

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE SUBSTITUTE FOR  
**SENATE BILL NO. 691**  
**97TH GENERAL ASSEMBLY**

4366L.05C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To repeal sections 375.003 and 379.118, RSMo, and to enact in lieu thereof three new sections relating to certain personal lines policy provisions.

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

Section A. Sections 375.003 and 379.118, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 375.003, 379.118, and 379.827, to read as follows:

375.003. 1. **Except as provided in subsection 2 of this section**, no notice of cancellation of a policy to which section 375.002 applies shall be effective unless mailed or delivered by the insurer to the named insured at least thirty days prior to the effective date of cancellation. [However,]

2. Where cancellation is for nonpayment of premium at least ten days' notice of cancellation shall be given **and such notice shall contain the following notice or notice substantially similar in bold conspicuous type: "THIS POLICY IS CANCELLED EFFECTIVE AT THE DATE AND TIME INDICATED IN THIS NOTICE. THIS IS THE FINAL NOTICE OF CANCELLATION WE WILL SEND PRIOR TO THE EFFECTIVE DATE AND TIME OF CANCELLATION INDICATED IN THIS NOTICE."**

3. The notice shall state the insurer's actual reason for proposing the action, the statement of reason to be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision without further inquiry. Generalized terms such as "personal habits", "living conditions", or "poor morals" shall not suffice to meet the requirements of this

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.

16 subsection. The notice shall also state that the insured may be eligible for insurance through the  
17 Missouri basic property insurance inspection and placement program.

18 **4. Issuance of a notice of cancellation under subsection 1 or 2 of this section**  
19 **constitutes a present and unequivocal act of cancellation of the policy.**

20 **5. An insurer may reinstate a policy cancelled under subsection 1 or 2 of this section**  
21 **at any time after the notice of cancellation is issued if the reason for the cancellation is**  
22 **remedied. An insurer may send communications to the insured, including but not limited**  
23 **to billing notices for past due premium, offers to reinstate the policy if past due premium**  
24 **is paid, notices confirming cancellation of the policy, or billing notices for payment of**  
25 **earned but unpaid premium. The fact that a policy may be so reinstated or any such**  
26 **communication may be made does not invalidate or void any cancellation effectuated**  
27 **under subsection 1 or 2 of this section or defeat the present and unequivocal nature of acts**  
28 **of cancellation as described under subsection 4 of this section.**

29 [2.] 6. This section shall not apply to nonrenewal.

379.118. 1. If any insurer proposes to cancel or to refuse to renew a policy of automobile  
2 insurance delivered or issued for delivery in this state except at the request of the named insured  
3 or for nonpayment of premium, it shall, on or before thirty days prior to the proposed effective  
4 date of the action, send written notice by certificate of mailing of its intended action to the named  
5 insured at his last known address. **Where cancellation is for nonpayment of premium at least**  
6 **ten days' notice of cancellation shall be given and such notice shall contain the following**  
7 **notice or substantially similar in bold conspicuous type: "THIS POLICY IS**  
8 **CANCELLED EFFECTIVE AT THE DATE AND TIME INDICATED IN THIS**  
9 **NOTICE. THIS IS THE FINAL NOTICE OF CANCELLATION WE WILL SEND**  
10 **PRIOR TO THE EFFECTIVE DATE AND TIME OF CANCELLATION INDICATED**  
11 **IN THIS NOTICE."** The notice shall state:

12 (1) The [proposed] action [to be] taken;

13 (2) The [proposed] effective date of the action;

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

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

21 **2. Issuance of a notice of cancellation under subsection 1 of this section constitutes**  
22 **a present and unequivocal act of cancellation of the policy.**

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

32           **4. An insurer shall send an insured written notice of an automobile policy renewal at**  
33 **least fifteen days prior to the effective date of the new policy. The notice shall be sent by first**  
34 **class mail or may be sent electronically if requested by the policyholder, and shall contain the**  
35 **insured's name, the vehicle covered, the total premium amount, and the effective date of the new**  
36 **policy. Any request for electronic delivery of renewal notices shall be designated on the**  
37 **application form signed by the applicant, made in writing by the policyholder, or made in**  
38 **accordance with sections 432.200 to 432.295. The insurer shall comply with any subsequent**  
39 **request by a policyholder to rescind authorization for electronic delivery and to elect to receive**  
40 **renewal notices by first class mail. Any delivery of a renewal notice by electronic means shall**  
41 **not constitute notice of cancellation of a policy even if such notice is included with the renewal**  
42 **notice.**

**379.827. 1. As used in this section, the term "sinkhole loss" means actual physical**  
2 **damage to a building or property arising out of sudden settlement or collapse of the earth**  
3 **supporting the building, and only when the sudden settlement or collapse results directly**  
4 **from subterranean voids created by the action of water on limestone or similar rock**  
5 **formation and is evidenced by:**

6           **(1) The abrupt collapse of the ground cover;**  
7           **(2) A depression in the ground cover clearly visible to the naked eye;**  
8           **(3) Structural damage to the covered building, including the foundation; and**  
9           **(4) The insured structure is uninhabitable, which is evidenced by an order of**  
10 **condemnation by a governmental agency authorized to issue such an order for that**  
11 **structure, where applicable.**

12           **2. Upon application, beginning January 1, 2015, the plan may issue a policy**  
13 **exclusively for sinkhole loss on habitational property owned by the applicant in accordance**  
14 **with this section to supplement the applicant's primary coverage for loss on such property**  
15 **issued by an insurer authorized to do business in this state. Coverage shall be only for**  
16 **habitational structures and shall not cover driveways or nonhabitational detached**

17 **structures. Contents coverage shall apply only if there is covered sinkhole loss on the**  
18 **habitational structure in which the contents were located. Sinkhole coverage under this**  
19 **section shall not include loss for the value of the land or for the costs associated with filling**  
20 **a sinkhole.**

21 **3. The provisions of section 379.810 to 379.880 shall apply to policies issued under**  
22 **this section; however the plan may establish specific procedures designed to expedite**  
23 **approval for policies covering sinkhole loss and premiums charged therefor shall be based**  
24 **only on the risk for sinkhole loss applicable to such property. The plan may establish**  
25 **specific claims investigation procedures for sinkhole losses necessary to determine whether**  
26 **any claimed loss was the result of sinkhole activity rather than due to some other form of**  
27 **earth subsidence not covered under the policy.**

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