

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 655

102ND GENERAL ASSEMBLY

1532S.04C

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 287.690, 287.715, 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, 303.039, 375.1275, and 379.316, RSMo, and section 303.041 as enacted by senate bill no. 267, ninety-first general assembly, first regular session, and section 303.041 as enacted by house bill no. 2168, one hundred first general assembly, second regular session, and to enact in lieu thereof twenty-three new sections relating to property and casualty insurance, with penalty provisions and a delayed effective date for certain sections.

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

Section A. Sections 287.690, 287.715, 287.900, 287.902,
2 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917,
3 287.919, 287.920, 303.039, 375.1275, and 379.316, RSMo, and
4 section 303.041 as enacted by senate bill no. 267, ninety-first
5 general assembly, first regular session, and section 303.041 as
6 enacted by house bill no. 2168, one hundred first general
7 assembly, second regular session, are repealed and twenty-three
8 new sections enacted in lieu thereof, to be known as sections
9 287.690, 287.715, 287.921, 303.039, 303.041, 303.420, 303.422,
10 303.425, 303.430, 303.440, 375.1275, 379.316, 379.1850,
11 379.1851, 379.1853, 379.1855, 379.1857, 379.1859, 379.1861,
12 379.1863, 379.1865, 379.1867, and 379.1869, to read as follows:

287.690. **[1.]** Prior to December 31, 1993, for the
2 purpose of providing for the expense of administering this

EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

3 chapter [and for the purpose set out in subsection 2 of this
4 section], every person, partnership, association,
5 corporation, whether organized under the laws of this or any
6 other state or country, the state of Missouri, including any
7 of its departments, divisions, agencies, commissions, and
8 boards or any political subdivisions of the state who self-
9 insure or hold themselves out to be any part self-insured,
10 company, mutual company, the parties to any interindemnity
11 contract, or other plan or scheme, and every other insurance
12 carrier, insuring employers in this state against liability
13 for personal injuries to their employees, or for death
14 caused thereby, under this chapter, shall pay, as provided
15 in this chapter, tax upon the net deposits, net premiums or
16 net assessments received, whether in cash or notes in this
17 state, or on account of business done in this state, for
18 such insurance in this state at the rate of two percent in
19 lieu of all other taxes on such net deposits, net premiums
20 or net assessments, which amount of taxes shall be assessed
21 and collected as herein provided. Beginning October 31,
22 1993, and every year thereafter, the director of the
23 division of workers' compensation shall estimate the amount
24 of revenue required to administer this chapter and the
25 director shall determine the rate of tax to be paid in the
26 following calendar year pursuant to this section commencing
27 with the calendar year beginning on January 1, 1994. If the
28 balance of the fund estimated to be on hand on December
29 thirty-first of the year each tax rate determination is made
30 is less than one hundred ten percent of the previous year's
31 expenses plus any additional revenue required due to new
32 statutory requirements given to the division by the general
33 assembly, then the director shall impose a tax not to exceed
34 two percent in lieu of all other taxes on net deposits, net

35 premiums or net assessments, rounded up to the nearest one-
36 half of a percentage point, which amount of taxes shall be
37 assessed and collected as herein provided. The net premium
38 equivalent for individual self-insured employers shall be
39 based on average rate classifications calculated by the
40 department of commerce and insurance as taken from premium
41 rates filed by the twenty insurance companies providing the
42 greatest volume of workers' compensation insurance coverage
43 in this state. For employers qualified to self-insure their
44 liability pursuant to this chapter, the rates filed by such
45 group of employers in accordance with subsection 4 of
46 section 287.280 shall be the net premium equivalent. Any
47 group of political subdivisions of this state qualified to
48 self-insure their liability pursuant to this chapter as
49 authorized by section 537.620 may choose either the average
50 rate classification method or the filed rate method,
51 provided that the method used may only be changed once
52 without receiving the consent of the director of the
53 division of workers' compensation. Every entity required to
54 pay the tax imposed pursuant to this section and section
55 287.730 shall be notified by the division of workers'
56 compensation within ten calendar days of the date of the
57 determination of the rate of tax to be imposed for the
58 following year. Net premiums, net deposits or net
59 assessments are defined as gross premiums, gross deposits or
60 gross assessments less cancelled or returned premiums,
61 premium deposits or assessments and less dividends or
62 savings, actually paid or credited.

63 [2. After January 1, 1994, the director of the
64 division shall make one or more loans to the Missouri
65 employers mutual insurance company in an amount not to
66 exceed an aggregate amount of five million dollars from the

67 fund maintained to administer this chapter for start-up
68 funding and initial capitalization of the company. The
69 board of the company shall make application to the director
70 for the loans, stating the amount to be loaned to the
71 company. The loans shall be for a term of five years and,
72 at the time the application for such loans is approved by
73 the director, shall bear interest at the annual rate based
74 on the rate for linked deposit loans as calculated by the
75 state treasurer pursuant to section 30.758.]

287.715. 1. For the purpose of providing for revenue
2 for the second injury fund, every authorized self-insurer,
3 and every workers' compensation policyholder insured
4 pursuant to the provisions of this chapter, shall be liable
5 for payment of an annual surcharge in accordance with the
6 provisions of this section. The annual surcharge imposed
7 under this section shall apply to all workers' compensation
8 insurance policies and self-insurance coverages which are
9 written or renewed on or after April 26, 1988, including the
10 state of Missouri, including any of its departments,
11 divisions, agencies, commissions, and boards or any
12 political subdivisions of the state who self-insure or hold
13 themselves out to be any part self-insured. Notwithstanding
14 any law to the contrary, the surcharge imposed pursuant to
15 this section shall not apply to any reinsurance or
16 retrocessional transaction.

17 2. Beginning October 31, 2005, and each year
18 thereafter, the director of the division of workers'
19 compensation shall estimate the amount of benefits payable
20 from the second injury fund during the following calendar
21 year and shall calculate the total amount of the annual
22 surcharge to be imposed during the following calendar year
23 upon all workers' compensation policyholders and authorized

24 self-insurers. The amount of the annual surcharge
25 percentage to be imposed upon each policyholder and self-
26 insured for the following calendar year commencing with the
27 calendar year beginning on January 1, 2006, shall be set at
28 and calculated against a percentage, not to exceed three
29 percent, of the policyholder's or self-insured's workers'
30 compensation net deposits, net premiums, or net assessments
31 for the previous policy year, rounded up to the nearest one-
32 half of a percentage point, that shall generate, as nearly
33 as possible, one hundred ten percent of the moneys to be
34 paid from the second injury fund in the following calendar
35 year, less any moneys contained in the fund at the end of
36 the previous calendar year. All policyholders and self-
37 insurers shall be notified by the division of workers'
38 compensation within ten calendar days of the determination
39 of the surcharge percent to be imposed for, and paid in, the
40 following calendar year. The net premium equivalent for
41 individual self-insured employers shall be based on average
42 rate classifications calculated by the department of
43 commerce and insurance as taken from premium rates filed by
44 the twenty insurance companies providing the greatest volume
45 of workers' compensation insurance coverage in this state.
46 For employers qualified to self-insure their liability
47 pursuant to this chapter, the rates filed by such group of
48 employers in accordance with subsection 4 of section 287.280
49 shall be the net premium equivalent. Any group of political
50 subdivisions of this state qualified to self-insure their
51 liability pursuant to this chapter as authorized by section
52 537.620 may choose either the average rate classification
53 method or the filed rate method, provided that the method
54 used may only be changed once without receiving the consent
55 of the director of the division of workers' compensation.

56 The director may advance funds from the workers'
57 compensation fund to the second injury fund if surcharge
58 collections prove to be insufficient. Any funds advanced
59 from the workers' compensation fund to the second injury
60 fund must be reimbursed by the second injury fund no later
61 than December thirty-first of the year following the
62 advance. The surcharge shall be collected from
63 policyholders by each insurer at the same time and in the
64 same manner that the premium is collected, but no insurer or
65 its agent shall be entitled to any portion of the surcharge
66 as a fee or commission for its collection. The surcharge is
67 not subject to any taxes, licenses or fees.

68 3. All surcharge amounts imposed by this section shall
69 be deposited to the credit of the second injury fund.

