

# HOUSE BILL NO. 2524

## 102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KNIGHT.

5267H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To amend chapter 380, RSMo, by adding thereto one new section relating to regulating insurance companies.

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

Section A. Chapter 380, RSMo, is amended by adding thereto one new section, to be known as section 380.621, to read as follows:

**380.621. 1. This section shall be known and may be cited as the "Protecting Missouri's Mutual Insurance Companies Act".**

**2. As used in this section, the following terms mean:**

**(1) "Adequate reinsurance", commercially available reinsurance with an aggregate reinsurance amount relying upon a catastrophe model-based determination of a one-in-a-hundred year event, as deemed appropriate by the board of directors of the company;**

**(2) "Unlimited aggregate reinsurance", aggregate reinsurance coverage where the losses covered by the reinsurer are not limited including, but not limited to, the annual aggregate reinsurance amount set forth in subdivision (1) of section 20 CSR 200-12.030.**

**3. Notwithstanding any law to the contrary, the authority expressly granted in this section shall be the sole authority granted to the department over any Missouri mutual insurance company operating under the provisions of this chapter. The department shall not require any company operating under the provisions of this chapter to waive any rights, benefits, or requirements in this chapter, nor shall it confer favorable treatment in exchange for, nor condition the granting of any exception upon,**

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.

18 any company conceding additional regulatory oversight by the department. If the  
19 department and any company operating under the provisions of this chapter have  
20 entered into any agreement in which the department has received concessions including,  
21 but not limited to, additional regulatory oversight beyond the authority expressly  
22 granted in this chapter, such agreement as it relates to the department's authority is  
23 void upon the enactment of this section, but such agreement shall remain in full force  
24 and effect for the stated duration of the agreement as it relates to the grant of any  
25 benefits, allowances, or exemptions granted to the company by the agreement.

26 4. Notwithstanding any law to the contrary, nothing in this chapter nor any  
27 regulation promulgated by the department including, but not limited to, any regulation  
28 promulgated under sections 374.045, 380.021, 380.271, and 380.561, shall require or be  
29 construed to require any company operating under the provisions of this chapter to  
30 acquire or carry reinsurance greater than adequate reinsurance including, but not  
31 limited to, unlimited aggregate reinsurance. Nothing in this section shall be construed  
32 to limit the option of an offer of unlimited aggregate reinsurance.

33 5. Notwithstanding any law to the contrary including, but not limited to, the  
34 provisions of section 380.321, the director shall not have the authority to hold a hearing  
35 regarding a proposed merger of companies operating under the provisions of this  
36 chapter unless the director has substantial and competent evidence to believe the  
37 proposed merger will prejudice the interests of the policyholders of the companies. The  
38 director shall have fifteen business days to review the petition for merger and, upon  
39 substantial and competent evidence to believe the proposed merger will prejudice the  
40 interests of the policyholders of the companies, send a written notice of a hearing  
41 regarding the proposed merger. The written notice of hearing shall itemize the reasons  
42 why the director believes the proposed merger will prejudice the policyholders of the  
43 companies and it shall include a hearing date regarding the proposed merger no earlier  
44 than thirty days and no later than sixty days after the notice of hearing is received by  
45 the companies involved in the proposed merger.

46 6. (1) Notwithstanding the provisions of section 380.491, the department shall  
47 not charge a rate exceeding a reasonable fee. A reasonable fee is determined by the  
48 average market rate typically charged by third-party vendors for such services. All  
49 working papers, recorded information, documents, and copies thereof produced by,  
50 obtained by, or disclosed to the department or any other person during the examination  
51 made under this section shall be given confidential treatment and are not subject to  
52 subpoena and shall not be made public by the department or to any other person.

53 (2) Prior to commencing the examination, the department shall hold a  
54 scheduling conference with a company to discuss the following:

55           **(a) The purpose and scope of the examination;**  
56           **(b) The estimated costs of the examination;**  
57           **(c) The types of information that the company will be asked to produce;**  
58           **(d) The most efficient means of conducting the examination; and**  
59           **(e) Any alternative approaches in conducting the examination that would be**  
60 **more convenient, less burdensome, or less expensive for the company while still**  
61 **providing for an effective examination by the department.**

62           **(3) (a) No more than thirty days after the scheduling conference, the department**  
63 **shall provide the company with a detailed written budget estimate for the examination**  
64 **that, for each forthcoming phase of the examination, accomplishes the following:**

65           **a. Identifies the individuals or firms performing the examination and their daily**  
66 **or hourly rates;**

67           **b. Estimates of travel, lodging, meal, and other administrative or supply costs;**

68           **c. Estimates the length of time to conduct on-site and off-site examination**  
69 **activities.**

70           **(b) Within fifteen days of receipt of a budget estimate under paragraph (a) of**  
71 **this subdivision, the company and the department shall have an additional discussion**  
72 **regarding the most efficient means of conducting the examination and producing**  
73 **information. If necessary, revisions of the budget estimate shall be made.**

74           **(c) The time periods under paragraphs (a) and (b) of this subdivision may be**  
75 **extended if the company and the department mutually agree to the extension.**

76           **(d) At any time during the examination, the department shall hold another**  
77 **scheduling conference with the company in accordance with the provisions of this**  
78 **subsection and provide a revised budget estimate as set forth in paragraph (a) of this**  
79 **subdivision if:**

80           **a. The department determines that the cost of the examination will exceed the**  
81 **stated estimated budget by more than ten percent; or**

82           **b. There is a material change in staffing.**

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