

## HB 687 -- Missouri Homeowners Mutual Insurance Company Act

Sponsor:   Random

This bill establishes the Missouri Homeowners Mutual Insurance Company Act which creates the Missouri Homeowners Mutual Insurance Company as an independent public corporation that must be organized and operated as a non-profit domestic mutual insurance company to provide homeowners and renters physical and personal property insurance coverage. The company must become a member of the Missouri Property and Casualty Guaranty Association and be innovative in creating homeowners insurance products for single and multi-family residences, including earthquake coverage, considering unique exposure risk characteristics. By January 1, 2012, a five-member board of directors for the company must be appointed by the Governor with the advice and consent of the Senate, and the board must hire an administrator. The company must be fully prepared to be in operation by January 1, 2013, and assume its responsibilities.

The board will have full power and authority to establish the rates to be charged and must contract for the services of or hire an independent actuary, a member in good standing with the American Academy of Actuaries, to develop and recommend actuarially sound rates. The board must formulate and adopt an investment policy and supervise investment activities. The board must also establish a schedule of commissions to pay for the services of a producer who sells a policy for the company.

The company cannot receive any state appropriations, directly or indirectly, except that after October 1, 2011, the State Treasurer must make one or more loans to the company in an amount not to exceed \$5 million from the fund maintained for start-up funding and initial capitalization. The General Assembly must place the sum of the funds into the newly created Missouri Homeowners Mutual Insurance Company Loan Fund in the appropriations for fiscal year 2012 - 2013. The board is authorized to issue revenue bonds from time to time in order to provide funds for the creation, continued development, and operation of the company or to refund other specified bonds. Not more than 50% of the bonds may be sold to public entities.

The board is required to conduct an annual audit of its accounts, funds, and securities and to file a copy of the audit with the Director of the Department of Insurance, Financial Institutions and Professional Registration and the administrator. The board must submit an annual independently audited report by March 1 to the Governor and the General Assembly containing specified information. The department must conduct an examination for the company in the manner and under the conditions provided by the

statutes of the insurance code for the examination of insurance carriers.