

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

HOUSE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 101

102ND GENERAL ASSEMBLY

2023

0898H.03T

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## 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, 375.1275, and 379.316, RSMo, and to enact in lieu thereof fifteen new sections relating to property and casualty insurance, with penalty provisions and a delayed effective date for certain sections.

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*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,  
2 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919,  
3 287.920, 375.1275, and 379.316, RSMo, are repealed and fifteen  
4 new sections enacted in lieu thereof, to be known as sections  
5 287.690, 287.921, 375.1275, 379.316, 379.1850, 379.1851,  
6 379.1853, 379.1855, 379.1857, 379.1859, 379.1861, 379.1863,  
7 379.1865, 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  
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

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

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 division  
64 shall make one or more loans to the Missouri employers  
65 mutual insurance company in an amount not to exceed an  
66 aggregate amount of five million dollars from the fund  
67 maintained to administer this chapter for start-up funding  
68 and initial capitalization of the company. The board of the  
69 company shall make application to the director for the  
70 loans, stating the amount to be loaned to the company. The  
71 loans shall be for a term of five years and, at the time the  
72 application for such loans is approved by the director,  
73 shall bear interest at the annual rate based on the rate for

74 linked deposit loans as calculated by the state treasurer  
75 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.]

379.316. 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;

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.

2           379.1865. 1. (1) The director of the department of  
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.

[287.900. 1. Sections 287.900 to 287.920  
2 shall be known as the "Missouri Employers Mutual  
3 Insurance Company Act".

4 2. As used in sections 287.900 to 287.920,  
5 the following words mean:

6 (1) "Administrator", the chief executive  
7 officer of the Missouri employers mutual  
8 insurance company;

9 (2) "Board", the board of directors of the  
10 Missouri employers mutual insurance company;

11 (3) "Company", the Missouri employers  
12 mutual insurance company created in section  
13 287.902.]

[287.902. The "Missouri Employers Mutual  
2 Insurance Company" is created as an independent  
3 public corporation for the purpose of insuring  
4 Missouri employers against liability for  
5 workers' compensation, occupational disease and  
6 employers' liability coverage. The company  
7 shall be organized and operated as a domestic  
8 mutual insurance company and it shall not be a  
9 state agency. The company shall have the powers  
10 granted a general not-for-profit corporation  
11 pursuant to section 355.090 to the extent the  
12 provisions of such section do not conflict with  
13 the provisions of sections 287.900 to 287.920.  
14 The company shall be a member of the Missouri  
15 property and casualty guaranty association,  
16 sections 375.771 to 375.779, and as such will be  
17 subject to assessments therefrom, and the  
18 members of such association shall bear

19 responsibility in the event of the insolvency of  
20 the company. The company shall be established  
21 pursuant to the provisions of sections 287.900  
22 to 287.920. Preference shall be given to  
23 Missouri employers that develop an annual  
24 premium of not greater than ten thousand  
25 dollars. The company shall use flexibility and  
26 experimentation in the development of types of  
27 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  
effectiveness of such services. Any investment

12 counsel retained or hired shall periodically  
13 report to the board on investment results and  
14 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  
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  
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  
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.

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