

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NOS. 1634 & 2085
100TH GENERAL ASSEMBLY

4192H.02C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To amend chapter 379, RSMo, by adding thereto eleven new sections relating to the regulation of property and casualty insurance products.

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

Section A. Chapter 379, RSMo, is amended by adding thereto eleven new sections, to
2 be known as sections 379.402, 379.404, 379.1800, 379.1802, 379.1804, 379.1806, 379.1808,
3 379.1810, 379.1812, 379.1814, and 379.1816, to read as follows:

**379.402. 1. A producer or insurer, by or through its employees, affiliates, or
2 authorized third parties, may offer or provide products or services in conjunction with a
3 policy of property and casualty insurance for free, at a discount, or at market value, if such
4 products or services are intended to:**

- 5 **(1) Prevent or mitigate loss to persons or property;**
- 6 **(2) Provide loss control;**
- 7 **(3) Reduce rates or claims;**
- 8 **(4) Educate about risk of loss to persons or property;**
- 9 **(5) Monitor or assess risk, identify sources of risk, or develop strategies for
10 eliminating or reducing risks; or**
- 11 **(6) Provide post-loss services.**

12 **2. A producer or insurer may offer or provide gifts, goods, or merchandise that
13 contain advertising or promotion of the producer or insurer to policyholders, prospective
14 policyholders, or members of the public.**

15 **3. A product or service offered or provided as described under subsection 1 or 2
16 of this section shall not be considered an inducement to insurance, a rebate, or any other
17 impermissible consideration as those terms are used in section 379.356 and subdivision (9)**

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.

18 of section 375.936. The offer or provision of products or services described in subsection
19 1 or 2 of this section shall not be required in the contract or policy form filings.

20 4. The director may promulgate rules to exempt, but not restrict, additional
21 categories of products or services under this section with regard to the provisions of section
22 379.356 and subdivision (9) of section 375.936 that prohibit insurers, employees of an
23 insurer, affiliates, insurance producers, or other third parties from giving rebates,
24 discounts, gifts, or other valuable consideration as an inducement to insurance. Any rule
25 or portion of a rule, as that term is defined in section 536.010, that is created under the
26 authority delegated in this section shall become effective only if it complies with and is
27 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This
28 section and chapter 536 are nonseverable, and if any of the powers vested with the general
29 assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove
30 and annul a rule are subsequently held unconstitutional, then the grant of rulemaking
31 authority and any rule proposed or adopted after August 28, 2020, shall be invalid and
32 void.

379.404. The provisions of section 379.356 and subdivision (9) of section 375.936
2 that prohibit a producer or insurer from giving rebates, discounts, gifts, or other valuable
3 consideration as an inducement to insurance shall not apply to commercial property and
4 casualty insurance. The exclusion provided under this section shall not apply to producer
5 commission reductions not included in insurance company rate filings.

379.1800. 1. Except as provided in subsection 2 of this section, no policy of group
2 personal lines property and casualty insurance shall be issued or delivered in this state
3 unless it conforms to one of the following descriptions:

4 (1) A policy issued to an employer, or to the trustees of a fund established by an
5 employer, which employer or trustees shall be deemed the policyholder, to insure
6 employees of the employer for the benefit of persons other than the employer, subject to
7 the following requirements:

8 (a) The employees eligible for insurance under the policy shall be all of the
9 employees of the employer, or all of any class or classes thereof. The policy may provide
10 that the term "employees" shall include the employees of one or more subsidiary
11 corporations and the employees, individual proprietors, and partners of one or more
12 affiliated corporations, proprietorships or partnerships under common control. The policy
13 may provide that the term employees shall include the individual proprietor or partners
14 if the employer is an individual proprietorship or partnership. The policy may provide
15 that the term "employees" shall include directors of a corporate employer and retired

16 employees. A policy issued to insure the employees of a public body may provide that the
17 term "employees" shall include elected or appointed officials;

18 (b) The premium for the policy shall be paid either from the employer's funds,
19 from funds contributed by the insured employees, or from both. A policy on which no part
20 of the premium is to be derived from funds contributed by the insured employees shall
21 insure all eligible employees, except those who reject such coverage in writing;