70 4. Such surcharge amounts shall be paid quarterly by
71 insurers and self-insurers, and insurers shall pay the
72 amounts not later than the thirtieth day of the month
73 following the end of the quarter in which the amount is
74 received from policyholders. If the director of the
75 division of workers' compensation fails to calculate the
76 surcharge by the thirty-first day of October of any year for
77 the following year, any increase in the surcharge ultimately
78 set by the director shall not be effective for any calendar
79 quarter beginning less than sixty days from the date the
80 director makes such determination.

81 5. If a policyholder or self-insured fails to make
82 payment of the surcharge or an insurer fails to make timely
83 transfer to the division of surcharges actually collected
84 from policyholders, as required by this section, a penalty
85 of one-half of one percent of the surcharge unpaid, or
86 untransferred, shall be assessed against the liable
87 policyholder, self-insured or insurer. Penalties assessed

88 under this subsection shall be collected in a civil action
89 by a summary proceeding brought by the director of the
90 division of workers' compensation.

91 6. Notwithstanding subsection 2 of this section to the
92 contrary, the director of the division of workers'
93 compensation shall collect a supplemental surcharge not to
94 exceed [three] **one** percent for calendar years 2014 to [2022]
95 **2026** of the policyholder's or self-insured's workers'
96 compensation net deposits, net premiums, or net assessments
97 for the previous policy year, rounded up to the nearest [one-
98 half] **one-quarter** of a percentage point. [For calendar year
99 2023, the director of the division of workers' compensation
100 shall collect a supplemental surcharge not to exceed two and
101 one-half percent of the policyholder's or self-insured's
102 workers' compensation net deposits, net premiums, or net
103 assessments for the previous policy year, rounded up to the
104 nearest one-half of a percentage point.] All policyholders
105 and self-insurers shall be notified by the division of the
106 supplemental surcharge percentage to be imposed for such
107 period of time as part of the notice provided in subsection
108 2 of this section. The provisions of this subsection shall
109 expire on December 31, [2023] **2026**.

110 7. Funds collected under the provisions of this
111 chapter shall be the sole funding source of the second
112 injury fund.

**287.921. 1. For purposes of this section, the
2 following terms mean:**

3 (1) **"Company", any independent public corporation
4 created for the purpose of insuring Missouri employers
5 against liability for workers' compensation, occupational
6 disease, and employers' liability coverage;**

7 (2) "Department", the department of commerce and
8 insurance;

9 (3) "Director", the director of the department of
10 commerce and insurance.

11 2. Before January 1, 2025, any company may file
12 amended and restated articles of incorporation with the
13 department and the secretary of state converting the company
14 from an independent public corporation to a private mutual
15 insurance corporation under the provisions of chapter 379.
16 If the director determines that the amended and restated
17 articles of incorporation comply with the applicable
18 provisions of chapter 379, the following shall occur:

19 (1) The director shall issue an amended certificate of
20 authority effective January 1, 2025, to the company to
21 operate as a private mutual insurance corporation licensed
22 to write any lines of insurance authorized under the
23 provisions of chapter 379;

24 (2) The director shall reauthorize the company's
25 existing filings, forms, or other administrative matters on
26 file with the department so that the company's filings,
27 rates, forms, or other administrative matters shall be
28 effective January 1, 2025; and

29 (3) The secretary of state shall issue an amended
30 certificate of incorporation effective January 1, 2025,
31 certifying and declaring the company to be a body corporate
32 duly organized, existing, and entitled to all rights and
33 privileges granted corporations organized under chapter 379.

34 3. The company may continue to conduct business under
35 its existing name or adopt any other name that complies with
36 state law.

37 4. (1) From and after January 1, 2025, the converted
38 private mutual insurance corporation shall become the

39 successor in interest to all assets and liabilities of the
40 company as of the conversion date directed in this section
41 without any conveyance or transfer and without any further
42 act or deed and shall be vested by operation of law to all
43 property of the company.

44 (2) The state is not liable for the expenses,
45 liabilities, or debts of:

46 (a) The converted private mutual insurance corporation
47 described in this section;

48 (b) The company; or

49 (c) A subsidiary or joint enterprise involving the
50 private mutual insurance corporation or the company.

303.039. The repeal and reenactment of [sections]
2 section 303.025 [and 303.041] shall take effect on January
3 1, 2024.

[303.041. 1. If the director determines
2 that as a result of a verification sample or
3 accident report that the owner of a motor
4 vehicle has not maintained financial
5 responsibility, or if the director determines as
6 a result of an order of supervision that the
7 operator of a motor vehicle has not maintained
8 the financial responsibility as required in this
9 chapter, the director shall thirty-three days
10 after mailing notice, suspend the driving
11 privilege of the owner or operator and/or the
12 registration of the vehicle failing to meet such
13 requirement. The notice of suspension shall be
14 mailed to the person at the last known address
15 shown on the department's records. The notice
16 of suspension is deemed received three days
17 after mailing. The notice of suspension shall
18 clearly specify the reason and statutory grounds
19 for the suspension and the effective date of the
20 suspension, the right of the person to request a
21 hearing, the procedure for requesting a hearing,
22 and the date by which that request for a hearing
23 must be made. If the request for a hearing is
24 received by the department prior to the
25 effective date of the suspension, the effective
26 date of the suspension will be stayed until a
27 final order is issued following the hearing.

28 2. Neither the fact that subsequent to the
29 date of verification or conviction, the owner
30 acquired the required liability insurance policy

31 nor the fact that the owner terminated ownership
32 of the motor vehicle, shall have any bearing
33 upon the director's decision to suspend. Until
34 it is terminated, the suspension shall remain in
35 force after the registration is renewed or a new
36 registration is acquired for the motor vehicle.
37 The suspension also shall apply to any motor
38 vehicle to which the owner transfers the
39 registration. Effective January 1, 2000, the
40 department shall not extend any suspension for
41 failure to pay a delinquent late surrender fee
42 pursuant to this subsection.]

303.041. 1. **Except as otherwise provided in**
2 **subsection 7 of section 303.425**, if the director determines
3 that the owner or operator of a motor vehicle has not
4 maintained the financial responsibility as required in this
5 chapter, the director shall thirty-three days after mailing
6 notice, suspend the driving privilege of the owner or
7 operator and/or the registration of the vehicle failing to
8 meet such requirement. The notice of suspension shall be
9 mailed to the person at the last known address shown on the
10 department's records. The notice of suspension is deemed
11 received three days after mailing. The notice of suspension
12 shall clearly specify the reason and statutory grounds for
13 the suspension and the effective date of the suspension, the
14 right of the person to request a hearing, the procedure for
15 requesting a hearing, and the date by which that request for
16 a hearing must be made. If the request for a hearing is
17 received by the department prior to the effective date of
18 the suspension, the effective date of the suspension will be
19 stayed until a final order is issued following the hearing.

20 2. Except as otherwise provided by law, neither the
21 fact that subsequent to the date of verification or
22 conviction, the owner acquired the required liability
23 insurance policy nor the fact that the owner terminated
24 ownership of the motor vehicle, shall have any bearing upon
25 the director's decision to suspend. Until it is terminated,

26 the suspension shall remain in force after the registration
27 is renewed or a new registration is acquired for the motor
28 vehicle. The suspension also shall apply to any motor
29 vehicle to which the owner transfers the registration.
30 Effective January 1, 2000, the department shall not extend
31 any suspension for failure to pay a delinquent late
32 surrender fee pursuant to this subsection.

303.420. As used in sections 303.420 to 303.440,
2 unless the context requires otherwise, the following terms
3 shall mean:

4 (1) "Program", the motor vehicle financial
5 responsibility enforcement and compliance incentive program
6 established under section 303.425;

7 (2) "Qualified agency", the department of revenue, the
8 Missouri state highway patrol, the prosecuting attorney or
9 sheriff's office of any county or city not within a county,
10 the chiefs of police of any city or municipality, or any
11 other authorized law enforcement agency recognized by the
12 state;

13 (3) "System" or "verification system", the web-based
14 resource established under section 303.430 for online
15 verification of motor vehicle financial responsibility.

303.422. 1. There is hereby created in the state
2 treasury the "Motor Vehicle Financial Responsibility
3 Verification and Enforcement Fund", which shall consist of
4 money received by the department of revenue under sections
5 303.420 to 303.440. The state treasurer shall be custodian
6 of the fund. In accordance with sections 30.170 and 30.180,
7 the state treasurer may approve disbursements. The fund
8 shall be a dedicated fund and money in the fund shall be
9 used solely by the department of revenue for the
10 administration of sections 303.420 to 303.440.

