

HOUSE BILL NO. 1703

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE GREEN.

5228H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapters 374 and 433, RSMo, by adding thereto two new sections relating to individual sureties.

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

Section A. Chapters 374 and 433, RSMo, are amended by adding thereto two new sections, to be known as sections 374.825 and 433.250, to read as follows:

374.825. 1. There is hereby created under the department of insurance, financial institutions and professional registration the "Bonding Review Board". The board shall consist of five members. One member shall be appointed by the governor upon advice and consent of the senate, two members shall be appointed by the president pro tempore of the senate, and two members shall be appointed by the speaker of the house of representatives.

2. The term of office for board members shall be four years. In making initial appointments to the board, the governor shall stagger the terms of the appointees so that one member serves an initial term of two years, two members shall serve an initial term of three years, and two members serve initial terms of four years. Each member of the board shall hold office until his or her successor has been qualified. A vacancy in the membership of the board shall be filled for the unexpired term in the manner provided for the original appointment.

3. No two members of the board shall reside within the same United States congressional district. Members of the board shall serve without compensation but shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of their official duties. The board shall be staffed by personnel from the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 department of insurance, financial institutions and professional registration as deemed
18 necessary to assist the board in the performance of its duties.

19 4. The board shall meet at least semiannually and as needed. At one of its regular
20 meetings, the board shall select from among its members a chair and a vice chair. A
21 quorum of the committee shall consist of a majority of its members. In the absence of the
22 chair, the vice chair shall conduct the office of the chair.

23 5. The board shall have the following duties:

24 (1) Establish criteria and procedures to create credit ratings for any individual,
25 partnership, or corporation as described under section 143.441 or 143.471 that markets or
26 provides individual sureties for the satisfaction of bonding requirements and to assign such
27 credit ratings;

28 (2) Establish procedures by which to register with the board as a provider of
29 individual sureties and to accept such registrations;

30 (3) At the request of a petitioner, conduct investigations into an individual surety
31 provider's financial solvency and satisfy sureties offered and issued; and

32 (4) Submit a report to the governor and the general assembly, on or before January
33 first of each year, detailing the following:

34 (a) The criteria used to rate individual surety providers;

35 (b) A list of providers and their ratings as issued by the board;

36 (c) Any documented complaints registered against any of the providers received by
37 the board;

38 (d) Any changes to a provider's previous rating; and

39 (e) Any other information the board sees fit to include.

40 6. Any party to a contract involving the use of an individual surety may petition the
41 board for an investigation into the reliability of the surety as provided under subsection
42 5 of this section.

43 7. To establish a provider's credit rating under this section, the board may retain
44 attorneys, appraisers, independent actuaries, independent certified public accountants, or
45 other professionals and specialists as examiners, the cost of which shall be borne directly
46 by the individual, partnership, or corporation which has requested to be registered and
47 rated by the board.

48 8. The department of insurance, financial institutions and professional registration
49 may promulgate rules and regulations for the administration of this section. Any rule or
50 portion of a rule, as that term is defined in section 536.010, that is created under the
51 authority delegated in this section shall become effective only if it complies with and is
52 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This

53 section and chapter 536 are nonseverable, and if any of the powers vested with the general
54 assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove
55 and annul a rule are subsequently held unconstitutional, then the grant of rulemaking
56 authority and any rule proposed or adopted after August 28, 2018, shall be invalid and
57 void.

433.250. Notwithstanding any other provision of law, in the event of a default by
2 the principal, the guarantor of an individual surety shall disburse the appropriate funds
3 no later than fifteen business days from the time of the default.

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