22 (2) A policy issued to a labor union or similar employee organization, which shall
23 be deemed to be the policyholder, to insure members of the union or organization for the
24 benefit of persons other than the union or organization or any of its officials,
25 representatives, or agents, subject to the following requirements:

26 (a) The members eligible for insurance under the policy shall be all of the members
27 of the union or organization, or all of any class or classes thereof;

28 (b) The premium for the policy shall be paid either from the funds of the union or
29 organization, from funds contributed by the insured members specifically for their
30 insurance, or from both. A policy on which no part of the premium is to be derived from
31 funds contributed by the insured members specifically for their insurance shall insure all
32 eligible members, except those who reject such coverage in writing;

33 (3) A policy issued to a trust, or to the trustees of a fund, established or adopted by
34 two or more employers, or by one or more labor unions or similar employee organizations,
35 or by one or more employers and one or more labor unions or similar employee
36 organizations, which trust or trustees shall be deemed the policyholder, to insure
37 employees of the employers or members of the unions or organizations for the benefit of
38 persons other than the employers or the unions or organizations, subject to the following
39 requirements:

40 (a) The persons eligible for insurance shall be all of the employees of the employers,
41 all of the members of the unions or organizations, or all of any class or classes thereof. The
42 policy may provide that the term "employees" shall include the employees of one or more
43 subsidiary corporations and the employees, individual proprietors, and partners of one or
44 more affiliated corporations, proprietorships, or partnerships is under common control.
45 The policy may provide that the term "employees" shall include the individual proprietor
46 or partners if the employer is an individual proprietorship or partnership. The policy may
47 provide that the term "employees" shall include directors of a corporate employer and
48 retired employees. The policy may provide that the term "employees" shall include the
49 trustees or their employees, or both, if their duties are principally connected with such
50 trusteeship;

51 **(b) The premium for the policy shall be paid from funds contributed by the**
52 **employer or employers of the insured persons, by the union or unions or similar employee**
53 **organizations, or by both, or from funds contributed by the insured persons or from both**
54 **the insured persons and the employers or unions or similar employee organizations. A**
55 **policy on which no part of the premium is to be derived from funds contributed by the**
56 **insured persons specifically for their insurance shall insure all eligible persons, except**
57 **those who reject such coverage in writing;**

58 **(4) A policy issued to an association or to a trust or to the trustees of a fund**
59 **established, created, or maintained for the benefit of members of one or more associations.**
60 **The association or associations shall have at the outset a minimum of one hundred persons,**
61 **shall have been organized and maintained in good faith for purposes other than that of**
62 **obtaining insurance, shall have been in active existence for at least one year, and shall have**
63 **a constitution and bylaws which providing that the association or associations hold regular**
64 **meetings no less than annually to further purposes of the members, that the association or**
65 **associations collect dues or solicit contributions from members, and that the members have**
66 **voting privileges and representation on the governing board and committees. The policy**
67 **shall be subject to the following requirements:**

68 **(a) The policy may insure members of the association or associations, employees**
69 **thereof or employees of members, or one or more of the preceding or all of any class or**
70 **classes thereof for the benefit of persons other than the employees' employer;**

71 **(b) The premium for the policy shall be paid from funds contributed by the**
72 **association or associations, by employer members, or by both, or from funds contributed**
73 **by the insured persons or from both the insured persons and the association, associations,**
74 **or employer members. A policy on which no part of the premium is to be derived from**
75 **funds contributed by the insured persons specifically for their insurance shall insure all**
76 **eligible persons, except those who reject such coverage in writing;**

77 **(c) If compensation of any kind will or may be paid to the policyholder in**
78 **connection with the group policy, the insurer shall cause to be distributed to prospective**
79 **insureds a written notice that compensation will or may be paid. Such notice shall be**
80 **distributed whether such compensation is direct or indirect, and whether such**
81 **compensation is paid to or retained by the policyholder, or paid to or retained by a third**
82 **party at the direction of the policyholder or any entity affiliated with the policyholder by**
83 **ownership, contract, or employment. The notice required by this subsection shall be**
84 **placed on or accompany any document designed for the enrollment of prospective**
85 **insureds;**