11 2. Notwithstanding the provisions of section 33.080 to
12 the contrary, any moneys remaining in the fund at the end of
13 the biennium shall not revert to the credit of the general
14 revenue fund.

15 3. The state treasurer shall invest moneys in the fund
16 in the same manner as other funds are invested. Any
17 interest and moneys earned on such investments shall be
18 credited to the fund.

 303.425. 1. (1) There is hereby created within the
2 department of revenue the motor vehicle financial
3 responsibility enforcement and compliance incentive
4 program. The department of revenue may enter into
5 contractual agreements with third-party vendors to
6 facilitate the necessary technology and equipment,
7 maintenance thereof, and associated program management
8 services, and may enter into contractual agreements with the
9 Missouri office of prosecution services as provided in
10 sections 303.420 to 303.440. Where sections 303.420 to
11 303.440 authorize the department of revenue to enter into
12 contracts with a third-party vendor or the Missouri office
13 of prosecution services at its option, the department of
14 revenue shall contract with the Missouri office of
15 prosecution services unless the Missouri office of
16 prosecution services declines to enter into the contract.

17 (2) The department of revenue or a third-party vendor
18 shall utilize technology to compare vehicle registration
19 information with the financial responsibility information
20 accessible through the system. The department of revenue
21 shall utilize this information to identify motorists who are
22 in violation of the motor vehicle financial responsibility
23 law. The department of revenue may offer offenders under
24 this program the option of pretrial diversion as an

25 alternative to statutory fines or reinstatement fees
26 prescribed under the motor vehicle financial responsibility
27 law as a method of encouraging compliance and discouraging
28 recidivism.

29 (3) All fees paid to or collected by third-party
30 vendors or the Missouri office of prosecution services under
31 sections 303.420 to 303.440 may come from violator diversion
32 fees generated by the pretrial diversion option established
33 under this section. A contractual agreement between the
34 department of revenue and the Missouri office of prosecution
35 services under sections 303.420 to 303.440 may provide for
36 retention by the Missouri office of prosecution services of
37 part or all of the violator diversion fees as consideration
38 for the contract.

39 2. The department of revenue may authorize law
40 enforcement agencies or third-party vendors to use
41 technology to collect data for the investigation, detection,
42 analysis, and enforcement of the motor vehicle financial
43 responsibility law.

44 3. The department of revenue may authorize traffic
45 enforcement officers, third-party vendors, or the Missouri
46 office of prosecution services to administer the processing
47 and issuance of notices of violation, the collection of fees
48 for a violation of the motor vehicle financial
49 responsibility law, or the referral of cases for
50 prosecution, under the program.

51 4. Access to the system shall be restricted to
52 qualified agencies and the third-party vendors with which
53 the department of revenue contracts for purposes of the
54 program, provided that any third-party vendor with which a
55 contract is executed to provide necessary technology,
56 equipment, or maintenance for the program shall be

57 authorized as necessary to collaborate for required updates
58 and maintenance of system software.

59 5. For purposes of the program, any data collected and
60 matched to a corresponding vehicle insurance record as
61 verified through the system, and any Missouri vehicle
62 registration database, may be used to identify violations of
63 the motor vehicle financial responsibility law. Such
64 corresponding data shall constitute evidence of the
65 violations.

66 6. Except as otherwise provided in this section, the
67 department of revenue shall suspend, in accordance with
68 section 303.041, the registration of any motor vehicle that
69 is determined under the program to be in violation of the
70 motor vehicle financial responsibility law.

71 7. The department of revenue shall send to an owner
72 whose vehicle is identified under the program as being in
73 violation of the motor vehicle financial responsibility law
74 a notice that the vehicle's registration may be suspended
75 unless the owner, within thirty days, provides proof of
76 financial responsibility for the vehicle or proof, in a form
77 specified by the department of revenue, that the owner has a
78 pending criminal charge for a violation of the motor vehicle
79 financial responsibility law. The notice shall include
80 information on steps an individual may take to obtain proof
81 of financial responsibility and a web address to a page on
82 the department of revenue's website where information on
83 obtaining proof of financial responsibility shall be
84 provided. If proof of financial responsibility or a pending
85 criminal charge is not provided within the time allotted,
86 the department of revenue shall provide a notice of
87 suspension and suspend the vehicle's registration in
88 accordance with section 303.041, or shall send a notice of

89 vehicle registration suspension, clearly specifying the
90 reason and statutory grounds for the suspension and the
91 effective date of the suspension, the right of the vehicle
92 owner to request a hearing, the procedure for requesting a
93 hearing, and the date by which that request for a hearing
94 must be made, as well as informing the owner that the matter
95 will be referred for prosecution if a satisfactory response
96 is not received in the time allotted, informing the owner
97 that the minimum penalty for the violation is three hundred
98 dollars and four license points, and offering the owner
99 participation in a pretrial diversion option to preclude
100 referral for prosecution and registration suspension under
101 sections 303.420 to 303.440. The notice of vehicle
102 registration suspension shall give a period of thirty-three
103 days from mailing for the vehicle owner to respond, and
104 shall be deemed received three days after mailing. If no
105 request for a hearing or agreement to participate in the
106 diversion option is received by the department of revenue
107 prior to the date provided on the notice of vehicle
108 registration suspension, the director shall suspend the
109 vehicle's registration, effective immediately, and refer the
110 case to the appropriate prosecuting attorney. If an
111 agreement by the vehicle owner to participate in the
112 diversion option is received by the department of revenue
113 prior to the effective date provided on the notice of
114 vehicle registration suspension, then upon payment of a
115 diversion participation fee not to exceed two hundred
116 dollars, agreement to secure proof of financial
117 responsibility within the time provided on the notice of
118 suspension, and agreement that such financial responsibility
119 shall be maintained for a minimum of two years, no points
120 shall be assessed to the vehicle owner's driver's license

121 under section 302.302 and the department of revenue shall
122 not take further action against the vehicle owner under
123 sections 303.420 to 303.440, subject to compliance with the
124 terms of the pretrial diversion option. The department of
125 revenue shall suspend the vehicle registration of, and shall
126 refer the case to the appropriate prosecuting attorney for
127 prosecution of, participating vehicle owners who violate the
128 terms of the pretrial diversion option. If a request for
129 hearing is received by the department of revenue prior to
130 the effective date provided on the notice of vehicle
131 registration suspension, then for all purposes other than
132 eligibility for participation in the diversion option, the
133 effective date of the suspension shall be stayed until a
134 final order is issued following the hearing. The department
135 of revenue shall suspend the registration of vehicles
136 determined under the final order to have violated the motor
137 vehicle financial responsibility law, and shall refer the
138 case to the appropriate prosecuting attorney for
139 prosecution. Notices under this subsection shall be mailed
140 to the vehicle owner at the last known address shown on the
141 department of revenue's records. The department of revenue
142 or its third-party vendor or the Missouri office of
143 prosecution services shall issue receipts for the collection
144 of diversion participation fees. Except as otherwise
145 provided in subsection 1 of this section, all such fees
146 shall be deposited into the motor vehicle financial
147 responsibility verification and enforcement fund established
148 in section 303.422. A vehicle owner whose registration has
149 been suspended under sections 303.420 to 303.440 may obtain
150 reinstatement of the registration upon providing proof of
151 financial responsibility and payment to the department of
152 revenue of a nonrefundable reinstatement fee equal to the

153 fee that would be applicable under subsection 2 of section
154 303.042 if the registration had been suspended under section
155 303.041.

156 8. Data collected or retained under the program shall
157 not be used by any entity for purposes other than
158 enforcement of the motor vehicle financial responsibility
159 law. Data collected and stored by law enforcement under the
160 program shall be considered evidence if noncompliance with
161 the motor vehicle financial responsibility law is
162 confirmed. The evidence, and an affidavit stating that the
163 evidence and system have identified a particular vehicle as
164 being in violation of the motor vehicle financial
165 responsibility law, shall constitute probable cause for
166 prosecution and shall be forwarded in accordance with
167 subsection 7 of this section to the appropriate prosecuting
168 attorney.

