

SECOND REGULAR SESSION

SENATE BILL NO. 843

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR BURLISON.

Read 1st time January 9, 2020, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4386S.01I

AN ACT

To amend chapter 379, RSMo, by adding thereto nine new sections relating to group personal lines property and casualty insurance.

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

Section A. Chapter 379, RSMo, is amended by adding thereto nine new sections, to be known as sections 379.1800, 379.1803, 379.1806, 379.1809, 379.1812, 379.1815, 379.1818, 379.1821, and 379.1824, to read as follows:

379.1800. 1. Except as provided in subsection 2 of this section, no policy of group personal lines property and casualty insurance shall be issued or delivered in this state unless it conforms to one of the following descriptions:

(1) A policy issued to an employer, or to the trustees of a fund established by an employer, which employer or trustees shall be deemed the policyholder, to insure employees of the employer for the benefit of persons other than the employer, subject to the following requirements:

(a) The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class or classes thereof. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of the affiliated corporations, proprietorships or partnerships is under common control. The policy may provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietorship or partnership. The

20 policy may provide that the term "employees" shall include directors of
21 a corporate employer and retired employees. A policy issued to insure
22 the employees of a public body may provide that the term "employees"
23 shall include elected or appointed officials;

24 (b) The premium for the policy shall be paid either from the
25 employer's funds or from funds contributed by the insured employees,
26 or from both. A policy on which no part of the premium is to be
27 derived from funds contributed by the insured employees shall insure
28 all eligible employees, except those who reject such coverage in
29 writing;

30 (2) A policy issued to a labor union or similar employee
31 organization, which shall be deemed to be the policyholder, to insure
32 members of the union or organization for the benefit of persons other
33 than the union or organization or any of its officials, representatives
34 or agents, subject to the following requirements:

35 (a) The members eligible for insurance under the policy shall be
36 all of the members of the union or organization, or all of any class or
37 classes thereof;

38 (b) The premium for the policy shall be paid from funds of the
39 union or organization, from funds contributed by the insured members
40 specifically for their insurance, or from both. A policy on which no
41 part of the premium is to be derived from funds contributed by the
42 insured members specifically for their insurance shall insure all
43 eligible members, except those who reject such coverage in writing;

44 (3) A policy issued to a trust, or to the trustees of a fund,
45 established or adopted by two or more employers, or by one or more
46 labor unions or similar employee organizations, or by one or more
47 employers and one or more labor unions or similar employee
48 organizations, which trust or trustees shall be deemed the policyholder,
49 to insure employees of the employers or members of the unions or
50 organizations for the benefit of persons other than the employers or the
51 unions or organizations, subject to the following requirements:

52 (a) The persons eligible for insurance shall be all of the
53 employees of the employers or all of the members of the unions or
54 organizations, or all of any class or classes thereof. The policy may
55 provide that the term "employees" shall include the employees of one or
56 more subsidiary corporations, and the employees, individual

57 proprietors, and partners of one or more affiliated corporations,
58 proprietorships or partnerships if the business of the employer and of
59 such affiliated corporations, proprietorships or partnerships is under
60 common control. The policy may provide that the term "employees"
61 shall include the individual proprietor or partners if the employer is
62 an individual proprietorship or partnership. The policy may provide
63 that the term "employees" shall include directors of a corporate
64 employer and retired employees. The policy may provide that the term
65 "employees" shall include the trustees or their employees, or both, if
66 their duties are principally connected with such trusteeship;

67 (b) The premium for the policy shall be paid from funds
68 contributed by the employer or employers of the insured persons, by
69 the union or unions or similar employee organizations, or by both, or
70 from funds contributed by the insured persons or from both the insured
71 persons and the employers or unions or similar employee organizations.
72 A policy on which no part of the premium is to be derived from funds
73 contributed by the insured persons specifically for their insurance shall
74 insure all eligible persons, except those who reject such coverage in
75 writing;

76 (4) A policy issued to an association or to a trust or to the
77 trustees of a fund established, created or maintained for the benefit of
78 members of one or more associations. The association or associations
79 shall have at the outset a minimum of one hundred persons and have
80 been organized and maintained in good faith for purposes other than
81 that of obtaining insurance, shall have been in active existence for at
82 least one year, and shall have a constitution and bylaws which provide
83 that:

84 (a) The association or associations hold regular meetings not less
85 than annually to further purposes of the members;

86 (b) The association or associations collect dues or solicit
87 contributions from members; and

88 (c) The members have voting privileges and representation on
89 the governing board and committees.

