

SENATE BILL NO. 181

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR CRAWFORD.

1166S.01H

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 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 two new sections relating to the privatization of the Missouri employers mutual insurance company, 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 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, and 375.1275, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 287.921 and 375.1275, to read as follows:

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

(1) "Company", the Missouri employers mutual insurance company created under section 287.902, as such section existed before January 1, 2025;

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

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

2. Before January 1, 2025, the company shall file amended and restated articles of incorporation with the department and the secretary of state converting the company from an independent public corporation to a private mutual insurance corporation under the provisions of chapter 379.

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

15 If the director determines that the amended and restated
16 articles of incorporation comply with the applicable
17 provisions of chapter 379, the following shall occur:

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

23 (2) The director shall reauthorize the company's
24 existing filings, rates, forms, or other administrative
25 matters on file with the department as a result of, or
26 related to, the company's existing insurance business in the
27 state, so that the filings, rates, forms, or other
28 administrative matters on file shall be effective January 1,
29 2025; and

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

35 3. The company may continue to conduct business under
36 the name "Missouri Employers Mutual Insurance Company" or
37 adopt any other name that complies with state law.

38 4. (1) From and after January 1, 2025, the converted
39 private mutual insurance corporation shall become the
40 successor in interest to all assets and liabilities of the
41 company as of the conversion date directed in this section
42 without any conveyance or transfer and without any further
43 act or deed and shall be vested by operation of law to all
44 property of the company.

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

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

49 **(b) The company; or**

50 **(c) A subsidiary or joint enterprise involving the**
51 **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.]

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
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
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

4 in charge of the day-to-day operations and
5 management of the company.

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

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

16 4. No board member, officer or employee of
17 the company is liable in a private capacity for
18 any act performed or obligation entered into
19 when done in good faith, without intent to
20 defraud, and in an official capacity in
21 connection with the administration, management
22 or conduct of the company or affairs relating to
23 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
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
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
29 earnings on those proceeds shall be used by the
30 board for the development and operation of the
31 Missouri employers mutual insurance company, to
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
19 business done by the company during the previous
20 year and contain a statement of the resources
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 section 375.1275 of this act shall become
5 effective on January 1, 2025.

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