169 9. Owners of vehicles identified under the program as
170 being in violation of the motor vehicle financial
171 responsibility law shall be provided with options for
172 disputing such claims which do not require appearance at any
173 state or local court of law, or administrative facility.
174 Any person who presents timely proof that he or she was in
175 compliance with the motor vehicle financial responsibility
176 law at the time of the alleged violation shall be entitled
177 to dismissal of the charge with no assessment of fees or
178 fines. Proof provided by a vehicle owner to the department
179 of revenue that the vehicle was in compliance at the time of
180 the suspected violation of the motor vehicle financial
181 responsibility law shall be recorded in the system
182 established by the department of revenue under section
183 303.430.

184 10. The collection of data or use of any technology
185 pursuant to this section shall be done in a manner that
186 prohibits any bias towards a specific community, race,
187 gender, or socioeconomic status of vehicle owner.

188 11. Law enforcement agencies, third-party vendors, or
189 other entities authorized to operate under the program shall
190 not sell data collected or retained under the program for
191 any purpose or share it for any purpose not expressly
192 authorized in this section. All data shall be secured and
193 any third-party vendor or other entity authorized to operate
194 under the program may be liable for any data security breach.

195 12. The department of revenue shall not take action
196 under sections 303.420 to 303.440 against vehicles
197 registered as fleet vehicles under section 301.032, or
198 against vehicles known to the department of revenue to be
199 insured under a policy of commercial auto coverage, as such
200 term is defined in subdivision (10) of subsection 2 of
201 section 303.430.

202 13. Following one year after the implementation of the
203 program, and every year thereafter, the department of
204 revenue shall provide a report to the president pro tempore
205 of the senate, the speaker of the house of representatives,
206 the chairs of the house and senate committees with
207 jurisdictions over insurance or transportation matters, and
208 the chairs of the house budget and senate appropriations
209 committees. The report shall include an evaluation of
210 program operations, information as to the costs of the
211 program incurred by the department of revenue, insurers, and
212 the public, information as to the effectiveness of the
213 program in reducing the number of uninsured motor vehicles,
214 and anonymized demographic information including the race
215 and zip code of vehicle owners identified under the program

216 as being in violation of the motor vehicle financial
217 responsibility law, and may include any additional
218 information and recommendations for improvement of the
219 program deemed appropriate by the department of revenue.
220 The department of revenue may, by rule, require the state,
221 counties, and municipalities to provide information in order
222 to complete the report.

223 14. The Missouri office of prosecution services in
224 consultation with the department of revenue may promulgate
225 rules as necessary for the implementation of this section.
226 Any rule or portion of a rule, as that term is defined in
227 section 536.010, that is created under the authority
228 delegated in this section shall become effective only if it
229 complies with and is subject to all of the provisions of
230 chapter 536 and, if applicable, section 536.028. This
231 section and chapter 536 are nonseverable and if any of the
232 powers vested with the general assembly pursuant to chapter
233 536 to review, to delay the effective date, or to disapprove
234 and annul a rule are subsequently held unconstitutional,
235 then the grant of rulemaking authority and any rule proposed
236 or adopted after August 28, 2023, shall be invalid and void.

2 303.430. 1. The department of revenue shall establish
3 and maintain a web-based system for the verification of
4 motor vehicle financial responsibility, shall provide access
5 to insurance reporting data and vehicle registration and
6 financial responsibility data, and shall require motor
7 vehicle insurers to establish functionality for the
8 verification system, as provided in sections 303.420 to
9 303.440. The verification system, including any exceptions
10 as provided for in sections 303.420 to 303.440 or in the
11 implementation guide developed to support the program, shall
supersede any existing verification system, and shall be the

12 sole system used for the purpose of verifying financial
13 responsibility required under this chapter.

14 2. The system established pursuant to subsection 1 of
15 this section shall be subject to the following:

16 (1) The verification system shall transmit requests to
17 insurers for verification of motor vehicle insurance
18 coverage via web services established by the insurers
19 through the internet in compliance with the specifications
20 and standards of the Insurance Industry Committee on Motor
21 Vehicle Administration, or "IICMVA". Insurance company
22 systems shall respond to each request with a prescribed
23 response upon evaluation of the data provided in the
24 request. The system shall include appropriate protections
25 to secure its data against unauthorized access, and the
26 department of revenue shall maintain a historical record of
27 the system data for a period of no more than twelve months
28 from the date of all requests and responses. The system
29 shall be used for verification of the financial
30 responsibility required under this chapter. The system
31 shall be accessible to authorized personnel of the
32 department of revenue, the courts, law enforcement
33 personnel, and other entities authorized by the state as
34 permitted by state or federal privacy laws, and it shall be
35 interfaced, wherever appropriate, with existing state
36 systems. The system shall include information enabling the
37 department of revenue to submit inquiries to insurers
38 regarding motor vehicle insurance which are consistent with
39 insurance industry and IICMVA recommendations,
40 specifications, and standards by using the following data
41 elements for greater matching accuracy: insurer National
42 Association of Insurance Commissioners, or "NAIC", company
43 code; vehicle identification number; policy number;

44 verification date; or as otherwise described in the
45 specifications and standards of the IICMVA. The department
46 of revenue shall promulgate rules to offer insurers who
47 insure one thousand or fewer vehicles within this state an
48 alternative method for verifying motor vehicle insurance
49 coverage in lieu of web services, and to provide for the
50 verification of financial responsibility when financial
51 responsibility is proven to the department to be maintained
52 by means other than a policy of motor vehicle insurance.
53 Insurers shall not be required to verify insurance coverage
54 for vehicles registered in other jurisdictions;

55 (2) The verification system shall respond to each
56 request within a time period established by the department
57 of revenue. An insurer's system shall respond within the
58 time period prescribed by the IICMVA's specifications and
59 standards. Insurer systems shall be permitted reasonable
60 system downtime for maintenance and other work with advance
61 notice to the department of revenue. Insurers shall not be
62 subject to enforcement fees or other sanctions under such
63 circumstances, or when systems are not available because of
64 emergency, outside attack, or other unexpected outages not
65 planned by the insurer and reasonably outside its control;

66 (3) The system shall assist in identifying violations
67 of the motor vehicle financial responsibility law in the
68 most effective way possible. Responses to individual
69 insurance verification requests shall have no bearing on
70 whether insurance coverage is determined to be in force at
71 the time of a claim. Claims shall be individually
72 investigated to determine the existence of coverage.
73 Nothing in sections 303.420 to 303.440 shall prohibit the
74 department of revenue from contracting with a third-party
75 vendor or vendors who have successfully implemented similar

76 systems in other states to assist in establishing and
77 maintaining this verification system;

78 (4) The department of revenue shall consult with
79 representatives of the insurance industry and may consult
80 with third-party vendors to determine the objectives,
81 details, and deadlines related to the system by
82 establishment of an advisory council. The advisory council
83 shall consist of voting members comprised of:

84 (a) The director of the department of commerce and
85 insurance, or his or her designee, who shall serve as chair;

86 (b) Two representatives of the department of revenue,
87 to be appointed by the director of the department of revenue;

88 (c) One representative of the department of commerce
89 and insurance, to be appointed by the director of the
90 department of commerce and insurance;

91 (d) Three representatives of insurance companies, to
92 be appointed by the director of the department of commerce
93 and insurance;

94 (e) One representative from the Missouri Insurance
95 Coalition;

96 (f) One representative chosen by the National
97 Association of Mutual Insurance Companies;

98 (g) One representative chosen by the American Property
99 and Casualty Insurance Association;

100 (h) One representative chosen by the Missouri
101 Independent Agents Association; and

102 (i) Such other representatives as may be appointed by
103 the director of the department of commerce and insurance;

104 (5) The department of revenue shall publish for
105 comment, and then issue, a detailed implementation guide for
106 its online verification system;

107 (6) The department of revenue and its third-party
108 vendors, if any, shall each maintain a contact person for
109 insurers during the establishment, implementation, and
110 operation of the system;

111 (7) If the department of revenue has reason to believe
112 a vehicle owner does not maintain financial responsibility
113 as required under this chapter, it may also request an
114 insurer to verify the existence of such financial
115 responsibility in a form approved by the department of
116 revenue. In addition, insurers shall cooperate with the
117 department of revenue in establishing and maintaining the
118 verification system established under this section, and
119 shall provide motor vehicle insurance policy status
120 information as provided in the rules promulgated by the
121 department of revenue;

122 (8) Every property and casualty insurance company
123 licensed to issue motor vehicle insurance or authorized to
124 do business in this state shall comply with sections 303.420
125 to 303.440, and corresponding rules promulgated by the
126 department of revenue, for the verification of such
127 insurance for every vehicle insured by that company in this
128 state;

