

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 794

97TH GENERAL ASSEMBLY

2014

5668H.02T

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## AN ACT

To repeal sections 362.333, 375.020, and 382.020, RSMo, and to enact in lieu thereof three new sections relating to insurance regulation.

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

Section A. Sections 362.333, 375.020, and 382.020, RSMo, are repealed  
2 and three new sections enacted in lieu thereof, to be known as sections 362.333,  
3 375.020, and 382.020, to read as follows:

362.333. In addition to the powers authorized in section 362.332, a bank  
2 or trust company [with authorized trust authority and created under the laws of  
3 this state] **created under the laws of this or any other state or national**  
4 **bank, with authorized trust authority** may transfer by assignment, for  
5 consideration or no consideration, some or all of its fiduciary obligations that  
6 consist only of irrevocable life insurance trusts to [the Missouri trust office of an  
7 out-of-state bank with trust powers or an out-of-state trust company] **any bank**  
8 **or trust company with authorized trust authority**. The transfer of such  
9 irrevocable life insurance trusts shall be subject to the provisions of this section  
10 and to all regulatory procedures described in subsections 2 to 7 of section 362.332.  
11 On the effective date of the transfer of fiduciary obligations under this section,  
12 the transferring bank or trust company shall be released from all transferred  
13 fiduciary obligations and shall cease to act as a fiduciary, except that such  
14 transferring bank or trust company shall not be relieved of any obligations  
15 arising out of a breach of fiduciary duty occurring prior to such effective date.

375.020. 1. Beginning January 1, 2008, each insurance producer, unless

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

2 exempt pursuant to section 375.016, licensed to sell insurance in this state shall  
3 successfully complete courses of study as required by this section. Any person  
4 licensed to act as an insurance producer shall, during each two years, attend  
5 courses or programs of instruction or attend seminars equivalent to a minimum  
6 of sixteen hours of instruction. Of the sixteen hours' training required in this  
7 subsection, the hours need not be divided equally among the lines of authority in  
8 which the producer has qualified. The courses or programs attended by the  
9 producer during each two-year period shall include instruction on Missouri law,  
10 products offered in any line of authority in which the producer is qualified,  
11 producers' duties and obligations to the department, and business ethics,  
12 including sales suitability. Course credit shall be given to members of the  
13 general assembly as determined by the department.

14 2. Subject to approval by the director, the courses or programs of  
15 instruction which shall be deemed to meet the director's standards for continuing  
16 educational requirements shall include, but not be limited to, the following:

- 17 (1) American College Courses (CLU, ChFC);
- 18 (2) Life Underwriters Training Council (LUTC);
- 19 (3) Certified Insurance Counselor (CIC);
- 20 (4) Chartered Property and Casualty Underwriter (CPCU);
- 21 (5) Insurance Institute of America (IIA);
- 22 (6) Any other professional financial designation approved by the director  
23 by rule;
- 24 (7) An insurance-related course taught by an accredited college or  
25 university or qualified instructor who has taught a course of insurance law at  
26 such institution;
- 27 (8) A course or program of instruction or seminar developed or sponsored  
28 by any authorized insurer, recognized producer association or insurance trade  
29 association, or any other entity engaged in the business of providing education  
30 courses to producers. A local producer group may also be approved if the  
31 instructor receives no compensation for services.

32 3. A person teaching any approved course of instruction or lecturing at  
33 any approved seminar shall qualify for the same number of classroom hours as  
34 would be granted to a person taking and successfully completing such course,  
35 seminar or program.

36 4. Excess hours accumulated during any two-year period may be carried

37 forward to the two-year period immediately following the two-year period in  
38 which the course, program or seminar was held.

39 5. For good cause shown, the director may grant an extension of time  
40 during which the educational requirements imposed by this section may be  
41 completed, but such extension of time shall not exceed the period of one calendar  
42 year. The director may grant an individual waiver of the mandatory continuing  
43 education requirement upon a showing by the licensee that it is not feasible for  
44 the licensee to satisfy the requirements prior to the renewal date. Waivers may  
45 be granted for reasons including, but not limited to:

- 46 (1) Serious physical injury or illness;
- 47 (2) Active duty in the armed services for an extended period of time;
- 48 (3) Residence outside the United States; or
- 49 (4) The licensee is at least seventy years of age.

