

SECOND REGULAR SESSION

SENATE BILL NO. 936

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WALLINGFORD.

Read 1st time January 20, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6029S.011

AN ACT

To repeal sections 375.004 and 379.118, RSMo, and to enact in lieu thereof two new sections relating to insurance policy change notices.

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

Section A. Sections 375.004 and 379.118, RSMo, are repealed and two new
2 sections enacted in lieu thereof, to be known as sections 375.004 and 379.118, to
3 read as follows:

375.004. 1. No insurer shall refuse to renew a policy unless the insurer
2 or its agent mails or delivers to the named insured, at the address shown in the
3 policy, at least thirty days' advance notice of its intention not to renew. The
4 notice shall state the insurer's actual reason for proposing the action, the
5 statement of reason to be sufficiently clear and specific so that a person of
6 average intelligence can identify the basis for the insurer's decision without
7 further inquiry. Generalized terms such as "personal habits", "living conditions",
8 or "poor morals" shall not suffice to meet the requirements of this
9 subsection. The notice shall also state that the insured may be eligible for
10 insurance through the Missouri basic property insurance inspection and
11 placement program. This section shall not apply:

- 12 (1) If the insurer has manifested its willingness to renew; or
- 13 (2) In case of nonpayment of premium; or
- 14 (3) If the named insured has indicated he does not wish to have the policy
15 renewed; or
- 16 (4) If the insured fails to pay any advance premium required by the
17 insurer for renewal.

18 2. Renewal of a policy shall not constitute a waiver or estoppel with

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

19 respect to grounds for cancellation which existed before the effective date of the
20 renewal.

21 **3. An insurer shall send an insured written notice of policy**
22 **renewal at least thirty days prior to the effective date of the new**
23 **policy. This notice shall be sent in accordance with section 375.005 or**
24 **section 379.011. If an insurer will only renew a contract in less**
25 **favorable terms to the insured or at a higher premium rate, a change**
26 **in deductible, or a reduction in limits or coverage, a renewal**
27 **notification notice shall be mailed or delivered by the insurer at least**
28 **thirty days prior to the expiration date of the current policy. This**
29 **notice shall be sent by first class mail at the address shown in the**
30 **policy or delivered in accordance with section 379.011, and shall**
31 **contain the insured's name, the property covered, the total premium**
32 **amount, and the effective date of the new policy. This notice shall also**
33 **be mailed to the producer of record, as defined in section 375.012. If**
34 **the insurer fails to provide such notice, the premium, deductible, limits,**
35 **and coverage provided to the named insured prior to the change shall**
36 **remain in effect until thirty days after the notice is given or until**
37 **replacement coverage is obtained. Any request for electronic delivery**
38 **of renewal notices shall be designated on the application form signed**
39 **by the applicant, made in writing by the policy holder, or made in**
40 **accordance with sections 432.200 to 432.295. The insurer shall comply**
41 **with any subsequent request by a policyholder to rescind authorization**
42 **for electronic delivery and to elect to receive renewal notices by first**
43 **class mail. Any delivery of a renewal notice by electronic means shall**
44 **not constitute notice of cancellation of a policy even if such notice is**
45 **included with the renewal notice.**

379.118. 1. If any insurer proposes to cancel or to refuse to renew a policy
2 of automobile insurance delivered or issued for delivery in this state except at the
3 request of the named insured or for nonpayment of premium, it shall, on or before
4 thirty days prior to the proposed effective date of the action, send written notice
5 of its intended action to the named insured at his last known address. Notice
6 shall be sent by United States Postal Service certificate of mailing, first class
7 mail using Intelligent Mail barcode (IMb), or another mail tracking method used,
8 approved, or accepted by the United States Postal Service. Where cancellation
9 is for nonpayment of premium at least ten days' notice of cancellation shall be
10 given and such notice shall contain the following notice or substantially similar

11 in bold conspicuous type: "THIS POLICY IS CANCELLED EFFECTIVE AT THE
12 DATE AND TIME INDICATED IN THIS NOTICE. THIS IS THE FINAL
13 NOTICE OF CANCELLATION WE WILL SEND PRIOR TO THE EFFECTIVE
14 DATE AND TIME OF CANCELLATION INDICATED IN THIS NOTICE.". The
15 notice shall state:

16 (1) The action taken;

17 (2) The effective date of the action;

18 (3) The insurer's actual reason for taking such action, the statement of
19 reason to be sufficiently clear and specific so that a person of average intelligence
20 can identify the basis for the insurer's decision without further
21 inquiry. Generalized terms such as "personal habits", "living conditions", "poor
22 morals", or "violation or accident record" shall not suffice to meet the
23 requirements of this subdivision;

24 (4) That the insured may be eligible for insurance through the assigned
25 risk plan if his insurance is to be cancelled.

26 2. Issuance of a notice of cancellation under subsection 1 of this section
27 constitutes a present and unequivocal act of cancellation of the policy.

28 3. An insurer may reinstate a policy cancelled under subsection 1 of this
29 section at any time after the notice of cancellation is issued if the reason for the
30 cancellation is remedied. An insurer may send communications to the insured,
31 including but not limited to billing notices for past due premium, offers to
32 reinstate the policy if past due premium is paid, notices confirming cancellation
33 of the policy, or billing notices for payment of earned but unpaid premium. The
34 fact that a policy may be so reinstated or any such communication may be made
35 does not invalidate or void any cancellation effectuated under subsection 1 of this
36 section or defeat the present and unequivocal nature of acts of cancellation as
37 described under subsection 2 of this section.

38 4. An insurer shall send an insured written notice of an automobile policy
39 renewal at least ~~[fifteen]~~ **thirty** days prior to the effective date of the new
40 policy. The notice shall be sent by first class mail or may be sent electronically
41 if requested by the policyholder, and shall contain the insured's name, the vehicle
42 **or vehicles** covered, the total premium amount, and the effective date of the new
43 policy. **If an insurer will only renew an auto policy in less favorable**
44 **terms to the insured or at a higher premium rate, a change in**
45 **deductible, or reduction in limits or coverage, a renewal notification**
46 **notice shall be mailed or delivered by the insurer at least thirty days**

47 **prior to the expiration date of the current policy. This notice shall be**
48 **sent by first class mail at the address shown in the policy or delivered**
49 **in accordance with section 379.011, and shall contain the insured's**
50 **name, the vehicle or vehicles covered, the total premium amount, and**
51 **the effective date of the new policy. This notice shall also be mailed or**
52 **delivered to the producer of record, as defined in section 375.012. If**
53 **the insurer fails to provide such notice, the premium, deductible, limits,**
54 **and coverage provided to the named insured prior to the change shall**
55 **remain in effect until thirty days after the notice is given or until**
56 **replacement coverage is obtained.** Any request for electronic delivery of
57 renewal notices shall be designated on the application form signed by the
58 applicant, made in writing by the policyholder, or made in accordance with
59 sections 432.200 to 432.295. The insurer shall comply with any subsequent
60 request by a policyholder to rescind authorization for electronic delivery and to
61 elect to receive renewal notices by first class mail. Any delivery of a renewal
62 notice by electronic means shall not constitute notice of cancellation of a policy
63 even if such notice is included with the renewal notice.

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