129 (9) Insurers shall maintain a historical record of
130 insurance data for a minimum period of six months from the
131 date of policy inception or policy change for the purpose of
132 historical verification inquiries;

133 (10) For the purposes of this section, "commercial
134 auto coverage" shall mean any coverage provided to an
135 insured, regardless of number of vehicles or entities
136 covered, under a commercial coverage form and rated from a
137 commercial manual approved by the department of commerce and
138 insurance. Sections 303.420 to 303.440 shall not apply to

139 vehicles insured under commercial auto coverage; however,
140 insurers of such vehicles may participate on a voluntary
141 basis, and vehicle owners may provide proof at or subsequent
142 to the time of vehicle registration that a vehicle is
143 insured under commercial auto coverage, which the department
144 of revenue shall record in the system;

145 (11) Insurers shall provide commercial or fleet
146 automobile customers with evidence reflecting that the
147 vehicle is insured under a commercial or fleet automobile
148 liability policy. Sufficient evidence shall include an
149 insurance identification card clearly marked with a suitable
150 identifier such as "commercial auto insurance identification
151 card", "fleet auto insurance identification card", or other
152 clear identification that the vehicle is insured under a
153 fleet or commercial policy;

154 (12) Notwithstanding any provision of sections 303.420
155 to 303.440, insurers shall be immune from civil and
156 administrative liability for good faith efforts to comply
157 with the terms of sections 303.420 to 303.440;

158 (13) Nothing in this section shall prohibit an insurer
159 from using the services of a third-party vendor for
160 facilitating the verification system required under sections
161 303.420 to 303.440.

162 3. The department of revenue shall promulgate rules as
163 necessary for the implementation of sections 303.420 to
164 303.440. Any rule or portion of a rule, as that term is
165 defined in section 536.010, that is created under the
166 authority delegated in this section shall become effective
167 only if it complies with and is subject to all of the
168 provisions of chapter 536 and, if applicable, section
169 536.028. This section and chapter 536 are nonseverable and
170 if any of the powers vested with the general assembly

171 pursuant to chapter 536 to review, to delay the effective
172 date, or to disapprove and annul a rule are subsequently
173 held unconstitutional, then the grant of rulemaking
174 authority and any rule proposed or adopted after August 28,
175 2023, shall be invalid and void.

303.440. The verification system established under
2 section 303.430 shall be installed and fully operational on
3 January 1, 2025, following an appropriate testing or pilot
4 period of not less than nine months. Until the successful
5 completion of the testing or pilot period in the judgment of
6 the director of the department of revenue, no enforcement
7 action shall be taken based on the system, including but not
8 limited to action taken under the program established under
9 section 303.425.

375.1275. 1. For RBC reports required to be filed by
2 life and health insurers with respect to 1993, the following
3 requirements shall apply in lieu of the provisions of
4 section 375.1255:

5 (1) In the event of a company action level event with
6 respect to an insurer, the director shall take no regulatory
7 action;

8 (2) In the event of a regulatory action level event
9 pursuant to section 375.1257, the director shall take the
10 actions required pursuant to section 375.1255;

11 (3) In the event of a regulatory action level event
12 pursuant to section 375.1257 or an authorized control level
13 event, the director shall take the actions required pursuant
14 to section 375.1257 with respect to the insurer;

15 (4) In the event of a mandatory control level event
16 with respect to an insurer, the director shall take the
17 actions required pursuant to section 375.1260 with respect
18 to the insurer.

19 2. For RBC reports required to be filed by property
20 and casualty insurers with respect to 1996, the following
21 requirements shall apply in lieu of the provisions of
22 sections 375.1255 to 375.1262:

23 (1) In the event of a company action level event with
24 respect to a domestic insurer, the director shall take no
25 regulatory action under sections 375.1250 to 375.1275;

26 (2) In the event of a regulatory action level event
27 under subdivision (1), (2) or (3) of subsection 1 of section
28 375.1257, the director shall take the actions required under
29 section 375.1255;

30 (3) In the event of a regulatory action level event
31 under subdivision (4), (5), (6), (7), (8) or (9) of
32 subsection 1 of section 375.1257 or an authorized control
33 level event, the director shall take the actions required
34 under section 375.1257, with respect to the insurer;

35 (4) In the event of a mandatory control level event,
36 the director shall take the actions required under section
37 375.1260 with respect to the insurer.

38 3. For RBC reports required to be filed by health
39 organizations with respect to 2014, the following
40 requirements shall apply in lieu of the provisions of
41 sections 375.1255 to 375.1262:

42 (1) In the event of a company action level event with
43 respect to a domestic health organization, the director
44 shall take no regulatory action;

45 (2) In the event of a regulatory action level event
46 under subdivisions (1) to (3) of subsection 1 of section
47 375.1257, the director shall take the actions required
48 pursuant to section 375.1255;

49 (3) In the event of a regulatory action level event
50 under subdivisions (4) to (9) of subsection 1 of section

51 375.1257 or an authorized control level event, the director
52 shall take the actions required under section 375.1257 with
53 respect to the health organization;

54 (4) In the event of a mandatory control level event
55 with respect to a health organization, the director shall
56 take the actions required under section 375.1260 with
57 respect to the health organization.

58 [4. The actions required under sections 375.1255 to
59 375.1262 or this section shall not apply to any insurer
60 operating under the provisions of sections 287.900 to
61 287.920 which is under any order of supervision, including
62 waivers of requirements for capital and surplus, issued or
63 commenced by the director prior to August 28, 1996. This
64 provision shall remain in effect until such order or
65 proceeding expires or is otherwise terminated by further
66 order of the director.]

379.316. 1. Section 379.017 and sections 379.316 to
2 379.361 apply to insurance companies incorporated pursuant
3 to sections 379.035 to 379.355, section 379.080, sections
4 379.060 to 379.075, sections 379.085 to 379.095, sections
5 379.205 to 379.310, and to insurance companies of a similar
6 type incorporated pursuant to the laws of any other state of
7 the United States, and alien insurers licensed to do
8 business in this state, which transact fire and allied
9 lines, marine and inland marine insurance, to any and all
10 combinations of the foregoing or parts thereof, and to the
11 combination of fire insurance with other types of insurance
12 within one policy form at a single premium, on risks or
13 operations in this state, except:

14 (1) Reinsurance, other than joint reinsurance to the
15 extent stated in section 379.331;

16 (2) Insurance of vessels or craft, their cargoes,
17 marine builders' risks, marine protection and indemnity, or
18 other risks commonly insured pursuant to marine, as
19 distinguished from inland marine, insurance policies;

20 (3) Insurance against loss **of** or damage to aircraft,
21 **or against liability, other than employers' liability,**
22 **arising out of the ownership, maintenance, or use of**
23 **aircraft;**

24 (4) All forms of motor vehicle insurance; and

25 (5) All forms of life, accident and health, and
26 workers' compensation insurance.

27 2. Inland marine insurance shall be deemed to include
28 insurance now or hereafter defined by statute, or by
29 interpretation thereof, or if not so defined or interpreted,
30 by ruling of the director, or as established by general
31 custom of the business, as inland marine insurance.

32 3. Commercial property and commercial casualty
33 insurance policies are subject to rate and form filing
34 requirements as provided in section 379.321.

379.1850. 1. Sections 379.1850 to 379.1869 shall
2 **apply to insurers and insurance producers engaged in any**
3 **transaction involving lender-placed insurance, as defined in**
4 **section 379.1851.**

5 2. All lender-placed insurance written in connection
6 with mortgaged real property, including manufactured homes
7 and modular units, as defined in section 700.010, is subject
8 to the provisions of sections 379.1850 to 379.1869, except:

9 (1) Transactions involving extensions of credit
10 **primarily for business, commercial, or agricultural purposes;**

11 (2) Insurance offered by the lender or servicer and
12 **elected by the mortgagor at the mortgagor's option;**

13 (3) Insurance purchased by a lender or servicer on
14 real estate owned property; and

15 (4) Insurance for which no specific charge is made to
16 the mortgagor or the mortgagor's account.