86 **(5) The definition of an eligible employee or member may include the spouse of the**
87 **eligible employee or member;**

88 **2. Group personal lines property and casualty insurance offered to a resident of**
89 **this state under a group personal lines property and casualty insurance policy issued or**
90 **delivered to a group other than one described in subsection 1 of this section shall be subject**
91 **to the following requirements:**

92 **(1) No such group personal lines property and casualty insurance policy shall be**
93 **issued or delivered in this state unless the director finds that:**

94 **(a) The issuance of the group policy is not contrary to the best interest of the**
95 **public;**

96 **(b) The issuance of the group policy would result in economies of acquisition or**
97 **administration; and**

98 **(c) The benefits are reasonable in relation to the premiums charged;**

99 **(2) A group personal lines property and casualty insurance coverage shall not be**
100 **offered in this state by an insurer under a policy issued or delivered in another state unless**
101 **this state or another state having requirements substantially similar to those contained in**
102 **subdivision (1) of subsection 2 of this section has made a determination that the**
103 **requirements have been met;**

104 **(3) The premium for a group personal lines property and casualty policy shall be**
105 **paid either from the policyholder's funds, from funds contributed by the covered persons,**
106 **or from both;**

107 **(4) If compensation of any kind will or may be paid to the policyholder in**
108 **connection with the group policy, the insurer shall cause to be distributed to prospective**
109 **insureds a written notice that compensation will or may be paid. Notice shall be**
110 **distributed whether compensation is direct or indirect, and whether such compensation is**
111 **paid to or retained by the policyholder or paid to or retained by a third party at the**
112 **direction of the policyholder or any entity affiliated with the policyholder by ownership,**
113 **contract, or employment. The notice required by this subdivision shall be placed on or**
114 **accompany any document designed for the enrollment of prospective insureds.**

379.1802. 1. A master policy shall be issued to the policyholder. Eligible employees
2 **or members insured under the master policy shall receive certificates of coverage setting**
3 **forth a statement as to the insurance protection to which they are entitled.**

4 **2. A master policy or certificate of insurance shall not be issued or delivered in this**
5 **state unless the master policy form, together with all forms for riders, certificates, and**
6 **endorsements to the master policy form, shall have met the applicable filing requirements**

7 in this state. Subsequent amendments to the master policy form shall not be issued or
8 delivered until they have met the applicable filing requirements in this state.

9 3. The master policy shall set forth the coverages, exclusions, and conditions of the
10 insurance provided therein, together with the terms and conditions of the agreement
11 between the policyholder and the insurer. The master policy shall make express provisions
12 for the following:

13 (1) Methods of premium collection;

14 (2) Enrollment period, effective date provisions, and eligibility standards for
15 employees or members;

16 (3) Termination of the master policy; and

17 (4) Conversation privileges of the employees or members.

18 4. If the master policy provides for remittance of premium by the policyholder,
19 failure of the policyholder to remit premiums when due shall not be regarded as
20 nonpayment of premium by the employee or member who has made his or her contribution
21 on a timely basis.

379.1804. 1. The master policy shall provide a basic package of coverages and
2 limits that are available to all eligible employees or members. The package shall include
3 at least the minimum coverages and limits of insurance as required by law in that
4 employee's or member's state of residence or in the state where the subject property is
5 located, if applicable. In addition, the master policy may provide additional coverages or
6 limits to be available at an increased premium to employees or members who qualify under
7 the terms of the master policy.

8 2. The master policy shall provide coverage for all eligible employees or members
9 who elect coverage during their initial period of eligibility, which period shall not be less
10 than thirty-one days. Employees or members who do not elect coverage during the initial
11 period and later request coverage shall be subject to the insurer's underwriting standards.

12 3. Coverage under the master policy may be reduced only as to all members of a
13 class, and may never be reduced to a level below the limits required by applicable law.

14 4. Coverage under the master policy may be terminated as to an employee or
15 member only for:

16 (1) Failure of the employee or member to make required premium contributions;

17 (2) Termination of the master policy in its entirety or as to the class to which the
18 employee or member belongs;

19 (3) Discontinuance of the employee's or member's membership in a class eligible
20 for coverage; or

21 (4) Termination of employment or membership.

