

SENATE SUBSTITUTE
FOR
SENATE BILL NO. 181
AN ACT

To repeal sections 287.690, 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, and 375.1275, RSMo, and to enact in lieu thereof fourteen new sections relating to property and casualty insurance, with 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, 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, and 375.1275, RSMo, are repealed and fourteen new sections enacted in lieu thereof, to be known as sections 287.690, 287.921, 375.1275, 379.1850, 379.1851, 379.1853, 379.1855, 379.1857, 379.1859, 379.1861, 379.1863, 379.1865, 379.1867, and 379.1869, to read as follows:

287.690. [1.] Prior to December 31, 1993, for the purpose of providing for the expense of administering this chapter [and for the purpose set out in subsection 2 of this section], every person, partnership, association, corporation, whether organized under the laws of this or any other state or country, the state of Missouri, including any of its departments, divisions, agencies, commissions, and boards or any political subdivisions of the state who self-insure or hold themselves out to be any part self-insured, company, mutual company, the parties to any interindemnity contract, or other plan or scheme, and every other insurance carrier, insuring employers in this state against liability for personal injuries to their employees, or for death caused thereby, under this chapter, shall pay, as provided 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.]

287.921. 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.

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.]

379.1850. 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;

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, servicer, or investor's
35 interest, or adversely affect the value of collateral
36 covered by limited dual interest insurance. Such term is
37 limited to insurance purchased according to the terms of a

38 mortgage agreement as a result of the mortgagor's failure to
39 provide evidence of required insurance;

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

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

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

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

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

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

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

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

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

66 (18) "Replacement cost value" or "RCV", the estimated
67 cost to replace covered property at the time of the loss or
68 damage without deduction for depreciation. Replacement cost
69 value is not market value, but it is instead the cost to

70 replace covered property to its pre-loss condition, as best
71 determined under section 379.1855;

72 (19) "Servicer", a person or entity, or its
73 affiliates, contractually obligated to service one or more
74 mortgage loans for a lender or investor. Such term shall
75 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, or delivered in person to the last known address of
6 the mortgagor, or delivered in accordance with sections
7 432.200 to 432.295. In addition to any information
8 otherwise required by law, the individual policy or
9 certificate of insurance coverage shall include the
10 following information:

11 (1) The address and identification of the insured
12 property;

13 (2) The coverage amount, or amounts if multiple
14 coverages are provided;

15 (3) The effective date of the coverage;

16 (4) The term of coverage;

17 (5) The premium charge for the coverage;

18 (6) Contact information for filing a claim; and

19 (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 re-file 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;
- 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,
29 subject to the approval of the director of the
30 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.]

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

13 workers' compensation program that shall be
14 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
5 insurance policies for the company in compliance
6 with the bylaws adopted by the company. The
7 board shall establish a schedule of commissions
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
amount outstanding not to exceed forty million

10 dollars at any given time, payable solely from
11 premiums received from insurance policies and
12 other revenues generated by the company.
13 3. The board may issue bonds to refund
14 other bonds issued pursuant to this section.
15 4. The bonds shall have a maturity of no
16 more than ten years from the date of issuance.
17 The board shall determine all other terms,
18 covenants and conditions of the bonds, except
19 that no bonds may be redeemed prior to maturity
20 unless the company has established adequate
21 reserves for the risks it has insured.
22 5. The bonds shall be executed with the
23 manual or facsimile signature of the
24 administrator or the chairman of the board and
25 attested by another member of the board. The
26 bonds may bear the seal, if any, of the company.
27 6. The proceeds of the bonds and the
28 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
annual audit of the books of accounts, funds and

3 securities of the company to be made by a
4 competent and independent firm of certified
5 public accountants, the cost of the audit to be
6 charged against the company. A copy of the
7 audit report shall be filed with the director of
8 the department of commerce and insurance and the
9 administrator. The audit shall be open to the
10 public for inspection.

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