 379.1851. As used in sections 379.1850 to 379.1869,
2 the following terms shall mean:

3 (1) "Affiliate", a person who directly, or indirectly
4 through one or more intermediaries, controls, is controlled
5 by, or is under common control with, the person specified;

6 (2) "Individual lender-placed insurance", coverage for
7 individual real property evidenced by a certificate of
8 coverage under a master lender-placed insurance policy or a
9 lender-placed insurance policy for individual real property;

10 (3) "Insurance producer", a person or entity, or its
11 affiliates, required to be licensed under the laws of this
12 state to sell, solicit, or negotiate insurance;

13 (4) "Insurer", an insurance company, association, or
14 exchange, or its affiliates, authorized to issue lender-
15 placed insurance in this state;

16 (5) "Investor", a person or entity, or its affiliates,
17 holding a beneficial interest in loans secured by real
18 property;

19 (6) "Lapse", the moment in time in which a mortgagor
20 has failed to secure or maintain valid or sufficient
21 insurance upon mortgaged real property as required by a
22 mortgage agreement;

23 (7) "Lender", a person or entity, or its affiliates,
24 making loans secured by an interest in real property;

25 (8) "Lender-placed insurance", insurance obtained by a
26 lender or servicer when a mortgagor does not maintain valid
27 or sufficient insurance upon mortgaged real property as
28 required by the terms of the mortgage agreement. Such term

29 shall include insurance purchased unilaterally by the lender
30 or servicer, who is the named insured, subsequent to the
31 date of the credit transaction, providing coverage against
32 loss, expense, or damage to collateralized property as a
33 result of fire, theft, collision, or other risks of loss
34 that would either impair a lender's, servicer's, or
35 investor's interest or adversely affect the value of
36 collateral covered by limited dual interest insurance. Such
37 term is limited to insurance purchased according to the
38 terms of a mortgage agreement as a result of the mortgagor's
39 failure to provide evidence of required insurance;

40 (9) "Loss ratio", the ratio of incurred losses to
41 earned premium;

42 (10) "Master lender-placed insurance policy", a group
43 policy issued to a lender or servicer providing coverage for
44 all loans in the lender's or servicer's loan portfolio as
45 needed;

46 (11) "Mortgage agreement", the written document that
47 sets forth an obligation or liability of any kind secured by
48 a lien on real property and due from, owing, or incurred by
49 a mortgagor to a lender on account of a mortgage loan,
50 including a security agreement, deed of trust, or any other
51 document of similar effect, and any other documents
52 incorporated by reference;

53 (12) "Mortgage loan", a loan, advance, guarantee, or
54 other extension of credit from a lender to a mortgagor;

55 (13) "Mortgage transaction", a transaction by the
56 terms of which the repayment of money loaned or payment of
57 real property sold is to be made at a future date or dates;

58 (14) "Mortgagee", the person who holds mortgaged real
59 property as security for repayment of a mortgage agreement;

60 (15) "Mortgagor", the person who is obligated on a
61 mortgage loan pursuant to a mortgage agreement;

62 (16) "Person", an individual or entity;

63 (17) "Real estate owned property", property owned or
64 held by a lender or servicer following foreclosure under the
65 related mortgage agreement or the acceptance of a deed in
66 lieu of foreclosure;

67 (18) "Replacement cost value", the estimated cost to
68 replace covered property at the time of the loss or damage
69 without deduction for depreciation. Replacement cost value
70 is not market value, but it is instead the cost to replace
71 covered property to its pre-loss condition, as best
72 determined under section 379.1855;

73 (19) "Servicer", a person or entity, or its
74 affiliates, contractually obligated to service one or more
75 mortgage loans for a lender or investor. Such term shall
76 include entities involved in subservicing arrangements.

379.1853. 1. Lender-placed insurance shall become
2 effective no earlier than the date of lapse of insurance
3 upon mortgaged real property subject to the terms of a
4 mortgage agreement or any other state or federal law
5 requiring the same.

6 2. Individual lender-placed insurance shall terminate
7 on the earliest of the following dates:

8 (1) The date insurance that is acceptable under the
9 mortgage agreement becomes effective, subject to the
10 mortgagor providing sufficient evidence of such acceptable
11 insurance;

12 (2) The date the applicable real property no longer
13 serves as collateral for a mortgage loan pursuant to a
14 mortgage agreement;

15 (3) Such other date as specified by the individual
16 policy or certificate of insurance;

17 (4) Such other date as specified by the lender or
18 servicer; or

19 (5) The termination date of the policy.

20 3. An insurance charge shall not be made to a
21 mortgagor for lender-placed insurance for a term longer than
22 the scheduled term of the lender-placed insurance, nor shall
23 an insurance charge be made to the mortgagor for lender-
24 placed insurance before the effective date of the lender-
25 placed insurance.

 379.1855. 1. Any lender-placed insurance coverage,
2 and subsequent calculation of premium, should be based upon
3 the replacement cost value of the property. Replacement
4 cost value of the property shall be determined as follows:

5 (1) The dwelling coverage amount set forth in the most
6 recent evidence of insurance coverage provided by the
7 mortgagee ("last known coverage amount" or "LKCA"), if known
8 to the lender or servicer;

9 (2) The insurer shall inquire of the insured at least
10 once as to the LKCA, and if it is not able to obtain the
11 LKCA from the insured or in another manner, the replacement
12 cost value may be determined as set forth in subdivision (3)
13 or (4) of this subsection;

14 (3) If the LKCA is unknown and cannot be obtained from
15 the insured or in another manner, the replacement cost of
16 the property serving as collateral as calculated by the
17 insurer, unless the use of replacement cost for this purpose
18 is prohibited by other law;

19 (4) If the LKCA is unknown and cannot be obtained from
20 the insured or in another manner, and the replacement cost

21 is not available or its use is prohibited, the unpaid
22 principal balance of the mortgage loan.

23 2. In the event of a covered loss, any replacement
24 cost coverage provided by an insurer in excess of the unpaid
25 principal balance of the mortgage loan shall be paid to the
26 mortgagor.

27 3. No insurer shall write lender-placed insurance for
28 which the premium rate differs from that determined by the
29 schedules of the insurer on file with the department of
30 commerce and insurance as of the effective date of the
31 policy.

379.1857. 1. No insurer or insurance producer shall
2 issue lender-placed insurance on mortgaged property if the
3 insurer or insurance producer, or an affiliate of the
4 insurer or insurance producer, owns, performs the servicing
5 for, or owns the servicing right to the mortgaged property.

6 2. No insurer or insurance producer shall compensate a
7 lender, insurer, investor, or servicer, including through
8 the payment of commissions, for lender-placed insurance
9 policies issued by the insurer.

10 3. No insurer or insurance producer shall share lender-
11 placed insurance premium or risk with the lender, investor,
12 or servicer that obtained the lender-placed insurance.

13 4. No insurer or insurance producer shall offer
14 contingent commissions, profit sharing, or other payments
15 dependent on profitability or loss ratios to any person
16 affiliated with a servicer or the insurer in connection with
17 lender-placed insurance.

18 5. No insurer shall provide free or below-cost
19 outsourced services to lenders, investors, or servicers, and
20 no insurer shall outsource its own functions to lenders,

21 insurance producers, investors, or servicers on an above-
22 cost basis.

23 6. No insurer or insurance producer shall make any
24 payments, including, but not limited to, the payment of
25 expenses to a lender, insurer, investor, or servicer, for
26 the purpose of securing lender-placed insurance business or
27 related outsourced services.

379.1859. Nothing in sections 379.1850 to 379.1869
2 shall be construed to allow an insurance producer or an
3 insurer solely underwriting lender-placed insurance to
4 circumvent the requirements set forth within those
5 sections. Any part of any requirements, limitations, or
6 exclusions provided in sections 379.1850 to 379.1869 shall
7 apply in any part to any insurer or insurance producer
8 involved in lender-placed insurance.

379.1861. Lender-placed insurance shall be set forth
2 in an individual policy or certificate of insurance. A copy
3 of the individual policy, certificate of insurance, or other
4 evidence of insurance coverage shall be mailed, first-class
5 mailed, delivered in person to the last known address of the
6 mortgagor, or delivered in accordance with sections 432.200
7 to 432.295. In addition to any information otherwise
8 required by law, the individual policy or certificate of
9 insurance coverage shall include the following information:

- 10 (1) The address and identification of the insured
11 property;
- 12 (2) The coverage amount, or amounts if multiple
13 coverages are provided;
- 14 (3) The effective date of the coverage;
- 15 (4) The term of coverage;
- 16 (5) The premium charge for the coverage;
- 17 (6) Contact information for filing a claim; and

18 (7) A complete description of the coverage provided.