22 **5. If optional coverages or limits are available by law in an employee's or member's**
23 **state of residence, the policyholder's acceptance or rejection of the optional coverages or**
24 **limits on behalf of the group shall be binding on the employees or members. If the**
25 **policyholder rejects any coverages or limits that are required by law to be provided unless**
26 **rejected by the named insured, notice of the rejection shall be given to the employees or**
27 **members at or before the time their certificates of coverage are delivered.**

28 **6. Stacking of coverages or limits among separate certificates of insurance is**
29 **prohibited under a master policy of group personal lines property and casualty insurance;**
30 **except that, if separate certificates under the same master policy are issued to relatives**
31 **living in the same household, the state law pertaining to stacking of individual policies shall**
32 **apply to those certificates.**

379.1806. 1. No master policy or certificate of insurance shall be issued or delivered
2 **in this state unless the rating plan and amendments thereto used in the determination of**
3 **the master policy premium meet the applicable filing requirements in this state.**

4 **2. Group insurance premium rates shall not be unfairly discriminatory if adjusted**
5 **to reflect past and prospective loss experience or group expense factors, or if averaged**
6 **broadly among persons insured under the master policy. Such rates shall not be deemed**
7 **to be unfairly discriminatory if they do not reflect individual rating factors including**
8 **surcharges and discounts required for individual personal lines property and casualty**
9 **insurance policies.**

10 **3. Experience refunds or dividends may be paid to the policyholder of a group**
11 **personal lines property and casualty insurance policy if the insurer's experience under that**
12 **policy justifies experience refunds or dividends. However, if an experience refund or**
13 **dividend is declared, it shall be applied by the policyholder for the sole benefit of the**
14 **insured employees or members to the extent that the experience refund or dividend exceeds**
15 **the policyholder's contribution to premium for the period covered by such experience**
16 **refund or dividend.**

379.1808. 1. An insurer issuing or delivering group personal lines property and
2 **casualty insurance shall maintain separate statistics as to the loss and expense experience**
3 **pertinent thereto.**

4 **2. No insurer shall issue or deliver a group personal lines property and casualty**
5 **insurance if it is a condition of employment or of membership in a group that any employee**
6 **or member purchase insurance pursuant to the policy, or if any employee or member shall**
7 **be subject to any penalty by reason of his or her non-participation.**

8 **3. (1) No insurer shall issue or deliver a group personal lines property and casualty**
9 **insurance policy if:**

10 (a) The purchase of insurance available under the policy is contingent upon the
11 purchase of any other insurance, product, or service; or

12 (b) The purchase or price of any other insurance, product, or service is contingent
13 upon the purchase of insurance available under the group personal lines property and
14 casualty insurance policy;

15 (2) The provision under paragraph (b) of subdivision (1) of subsection 3 of this
16 section shall not be deemed to prohibit the reasonable requirement of safety devices, such
17 as heat detectors, lightning rods, theft prevention equipment, and similar devices. The
18 provision under paragraph (b) of subdivision (1) of subsection 3 of this section shall not be
19 deemed to prohibit the marketing of "package" or "combination" policies;

20 4. The insurer's experience from its group personal lines property and casualty
21 insurance policies shall be included in the determination of the insurer's participation in
22 the applicable residual market plans.

23 5. For purposes of premium taxes, the insurer shall allocate premiums in
24 accordance with the rules applicable to individual personal lines property and casualty
25 insurance policies, except that any required allocation may be based on an annual survey
26 of insureds. Premiums shall be apportioned among states without differentiation between
27 policyholder or employee or member contributions.