50 6. Every person subject to the provisions of this section shall furnish in  
51 a form satisfactory to the director, written certification as to the courses,  
52 programs or seminars of instruction taken and successfully completed by such  
53 person. Every provider of continuing education courses authorized in this state  
54 shall, within thirty working days of a licensed producer completing its approved  
55 course, provide certification to the director of the completion in a format  
56 prescribed by the director.

57 7. The provisions of this section shall not apply to those natural persons  
58 holding licenses for any kind or kinds of insurance for which an examination is  
59 not required by the law of this state, nor shall they apply to any limited lines  
60 insurance producer license or restricted license as the director may exempt.

61 8. The provisions of this section shall not apply to a life insurance  
62 producer who is limited by the terms of a written agreement with the insurer to  
63 transact only specific life insurance policies having an initial face amount of [five]  
64 **fifteen** thousand dollars or less, or annuities having an initial face amount of  
65 [ten] **fifteen** thousand dollars or less, that are designated by the purchaser for  
66 the payment of funeral or burial expenses. The director may require the insurer  
67 entering into the written agreements with the insurance producers pursuant to  
68 this subsection to certify as to the representations of the insurance producers.

69 9. Rules and regulations necessary to implement and administer this  
70 section shall be promulgated by the director, including, but not limited to, rules  
71 and regulations regarding the following:

72 (1) Course content and hour credits: the insurance advisory board  
73 established by section 375.019 shall be utilized by the director to assist him in  
74 determining acceptable content of courses, programs and seminars to include  
75 classroom equivalency;

76 (2) Filing fees for course approval: every applicant seeking approval by  
77 the director of a continuing education course under this section shall pay to the  
78 director a filing fee of fifty dollars per course. Fees shall be waived for state and  
79 local insurance producer groups. Such fee shall accompany any application form  
80 required by the director. Courses shall be approved for a period of no more than  
81 one year. Applicants holding courses intended to be offered for a longer period  
82 must reapply for approval. Courses approved by the director prior to August 28,  
83 1993, for which continuous certification is sought should be resubmitted for  
84 approval sixty days before the anniversary date of the previous approval.

85 10. All funds received pursuant to the provisions of this section shall be  
86 transmitted by the director to the department of revenue for deposit in the state  
87 treasury to the credit of the insurance dedicated fund. All expenditures  
88 necessitated by this section shall be paid from funds appropriated from the  
89 insurance dedicated fund by the legislature.

382.020. 1. Any domestic insurer, either by itself or in cooperation with  
2 one or more persons, may invest in, otherwise acquire or operate one or more  
3 subsidiaries engaged or registered to engage in one or more of the following  
4 businesses:

5 (1) Any kind of insurance business authorized by the laws of the state of  
6 Missouri;

7 (2) Investing, reinvesting or trading in securities for its own account, that  
8 of its parent, any subsidiary of its parent, or any affiliate or subsidiary;

9 (3) Rendering other services including, but not limited to, actuarial, loss  
10 prevention, safety engineering, marketing, data processing, accounting, claims,  
11 appraisal and collection services, if such services relate to the operations of the  
12 insurance business of the insurer; provided, however, that such services shall not  
13 include services of salvage of motor vehicles, the mechanical, body or other repair  
14 of motor vehicles and the towing or retrieval of motor vehicles;

15 (4) Ownership and management of the kinds of assets which the parent  
16 corporation could itself own or manage;

17 (5) Acting as administrative agent for a governmental instrumentality

- 18 which is performing an insurance function;
- 19 (6) Financing of insurance premiums;
- 20 (7) Any other business activity determined by the director to be  
21 reasonably ancillary to the insurance business of the insurer;
- 22 (8) Owning a corporation or corporations engaged in or organized to  
23 engage exclusively in one or more of the businesses specified in this section;
- 24 (9) Acting as an insurance broker or as an insurance agent for its parent  
25 or for any of its parent's insurer subsidiaries;
- 26 (10) Management of any investment company subject to or registered  
27 pursuant to the federal Investment Company Act of 1940, as amended, including  
28 related sales and services;
- 29 (11) Acting as a broker-dealer subject to or registered pursuant to the  
30 federal Securities Exchange Act of 1934, as amended; and
- 31 (12) Rendering investment advice to governments, government agencies,  
32 corporations or other organizations or groups.