90 Policies under this subdivision shall be subject to the following
91 requirements:

92 a. The policy may insure members of the association or
93 associations, employees thereof or employees of members, or one or

94 more of the preceding or all of any class or classes thereof for the
95 benefit of persons other than the employees' employer;

96 b. The premium for the policy shall be paid from funds
97 contributed by the association or associations, or by employer
98 members, or by both, or from funds contributed by the insured persons
99 or from both the insured persons and the association, associations, or
100 employer members. A policy on which no part of the premium is to be
101 derived from funds contributed by the insured persons specifically for
102 their insurance shall insure all eligible persons, except those who reject
103 such coverage in writing;

104 c. If compensation of any kind will or may be paid to the
105 policyholder in connection with the group policy, the insurer shall
106 cause to be distributed to prospective insureds a written notice that
107 compensation will or may be paid. Such notice shall be distributed:

108 (i) Whether compensation is direct or indirect; and

109 (ii) Whether such compensation is paid to or retained by the
110 policyholder, or paid to or retained by a third party at the direction of
111 the policyholder or any entity affiliated with the policyholder by
112 ownership, contract or employment.

113 The notice required by this subparagraph shall be placed on or
114 accompany any document designed for the enrollment of prospective
115 insureds;

116 Under this subsection, the definition of an eligible employee or member
117 may include the spouse of the eligible employee or member.

118 2. Group personal lines property and casualty insurance offered
119 to a resident of this state under a group personal lines property and
120 casualty insurance policy issued or delivered to a group other than one
121 described in subsection 1 of this section shall be subject to the
122 following requirements:

123 (1) No such group personal lines property and casualty insurance
124 policy shall be issued or delivered in this state unless the director finds
125 that:

126 (a) The issuance of the group policy is not contrary to the best
127 interest of the public;

128 (b) The issuance of the group policy would result in economies
129 of acquisition or administration; and

130 (c) The benefits are reasonable in relation to the premiums

131 charged;

132 (2) No group personal lines property and casualty insurance
133 coverage shall be offered in this state by an insurer under a policy
134 issued or delivered in another state unless this state or another state
135 having requirements substantially similar to those contained in
136 subdivision (1) of this subsection has made a determination that the
137 requirements have been met;

138 (3) The premium for a group personal lines property and
139 casualty policy shall be paid from the policyholder's funds, from funds
140 contributed by the covered persons, or from both;

141 (4) If compensation of any kind will or may be paid to the
142 policyholder in connection with the group policy, the insurer shall
143 cause to be distributed to prospective insureds, a written notice that
144 compensation will or may be paid. Notice shall be distributed:

145 (a) Whether compensation is direct or indirect; and

146 (b) Whether such compensation is paid to or retained by the
147 policyholder, or paid to or retained by a third party at the direction of
148 the policyholder or any entity affiliated with the policyholder by
149 ownership, contract or employment.

150 The notice required by this subsection shall be placed on or accompany
151 any document designed for the enrollment of prospective insureds.

379.1803. 1. A master policy shall be issued to the
2 policyholder. Eligible employees or members insured under the master
3 policy shall receive certificates of coverage setting forth a statement as
4 to the insurance protection to which they are entitled.

5 2. No master policy or certificate of insurance shall be issued or
6 delivered in this state unless the master policy form, together with all
7 forms for riders, certificates and endorsements to the master policy
8 form, shall have met the applicable filing requirements in this state. No
9 subsequent amendments to the master policy form or forms for riders,
10 certificates and endorsements to the master policy form shall be issued
11 or delivered until they have met the applicable filing requirements in
12 this state.

13 3. The master policy shall set forth the coverages, exclusions and
14 conditions of the insurance provided therein, together with the terms
15 and conditions of the agreement between the policyholder and the
16 insurer. The master policy shall make express provisions for the

17 following:

- 18 (1) Methods of premium collection;
- 19 (2) Enrollment period, effective date provisions and eligibility
20 standards for employees or members;
- 21 (3) Termination of the master policy; and
- 22 (4) Conversion privileges of the employees or members.

23 4. If the master policy provides for remittance of premium by the
24 policyholder, failure of the policyholder to remit premiums when due
25 shall not be regarded as nonpayment of premium by the employee or
26 member who has made his or her contribution on a timely basis.

379.1806. 1. The master policy shall provide a basic package of
2 coverages and limits that are available to all eligible employees or
3 members. The package shall include at least the minimum coverages
4 and limits of insurance as required by law in that employee's or
5 member's state of residence or in the state where the subject property
6 is located, if applicable. In addition, the master policy may provide
7 additional coverages or limits to be available at an increased premium
8 to employees or members who qualify under the terms of the master
9 policy.

