouri;

5 (2) Investing, reinvesting or trading in securities for its own account, that of its parent,  
6 any subsidiary of its parent, or any affiliate or subsidiary;

7 (3) Rendering other services including, but not limited to, actuarial, loss prevention,  
8 safety engineering, marketing, data processing, accounting, claims, appraisal and collection  
9 services, if such services relate to the operations of the insurance business of the insurer;  
10 provided, however, that such services shall not include services of salvage of motor vehicles, the  
11 mechanical, body or other repair of motor vehicles and the towing or retrieval of motor vehicles;

12 (4) Ownership and management of the kinds of assets which the parent corporation could  
13 itself own or manage;

14 (5) Acting as administrative agent for a governmental instrumentality which is  
15 performing an insurance function;

16 (6) Financing of insurance premiums;

17 (7) Any other business activity determined by the director to be reasonably ancillary to  
18 the insurance business of the insurer;

19 (8) Owning a corporation or corporations engaged in or organized to engage exclusively  
20 in one or more of the businesses specified in this section;

21 (9) Acting as an insurance broker or as an insurance agent for its parent or for any of its  
22 parent's insurer subsidiaries;

23 (10) Management of any investment company subject to or registered pursuant to the  
24 federal Investment Company Act of 1940, as amended, including related sales and services;

25 (11) Acting as a broker-dealer subject to or registered pursuant to the federal Securities  
26 Exchange Act of 1934, as amended; and

27 (12) Rendering investment advice to governments, government agencies, corporations  
28 or other organizations or groups.

29 2. In addition, a domestic insurance company may, if it maintains books and records  
30 which separately account for such business, engage directly in any business referred to in  
31 subdivisions (3), (4), (5), (6) and (7) of subsection 1 of this section, either to the extent  
32 necessarily or properly incidental to the insurance business the insurer is authorized to do in this  
33 state or to the extent approved by the director and subject to any limitations the director may  
34 prescribe for the protection of the interests of the policyholders of the insurer after taking into

35 account the effect of such business on the insurer's existing insurance business and its surplus,  
36 the proposed allocation of the estimated costs of such business and the risks inherent in such  
37 business as well as the relative advantages to the insurer and its policyholders of conducting such  
38 business directly instead of through a subsidiary. Nothing in sections 382.010 to 382.300 shall  
39 be deemed to limit the powers of a domestic insurance company existing prior to September 28,  
40 1971.

41           3. In addition to investments in common stock, preferred stock, debt obligations and  
42 other securities permitted domestic insurers, a domestic insurer may also do one or more of the  
43 following:

44           (1) Invest in common stock, preferred stock, debt obligations, and other securities of one  
45 or more subsidiaries, amounts which do not exceed the lesser of [five] **ten** percent of such  
46 insurer's assets or fifty percent of such insurer's surplus as regards policyholders, if after such  
47 investments the insurer's surplus as regards policyholders will be reasonable in relation to the  
48 insurer's outstanding liabilities and adequate to its financial needs. In calculating the amount of  
49 such investment, investments in domestic or foreign insurance subsidiaries shall be excluded,  
50 and there shall be included:

51           (a) Total net moneys or other consideration expended and obligations assumed in the  
52 acquisition or formation of a subsidiary, including all organizational expenses and contributions  
53 to capital and surplus of such subsidiary whether or not represented by the purchase of capital  
54 stock or issuance of other securities; and

55           (b) All amounts expended in acquiring additional common stock, preferred stock, debt  
56 obligations, and other securities and all contributions to the capital or surplus of a subsidiary  
57 subsequent to its acquisition or formation;

58           (2) With the approval of the director, invest any greater amount in common stock,  
59 preferred stock, debt obligations, or other securities of one or more subsidiaries, if after such  
60 investment the insurer's surplus as regards policyholders will be reasonable in relation to the  
61 insurer's outstanding liabilities and adequate to its financial needs;

62           (3) Invest any amount in common stock, preferred stock, debt obligations and other  
63 securities of one or more subsidiaries engaged or organized to engage exclusively in the  
64 ownership and management of assets authorized as investments for the insurer, provided that  
65 each such subsidiary agrees to limit its investments in any asset so that such investments will not  
66 cause the amount of the total investment of the insurer to exceed any of the investment  
67 limitations specified in subdivision (1) of this subsection or in other insurance laws applicable  
68 to the insurer. For the purpose of this subdivision, the total investment of the insurer shall  
69 include:

70           (a) Any direct investment by the insurer in an asset; and

71 (b) The insurer's proportionate share of any investment in an asset by any subsidiary of  
72 the insurer, which shall be calculated by multiplying the amount of the subsidiary's investment  
73 by the percentage of the ownership of such subsidiary.

74 4. Investments in common stock, preferred stock, debt obligations or other securities  
75 made pursuant to subsection 3 of this section shall be made as provided by the statutes of this  
76 state.

77 5. Whether any investment pursuant to subsections 3 and 4 of this section meets the  
78 applicable requirements thereof is to be determined immediately after such investment is made,  
79 taking into account the then outstanding principal balance on all previous investments in debt  
80 obligations, and the value of all previous investments in equity securities as of the date they are  
81 made.

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