

HCS HB 1634 & 2085 -- PROPERTY AND CASUALTY INSURANCE PRODUCTS

SPONSOR: Porter

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Insurance Policy by a vote of 15 to 1. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 10 to 0.

INDUCEMENTS TO INSURANCE

The following is a summary of the House Committee Substitute for HB 1634 & 2085.

The bill allows insurers and insurance producers to provide products or services in conjunction with a policy of property and casualty insurance for free, at a discount or at market value, if the products or services are intended to prevent or mitigate loss, provide loss control, reduce rates or claims, educate about risk of loss, monitor or assess risk, identify sources of risk, develop strategies for the elimination or reduction of risk, or provide post-loss services.

The insurers or producers may offer gifts, goods, or merchandise containing advertising and promotional offers. These products or services shall not be considered an inducement to insurance, a rebate, nor any other impermissible consideration prohibited under law. These products or services are not required to be included in contract or policy form filings.

The Director of the Department of Commerce and Insurance may establish rules to exempt, but not restrict, additional categories of products or services with regard to the prohibitions against inducements to insurance (Section 379.402, RSMo).

GROUP PERSONAL LINES PROPERTY AND CASUALTY INSURANCE MODEL ACT

This bill establishes the "Group Personal Lines Property and Casualty Insurance Model Act". This model act sets forth the requirements for group personal lines property and casualty insurance master policies. All eligible employees of an employer and members of a labor union or similar employee organization shall be eligible to participate unless such person rejects the coverage in writing. The master policy will be issued to the policyholder and all covered employees or members will receive a certificate of coverage setting forth a statement as to the insurance protection to which they are entitled. No master policy or certificate of insurance shall be issued or delivered in this state unless the rating plan and amendments thereto used in the determination of the

master policy premium meet the applicable filing requirements in this state and the rates shall not be unfairly discriminatory if adjusted to reflect past and prospective loss experience or group expense factors.

The bill addresses policy coverage requirements, group rating requirements, the duties and limitations of insurers, solicitation, negotiation, conversion, and regulatory jurisdiction.

These provisions shall not apply to the mass marketing or any other type of marketing of individual personal lines property and casualty insurance policies, to policies of credit property or credit casualty insurance or to policies of personal automobile insurance or personal motor vehicle liability insurance.

This bill has an effective date of January 1, 2021 and any master policy that is currently in effect on that date has 12 months to comply with these provisions.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that the bill is a national effort to address this law in every state. Insurance products have evolved, however the regulations and statutes have not. There are many enhanced products that could be sold along with property and casualty insurance products to help the consumer and make insurance prices cheaper.

Testifying for the bill were Representative Porter; Missouri Association of Insurance Agents; David Monaghan, American Family Insurance; Chubb Ina Holdings ;and the Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that this is a good bill and another way to help this bill further would be to add life insurance products to these provisions and could allow life insurance companies to help people with investments tied to the life insurance at no cost to the insured also helping the consumer.

Testifying on the bill was the American Council of Life Insurers.