10 2. The master policy shall provide coverage for all eligible
11 employees or members who elect coverage during their initial period
12 of eligibility, which period shall not be less than thirty-one
13 days. Employees or members who do not elect coverage during the
14 initial period and later request coverage shall be subject to the
15 insurer's underwriting standards.

16 3. Coverage under the master policy may be reduced only as to
17 all members of a class, and shall never be reduced to a level below the
18 limits required by applicable law.

19 4. Coverage under the master policy may be terminated as to an
20 employee or member only for:

- 21 (1) Failure of the employee or member to make required
22 premium contributions;
- 23 (2) Termination of the master policy in its entirety or as to the
24 class to which the employee or member belongs;
- 25 (3) Discontinuance of the employee's or member's membership
26 in a class eligible for coverage; or
- 27 (4) Termination of employment or membership.

28 5. If optional coverages or limits are available by law in an
29 employee's or member's state of residence, the policyholder's
30 acceptance or rejection of the optional coverages or limits on behalf of
31 the group shall be binding on the employees or members. If the
32 policyholder rejects any coverages or limits that are required by law
33 to be provided unless rejected by the named insured, notice of the
34 rejection shall be given to the employees or members at or before the
35 time their certificates of coverage are delivered.

36 6. Stacking of coverages or limits among separate certificates of
37 insurance is prohibited under a master policy of group personal lines
38 property and casualty insurance; except that, if separate certificates
39 under the same master policy are issued to relatives living in the same
40 household, the state law pertaining to stacking of individual policies
41 shall apply to those certificates.

 379.1809. 1. No master policy or certificate of insurance shall be
2 issued or delivered in this state unless the rating plan and amendments
3 thereto used in the determination of the master policy premium have
4 met the applicable filing requirements in this state.

5 2. Group insurance premium rates shall not be deemed unfairly
6 discriminatory if adjusted to reflect past and prospective loss
7 experience or group expense factors, or if averaged broadly among
8 persons insured under the master policy. Nor shall such rates be
9 deemed to be unfairly discriminatory if they do not reflect individual
10 rating factors including surcharges and discounts required for
11 individual personal lines property and casualty insurance policies.

12 3. Experience refunds or dividends may be paid to the
13 policyholder of a group personal lines property and casualty insurance
14 policy if the insurer's experience under that policy justifies experience
15 refunds or dividends. However, if an experience refund or dividend is
16 declared, it shall be applied by the policyholder for the sole benefit of
17 the insured employees or members to the extent that the experience
18 refund or dividend exceeds the policyholder's contribution to premium
19 for the period covered by such experience refund or dividend.

 379.1812. 1. An insurer issuing or delivering group personal lines
2 property and casualty insurance shall maintain separate statistics as
3 to the loss and expense experience pertinent thereto.

4 2. No insurer shall issue or deliver a group personal lines

5 property and casualty insurance policy if it is a condition of
6 employment or of membership in a group that any employee or member
7 purchase insurance pursuant to the policy, or if any employee or
8 member shall be subject to any penalty by reason of his or her non-
9 participation.

10 3. (1) No insurer shall issue or deliver a group personal lines
11 property and casualty insurance policy if:

12 (a) The purchase of insurance available under the policy is
13 contingent upon the purchase of any other insurance, product, or
14 service; or

15 (b) The purchase or price of any other insurance, product, or
16 service is contingent upon the purchase of insurance available under
17 the group personal lines property and casualty insurance policy.

18 (2) Subdivision (1) of this subsection shall not be deemed to
19 prohibit the reasonable requirement of safety devices, such as heat
20 detectors, lightning rods, theft prevention equipment and the
21 like. Neither shall subdivision (1) of this subsection be deemed to
22 prohibit the marketing of "package" or "combination" policies.

23 4. The insurer's experience from its group personal lines
24 property and casualty insurance policies shall be included in the
25 determination of the insurer's participation in the applicable residual
26 market plans.

27 5. For purposes of premium taxes, the insurer shall allocate
28 premiums in accordance with the rules applicable to individual
29 personal lines property and casualty insurance policies, except that any
30 required allocation may be based on an annual survey of
31 insureds. Premiums shall be apportioned among states without
32 differentiation between policyholder or employee or member
33 contributions.

