

FIRST REGULAR SESSION

SENATE BILL NO. 394

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WALLINGFORD.

Read 1st time February 3, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1888S.01I

AN ACT

To amend chapter 379, RSMo, by adding thereto one new section relating to earthquake insurance coverage for property damage caused by earthquake activity.

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

Section A. Chapter 379, RSMo, is amended by adding thereto one new section, to be known as section 379.828, to read as follows:

379.828. 1. As used in this section, the term "earthquake loss" means actual physical damage to a building or property arising out of a vibration-generating rupture event caused by displacement within the earth's crust through release of strain associated with tectonic processes and includes effects such as ground shaking, liquefaction, and damaging amplification of ground motion and is evidenced by:

(1) Structural damage to the covered building, including the foundation which may include:

(a) Building collapse;

(b) Building drift ratio, defined as the lateral frame deflection at the top of the most occupied floor divided by the height of the building to that level, of greater than one sixtieth;

(c) Interstory drift ratio, defined as the lateral deflection of a floor relative to that of the floor immediately below, divided by the distance between floors, of greater than one sixtieth;

(d) Foundation scour or foundation shift away from the upper structure; or

(e) Structural wall damage; and

(2) The insured structure is uninhabitable, which is evidenced by an order of condemnation by a governmental agency authorized to

21 issue such an order for that structure, where applicable.

22 2. Upon application, beginning January 1, 2016, the plan may
23 issue a policy exclusively for earthquake loss on habitational property
24 owned by the applicant in accordance with this section to supplement
25 the applicant's primary coverage for loss on such property issued by an
26 insurer authorized to do business in this state. Coverage shall be only
27 for habitational structures and shall not cover driveways or
28 nonhabitational detached structures. Contents coverage shall apply
29 only if there is covered earthquake loss on the habitational structure
30 in which the contents were located. Earthquake coverage under this
31 section shall not include loss for the value of the land.

32 3. The provisions of section 379.810 to 379.880 shall apply to
33 policies issued under this section; however, the plan may establish
34 specific procedures designed to expedite approval for policies covering
35 earthquake loss and premiums charged therefor shall be based only on
36 the risk for earthquake loss applicable to such property. The plan may
37 establish specific claims investigation procedures for earthquake losses
38 necessary to determine whether any claimed loss was the result of
39 earthquake activity rather than due to some other form of earth
40 subsidence not covered under the policy.

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