379.1810. 1. A person shall not act in this state as an insurance agent or broker in
2 connection with the solicitation, negotiation, or sale of a group personal lines property and
3 casualty insurance policy unless the person is duly licensed in this state as an agent or
4 broker for the applicable lines of insurance. However, the following activities engaged in
5 by the insurer or its employees, or the policyholder or its employees, shall not require the
6 licensing of such entities or persons as insurance agents or brokers:

7 (1) Endorsement or recommendation of the master policy to employees or
8 members;

9 (2) Distribution to employees or members, by mail or otherwise, of information
10 pertaining to the master policy;

11 (3) Collection of contributions toward premiums through payroll deductions or
12 other appropriate means, and remittance of the premium to an insurer; and

13 (4) Receipt of reimbursement from an insurer for actual, reasonable expenses
14 incurred for administrative services that would otherwise be performed by the insurer with
15 respect to the master policy. However, nothing herein shall supersede any applicable law
16 or regulation that prohibits or regulates splitting of commissions with unlicensed persons,
17 rebating commissions, or premiums.

18 **2. No countersignature requirements shall apply to a group personal lines property**
19 **and casualty insurance policy that is issued or delivered in this state under the provisions**
20 **of sections 379.1800 to 379.1816.**

379.1812. 1. Each employee or member covered under the master policy whose
2 **coverage thereunder shall terminate for any reason other than the failure to make required**
3 **contributions toward premiums or at the request of the employee or member shall receive**
4 **from the insurer thirty days prior written notice of termination or ineligibility. The notice**
5 **shall state the reasons for discontinuance of coverage under the master policy and shall**
6 **explain the employee's or member's options for conversion to an individual policy.**

7 **2. If, within thirty days after receipt of notice of termination or ineligibility,**
8 **application is made and the first premium is paid to the insurer, the employee or member**
9 **shall be entitled to have issued to him or her by the insurer, or an affiliate within the same**
10 **group of insurers, an individual policy, effective upon termination or ineligibility, with**
11 **coverages and limits at least equal to the minimum coverages and limits of insurance as**
12 **required by the applicable state law.**

13 **3. No individual notice of termination as provided under subsection 1 of this section**
14 **and no conversion privilege as provided under subsection 2 of this section shall be required**
15 **if the master policy is replaced by another master policy within thirty days. Coverage**
16 **under the prior master policy shall terminate when the replacement master policy becomes**
17 **effective.**

379.1814. 1. No master policy or certificate of insurance shall be issued or delivered
2 **in this state unless issued or delivered by an insurer that is duly licensed in this state to**
3 **write the lines of insurance covered by the master policy.**

4 **2. The provisions of sections 379.1800 to 379.1816 shall not apply to the mass**
5 **marketing or any other type of marketing of individual personal lines property and**
6 **casualty insurance policies.**

7 **3. Sections 379.1800 to 379.1816 shall not apply to policies of credit property or**
8 **credit casualty insurance that insure the debtors of a creditor or creditors with respect to**
9 **their indebtedness.**

10 **4. Sections 379.1800 to 379.1816 shall not apply to policies of personal automobile**
11 **insurance or personal motor vehicle liability insurance, nor shall such sections be**
12 **construed as authorizing the sale or issuance of personal automobile insurance or personal**
13 **motor vehicle liability insurance under a group or master policy within this state.**

14 **5. Nothing in sections 379.1800 to 379.1816 shall limit the authority of the director**
15 **with respect to complaints or disputes involving residents of this state arising out of a**
16 **master policy that has been issued or delivered in another state.**

17 **6. The director may promulgate all necessary rules and regulations for the**
18 **administration of sections 379.1800 to 379.1816. Any rule or portion of a rule, as that term**
19 **is defined in section 536.010, that is created under the authority delegated in this section**
20 **shall become effective only if it complies with and is subject to all of the provisions of**
21 **chapter 536 and, if applicable, section 536.028. This section and chapter 536 are**
22 **nonseverable, and if any of the powers vested with the general assembly pursuant to**
23 **chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are**
24 **subsequently held unconstitutional, then the grant of rulemaking authority and any rule**
25 **proposed or adopted after August 28, 2020, shall be invalid and void.**

379.1816. The enactment of sections 379.1800 to 379.1816 shall become effective
2 **January 1, 2021. No master policy or certificate of insurance shall be issued or delivered**
3 **in this state after the effective date unless issued or delivered in compliance with sections**
4 **379.1800 to 379.1816. A master policy or certificate that is lawfully in effect on January**
5 **1, 2021, shall comply with the provisions of sections 379.1800 to 379.1816 within twelve**
6 **months of such date.**

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