379.1815. 1. No person shall act in this state as an insurance
2 agent or broker in connection with the solicitation, negotiation or sale
3 of a group personal lines property and casualty insurance policy unless
4 the person is duly licensed under sections 375.012 to 375.146 as an
5 insurance producer for the applicable lines of insurance. However,
6 none of the following activities engaged in by the insurer or its
7 employees, or the policyholder or its employees, shall require the
8 licensing of such entities or persons as insurance producers:

9 **(1) Endorsement or recommendation of the master policy to**
10 **employees or members;**

11 **(2) Distribution to employees or members, by mail or otherwise,**
12 **of information pertaining to the master policy;**

13 **(3) Collection of contributions toward premium through payroll**
14 **deductions or other appropriate means, and remittance of the premium**
15 **to an insurer; or**

16 **(4) Receipt of reimbursement from an insurer for actual,**
17 **reasonable expenses incurred for administrative services which would**
18 **otherwise be performed by the insurer with respect to the master**
19 **policy. However, nothing herein shall supersede any applicable law or**
20 **regulation that prohibits or regulates splitting of commissions with**
21 **unlicensed persons, or rebating commissions or premiums.**

22 **2. No countersignature requirements shall apply to a group**
23 **personal lines property and casualty insurance policy that is issued or**
24 **delivered in this state pursuant to the provisions of sections 379.1800**
25 **to 379.1824.**

379.1818. 1. Each employee or member covered under the master
2 **policy whose coverage thereunder terminates for any reason other than**
3 **the failure to make required contributions toward premiums or at the**
4 **request of the employee or member, shall receive from the insurer**
5 **thirty days prior written notice of termination or ineligibility. The**
6 **notice shall state the reasons for discontinuance of coverage under the**
7 **master policy, and shall explain the employee's or member's options for**
8 **conversion to an individual policy.**

9 **2. If, within thirty days after receipt of notice of termination or**
10 **ineligibility, application is made and the first premium is paid to the**
11 **insurer, the employee or member shall be entitled to have issued to him**
12 **or her by the insurer, or an affiliate within the same group of insurers,**
13 **an individual policy, effective upon termination or ineligibility, with**
14 **coverages and limits at least equal to the minimum coverages and**
15 **limits of insurance as required by the applicable state law.**

16 **3. No individual notice of termination as provided in subsection**
17 **1 of this section and no conversion privilege as provided in subsection**
18 **2 of this section shall be required if the master policy is replaced by**
19 **another master policy within thirty days. Coverage under the prior**
20 **master policy shall terminate when the replacement master policy**

21 becomes effective.

379.1821. 1. No master policy or certificate of insurance shall be
2 issued or delivered in this state unless issued or delivered by an
3 insurer which is duly licensed in this state to write the lines of
4 insurance covered by the master policy.

5 2. The provisions of sections 379.1800 to 379.1824 shall not apply
6 to the mass marketing or any other type of marketing of individual
7 personal lines property and casualty insurance policies.

8 3. Sections 379.1800 to 379.1824 shall not apply to policies of
9 credit property or credit casualty insurance which insure the debtors
10 of a creditor or creditors with respect to their indebtedness.

11 4. Sections 379.1800 to 379.1824 shall not apply to policies of
12 personal automobile insurance or personal motor vehicle liability
13 insurance, nor shall such sections be construed as authorizing the sale
14 or issuance of personal automobile insurance or personal motor vehicle
15 liability insurance under a group or master policy within this state.

16 5. Nothing in sections 379.1800 to 379.1824 shall limit the
17 authority of the director with respect to complaints or disputes
18 involving residents of this state arising out of a master policy that has
19 been issued or delivered in another state.

20 6. The director may promulgate rules as necessary to implement
21 and administer the provisions of sections 379.1800 to 379.1824. Any rule
22 or portion of a rule, as that term is defined in section 536.010, that is
23 created under the authority delegated in this section shall become
24 effective only if it complies with and is subject to all of the provisions
25 of chapter 536 and, if applicable, section 536.028. This section and
26 chapter 536 are nonseverable and if any of the powers vested with the
27 general assembly pursuant to chapter 536 to review, to delay the
28 effective date, or to disapprove and annul a rule are subsequently held
29 unconstitutional, then the grant of rulemaking authority and any rule
30 proposed or adopted after August 28, 2020, shall be invalid and void.

379.1824. The provisions of sections 379.1800 to 379.1824 shall
2 become effective January 1, 2021. No master policy or certificate of
3 insurance shall be issued or delivered in this state after the effective
4 date unless issued or delivered in compliance with sections 379.1800 to
5 379.1824. A master policy or certificate that is lawfully in effect on
6 January 1, 2021, shall comply with the provisions of sections 379.1800

7 to 379.1824 within twelve months of such date.

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