379.1863. 1. All policy forms and certificates of
2 insurance to be delivered or issued for delivery in this
3 state, and the schedules of premium rates pertaining
4 thereto, shall be filed with the department of commerce and
5 insurance.

6 2. The department of commerce and insurance shall
7 review the rates to determine whether the rates are
8 excessive, inadequate, or unfairly discriminatory. This
9 analysis shall include a determination as to whether
10 expenses included by the insurer in the rate are appropriate.

11 3. All insurers shall refile lender-placed insurance
12 rates at least once every four years.

13 4. All insurers writing lender-placed insurance shall
14 have separate rates for lender-placed insurance and
15 voluntary insurance obtained by a mortgage servicer on real
16 estate owned property.

17 5. Upon the introduction of a new lender-placed
18 insurance program, the insurer shall reference its
19 experience in existing programs in the associated filings.
20 Nothing in sections 379.1850 to 379.1869 shall limit an
21 insurer's discretion, as actuarially appropriate, to
22 distinguish different terms, conditions, exclusions,
23 eligibility criteria, or other unique or different
24 characteristics. Moreover, an insurer may, where
25 actuarially acceptable, rely upon models or, in the case of
26 flood filings where applicable experience is not credible,
27 on Federal Emergency Management Agency National Flood
28 Insurance Program data.

29 6. (1) No later than April first of each year, each
30 insurer with at least one hundred thousand dollars in direct
31 written premium for lender-placed insurance in this state

32 during the prior calendar year shall report to the
33 department of commerce and insurance the following
34 information for the prior calendar year:

- 35 (a) Actual loss ratio;
- 36 (b) Earned premium;
- 37 (c) Any aggregate schedule rating debit or credit to
38 earned premium;
- 39 (d) Itemized expenses;
- 40 (e) Paid losses; and
- 41 (f) Loss reserves, including case reserves and
42 reserves for incurred but not reported losses.

43 (2) The report under subdivision (1) of this
44 subsection shall be separately produced for each lender-
45 placed program and presented on both an individual-
46 jurisdiction and countrywide basis.

47 7. If an insurer experiences an annual loss ratio of
48 less than thirty-five percent in any lender-placed program
49 for two consecutive years, it shall submit a rate filing,
50 either adjusting its rates or supporting their continuance,
51 to the department of commerce and insurance no more than
52 ninety days after the submission of the data required in
53 subsection 6 of this section. This subsection shall not
54 apply with regard to lender-placed flood insurance.

55 8. Except as otherwise specifically set forth in this
56 section, rates and forms shall be filed as required under
57 the insurance laws of this state.

379.1865. 1. (1) The director of the department of
2 commerce and insurance shall have authority to enforce the
3 provisions of sections 379.1850 to 379.1869 as specified in
4 chapter 374.

5 (2) A final order of the director enforcing sections
6 379.1850 to 379.1869 shall be subject to judicial review in

7 accordance with the provisions of chapter 536 in the circuit
8 court of Cole County.

9 (3) No order of the director enforcing sections
10 379.1850 to 379.1869 or order of a court to enforce the same
11 shall in any way relieve or absolve any person affected by
12 such order from any liability under any other laws of this
13 state.

14 2. Nothing in sections 379.1850 to 379.1869 shall be
15 construed to create or imply a private cause of action for
16 violations of sections 379.1850 to 379.1869.

17 3. Nothing in sections 379.1850 to 379.1869 shall be
18 construed to extinguish any mortgagor rights otherwise
19 available under state, federal, or common law.

379.1867. An insurer that violates an order of the
2 director while the order is in effect may, after notice and
3 hearing and upon order of the director, be subject at the
4 discretion of the director to either or both of the
5 following:

6 (1) Payment of a monetary penalty of not more than one
7 thousand dollars per violation, not to exceed an aggregate
8 penalty of one hundred thousand dollars, unless the
9 violation was committed flagrantly in a conscious disregard
10 of sections 379.1850 to 379.1869, in which case the penalty
11 shall not be more than twenty-five thousand dollars for each
12 violation, not to exceed an aggregate penalty of two hundred
13 fifty thousand dollars; or

14 (2) Suspension or revocation of the insurer's license.

379.1869. The department of commerce and insurance may
2 promulgate rules as necessary for the implementation of
3 sections 379.1850 to 379.1869. Any rule or portion of a
4 rule, as that term is defined in section 536.010, that is
5 created under the authority delegated in this section shall

6 become effective only if it complies with and is subject to
7 all of the provisions of chapter 536 and, if applicable,
8 section 536.028. This section and chapter 536 are
9 nonseverable and if any of the powers vested with the
10 general assembly pursuant to chapter 536 to review, to delay
11 the effective date, or to disapprove and annul a rule are
12 subsequently held unconstitutional, then the grant of
13 rulemaking authority and any rule proposed or adopted after
14 August 28, 2023, shall be invalid and void.

2 [287.900. 1. Sections 287.900 to 287.920
3 shall be known as the "Missouri Employers Mutual
4 Insurance Company Act".
5 2. As used in sections 287.900 to 287.920,
6 the following words mean:
7 (1) "Administrator", the chief executive
8 officer of the Missouri employers mutual
9 insurance company;
10 (2) "Board", the board of directors of the
11 Missouri employers mutual insurance company;
12 (3) "Company", the Missouri employers
13 mutual insurance company created in section
14 287.902.]

2 [287.902. The "Missouri Employers Mutual
3 Insurance Company" is created as an independent
4 public corporation for the purpose of insuring
5 Missouri employers against liability for
6 workers' compensation, occupational disease and
7 employers' liability coverage. The company
8 shall be organized and operated as a domestic
9 mutual insurance company and it shall not be a
10 state agency. The company shall have the powers
11 granted a general not-for-profit corporation
12 pursuant to section 355.090 to the extent the
13 provisions of such section do not conflict with
14 the provisions of sections 287.900 to 287.920.
15 The company shall be a member of the Missouri
16 property and casualty guaranty association,
17 sections 375.771 to 375.779, and as such will be
18 subject to assessments therefrom, and the
19 members of such association shall bear
20 responsibility in the event of the insolvency of
21 the company. The company shall be established
22 pursuant to the provisions of sections 287.900
23 to 287.920. Preference shall be given to
24 Missouri employers that develop an annual
25 premium of not greater than ten thousand
26 dollars. The company shall use flexibility and
27 experimentation in the development of types of
28 policies and coverages offered to employers,

28 subject to the approval of the director of the
29 department of commerce and insurance.]

2 [287.905. 1. There is created a board of
3 directors for the company. The board shall be
4 appointed by January 1, 1994, and shall consist
5 of five members appointed or selected as
6 provided in this section. The governor shall
7 appoint the initial five members of the board
8 with the advice and consent of the senate. Each
9 director shall serve a five-year term. Terms
10 shall be staggered so that no more than one
11 director's term expires each year on the first
12 day of July. The five directors initially
13 appointed by the governor shall determine their
14 initial terms by lot. At the expiration of the
15 term of any member of the board, the company's
16 policyholders shall elect a new director in
17 accordance with provisions determined by the
18 board.]

18 2. Any person may be a director who:

19 (1) Does not have any interest as a
20 stockholder, employee, attorney, agent, broker
21 or contractor of an insurance entity who writes
22 workers' compensation insurance or whose
23 affiliates write workers' compensation
24 insurance; and

25 (2) Is of good moral character and who has
26 never pleaded guilty to, or been found guilty
27 of, a felony.]

28 3. The board shall annually elect a
29 chairman and any other officers it deems
30 necessary for the performance of its duties.
31 Board committees and subcommittees may also be
32 formed.]

2 [287.907. 1. By March 1, 1994, the board
3 shall hire an administrator who shall serve at
4 the pleasure of the board and the company shall
5 be fully prepared to be operational by March 1,
6 1995, and assume its responsibilities pursuant
7 to sections 287.900 to 287.920. The
8 administrator shall receive compensation as
9 established by the board and must have proven
10 successful experience as an executive at the
11 general management level in the insurance
12 business.]

12 2. The board is vested with full power,
13 authority and jurisdiction over the company.
14 The board may perform all acts necessary or
15 convenient in the administration of the company
16 or in connection with the insurance business to
17 be carried on by the company. In this regard,
18 the board is empowered to function in all
19 aspects as a governing body of a private
20 insurance carrier.]

2 [287.909. 1. The administrator of the
3 company shall act as the company's chief
4 executive officer. The administrator shall be
5 in charge of the day-to-day operations and
6 management of the company.]