33 2. In addition, a domestic insurance company may, if it maintains books  
34 and records which separately account for such business, engage directly in any  
35 business referred to in subdivisions (3), (4), (5), (6) and (7) of subsection 1 of this  
36 section, either to the extent necessarily or properly incidental to the insurance  
37 business the insurer is authorized to do in this state or to the extent approved by  
38 the director and subject to any limitations the director may prescribe for the  
39 protection of the interests of the policyholders of the insurer after taking into  
40 account the effect of such business on the insurer's existing insurance business  
41 and its surplus, the proposed allocation of the estimated costs of such business  
42 and the risks inherent in such business as well as the relative advantages to the  
43 insurer and its policyholders of conducting such business directly instead of  
44 through a subsidiary. Nothing in sections 382.010 to 382.300 shall be deemed to  
45 limit the powers of a domestic insurance company existing prior to September 28,  
46 1971.

47 3. In addition to investments in common stock, preferred stock, debt  
48 obligations and other securities permitted domestic insurers, a domestic insurer  
49 may also do one or more of the following:

- 50 (1) Invest in common stock, preferred stock, debt obligations, and other  
51 securities of one or more subsidiaries, amounts which do not exceed the lesser of  
52 [five] ten percent of such insurer's assets or fifty percent of such insurer's

53 surplus as regards policyholders, if after such investments the insurer's surplus  
54 as regards policyholders will be reasonable in relation to the insurer's  
55 outstanding liabilities and adequate to its financial needs. In calculating the  
56 amount of such investment, investments in domestic or foreign insurance  
57 subsidiaries shall be excluded, and there shall be included:

58 (a) Total net moneys or other consideration expended and obligations  
59 assumed in the acquisition or formation of a subsidiary, including all  
60 organizational expenses and contributions to capital and surplus of such  
61 subsidiary whether or not represented by the purchase of capital stock or  
62 issuance of other securities; and

63 (b) All amounts expended in acquiring additional common stock, preferred  
64 stock, debt obligations, and other securities and all contributions to the capital  
65 or surplus of a subsidiary subsequent to its acquisition or formation;

66 (2) With the approval of the director, invest any greater amount in  
67 common stock, preferred stock, debt obligations, or other securities of one or more  
68 subsidiaries, if after such investment the insurer's surplus as regards  
69 policyholders will be reasonable in relation to the insurer's outstanding liabilities  
70 and adequate to its financial needs;

71 (3) Invest any amount in common stock, preferred stock, debt obligations  
72 and other securities of one or more subsidiaries engaged or organized to engage  
73 exclusively in the ownership and management of assets authorized as  
74 investments for the insurer, provided that each such subsidiary agrees to limit  
75 its investments in any asset so that such investments will not cause the amount  
76 of the total investment of the insurer to exceed any of the investment limitations  
77 specified in subdivision (1) of this subsection or in other insurance laws  
78 applicable to the insurer. For the purpose of this subdivision, the total  
79 investment of the insurer shall include:

80 (a) Any direct investment by the insurer in an asset; and

81 (b) The insurer's proportionate share of any investment in an asset by any  
82 subsidiary of the insurer, which shall be calculated by multiplying the amount of  
83 the subsidiary's investment by the percentage of the ownership of such  
84 subsidiary.

85 4. Investments in common stock, preferred stock, debt obligations or other  
86 securities made pursuant to subsection 3 of this section shall be made as provided  
87 by the statutes of this state.

88           5. Whether any investment pursuant to subsections 3 and 4 of this section  
89 meets the applicable requirements thereof is to be determined immediately after  
90 such investment is made, taking into account the then outstanding principal  
91 balance on all previous investments in debt obligations, and the value of all  
92 previous investments in equity securities as of the date they are made.

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