7 [2. Before entering the duties of office,
8 the administrator shall give an official bond in
9 an amount and with sureties approved by the
10 board. The premium for the bond shall be paid
11 by the company.]

12 [3. The administrator or his designee shall
13 be the custodian of the moneys of the company
14 and all premiums, deposits or other moneys paid
15 thereto shall be deposited with a financial
16 institution as designated by the administrator.]

17 [4. No board member, officer or employee of
18 the company is liable in a private capacity for
19 any act performed or obligation entered into
20 when done in good faith, without intent to
21 defraud, and in an official capacity in
22 connection with the administration, management
23 or conduct of the company or affairs relating to
it.]

2 [287.910. The board shall have full power
3 and authority to establish rates to be charged
4 by the company for insurance. The board shall
5 contract for the services of or hire an
6 independent actuary, a member in good standing
7 with the American Academy of Actuaries, to
8 develop and recommend actuarially sound rates.
9 Rates shall be set at amounts sufficient, when
10 invested, to carry all claims to maturity, meet
11 the reasonable expenses of conducting the
12 business of the company and maintain a
13 reasonable surplus. The company shall conduct a
14 workers' compensation program that shall be
neither more nor less than self-supporting.]

2 [287.912. The board shall formulate and
3 adopt an investment policy and supervise the
4 investment activities of the company. The
5 administrator may invest and reinvest the
6 surplus or reserves of the company subject to
7 the limitations imposed on domestic insurance
8 companies by state law. The company may retain
9 an independent investment counsel. The board
10 shall periodically review and appraise the
11 investment strategy being followed and the
12 effectiveness of such services. Any investment
13 counsel retained or hired shall periodically
14 report to the board on investment results and
related matters.]

2 [287.915. Any insurance agent or broker
3 licensed to sell workers' compensation insurance
4 in this state shall be authorized to sell
insurance policies for the company in compliance

5 with the bylaws adopted by the company. The
6 board shall establish a schedule of commissions
7 to pay for the services of the agent.]

2 [287.917. 1. The administrator shall
3 formulate, implement and monitor a workplace
4 safety program for all policyholders.]

5 2. The company shall have representatives
6 whose sole purpose is to develop, with
7 policyholders, a written workplace accident and
8 injury reduction plan that promotes safe working
9 conditions and which is based upon clearly
10 stated goals and objectives. Company
11 representatives shall have reasonable access to
12 the premises of any policyholder or applicant
13 during regular working hours. The company shall
14 communicate the importance of a well-defined
15 safety plan and assist in any way to obtain this
16 objective.]

17 3. The administrator or board may refuse
18 to insure, or may terminate the insurance of any
19 subscriber who refuses to permit on-site
20 examinations or disregards the workplace
21 accident and injury reduction plan.]

22 4. Upon the completion of a detailed
23 inspection and recognition of a high regard for
24 employee work safety, a deviation may be applied
25 to the rate structure of that insured noting
special recognition of those efforts.]

2 [287.919. 1. The Missouri employers
3 mutual insurance company shall not receive any
4 state appropriation, directly or indirectly,
5 except as provided in section 287.690.]

6 2. In order to provide funds for the
7 creation, continued development and operation of
8 the company, the board is authorized to issue
9 revenue bonds from time to time, in a principal
10 amount outstanding not to exceed forty million
11 dollars at any given time, payable solely from
12 premiums received from insurance policies and
13 other revenues generated by the company.]

14 3. The board may issue bonds to refund
15 other bonds issued pursuant to this section.]

16 4. The bonds shall have a maturity of no
17 more than ten years from the date of issuance.
18 The board shall determine all other terms,
19 covenants and conditions of the bonds, except
20 that no bonds may be redeemed prior to maturity
21 unless the company has established adequate
22 reserves for the risks it has insured.]

23 5. The bonds shall be executed with the
24 manual or facsimile signature of the
25 administrator or the chairman of the board and
26 attested by another member of the board. The
27 bonds may bear the seal, if any, of the company.]

28 6. The proceeds of the bonds and the
earnings on those proceeds shall be used by the

29 board for the development and operation of the
30 Missouri employers mutual insurance company, to
31 pay expenses incurred in the preparation,
32 issuance and sale of the bonds and to pay any
33 obligations relating to the bonds and the
34 proceeds of the bonds under the United States
35 Internal Revenue Code of 1986, as amended.

36 7. The bonds may be sold at a public sale
37 or a private sale. If the bonds are sold at a
38 public sale, the notice of sale and other
39 procedures for the sale shall be determined by
40 the administrator or the company.

41 8. This section is full authority for the
42 issuance and sale of the bonds and the bonds
43 shall not be invalid for any irregularity or
44 defect in the proceedings for their issuance and
45 sale and shall be incontestable in the hands of
46 bona fide purchasers or holders of the bonds for
47 value.

48 9. An amount of money from the sources
49 specified in subsection 2 of this section
50 sufficient to pay the principal of and any
51 interest on the bonds as they become due each
52 year shall be set aside and is hereby pledged
53 for the payment of the principal and interest on
54 the bonds.

55 10. The bonds shall be legal investments
56 for any person or board charged with the
57 investment of public funds and may be accepted
58 as security for any deposit of public money, and
59 the bonds and interest thereon are exempt from
60 taxation by the state and any political
61 subdivision or agency of the state.

62 11. The bonds shall be payable by the
63 company, which shall keep a complete record
64 relating to the payment of the bonds.

65 12. Not more than fifty percent of the
66 bonds sold shall be sold to public entities.]

2 [287.920. 1. The board shall cause an
3 annual audit of the books of accounts, funds and
4 securities of the company to be made by a
5 competent and independent firm of certified
6 public accountants, the cost of the audit to be
7 charged against the company. A copy of the
8 audit report shall be filed with the director of
9 the department of commerce and insurance and the
10 administrator. The audit shall be open to the
11 public for inspection.

12 2. The board shall submit an annual
13 independently audited report in accordance with
14 procedures governing annual reports adopted by
15 the National Association of Insurance
16 Commissioners by March first of each year and
17 the report shall be delivered to the governor
18 and the general assembly and shall indicate the
business done by the company during the previous

19 year and contain a statement of the resources
20 and liabilities of the company.

21 3. The administrator shall annually submit
22 to the board for its approval an estimated
23 budget of the entire expense of administering
24 the company for the succeeding calendar year
25 having due regard to the business interests and
26 contract obligations of the company.

27 4. The incurred loss experience and
28 expense of the company shall be ascertained each
29 year to include but not be limited to estimates
30 of outstanding liabilities for claims reported
31 to the company but not yet paid and liabilities
32 for claims arising from injuries which have
33 occurred but have not yet been reported to the
34 company. If there is an excess of assets over
35 liabilities, necessary reserves and a reasonable
36 surplus for the catastrophe hazard, then a cash
37 dividend may be declared or a credit allowed to
38 an employer who has been insured with the
39 company in accordance with criteria approved by
40 the board, which may account for the employer's
41 safety record and performance.

42 5. The department of commerce and
43 insurance shall conduct an examination of the
44 company in the manner and under the conditions
45 provided by the statutes of the insurance code
46 for the examination of insurance carriers. The
47 board shall pay the cost of the examination as
48 an expense of the company. The company is
49 subject to all provisions of the statutes which
50 relate to private insurance carriers and to the
51 jurisdiction of the department of commerce and
52 insurance in the same manner as private
53 insurance carriers, except as provided by the
54 director.

55 6. For the purpose of ascertaining the
56 correctness of the amount of payroll reported,
57 the number of employees on the employer's
58 payroll and for such other information as the
59 administrator may require in the proper
60 administration of the company, the records and
61 payrolls of each employer insured by the company
62 shall always be open to inspection by the
63 administrator or his duly authorized agent or
64 representative.

65 7. Every employer provided insurance
66 coverage by the company, upon complying with the
67 underwriting standards adopted by the company,
68 and upon completing the application form
69 prescribed by the company, shall be furnished
70 with a policy showing the date on which the
71 insurance becomes effective.]

Section B. The repeal of sections 287.900, 287.902,
2 287.905, 287.907, 287.909, 287.910, 287.912, 287.915,

3 287.917, 287.919, and 287.920 of this act and the repeal and
4 reenactment of sections 287.690 and 375.1275 of this act
5 shall become effective on January 1, 2025.

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