

SECOND REGULAR SESSION

SENATE BILL NO. 929

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR JACOB.

Read 1st time January 27, 2000, and 1,000 copies ordered printed.

3671S.011

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 375.1220, RSMo Supp. 1999, relating to claims by an insurance company receiver against reinsurers, and to enact in lieu thereof one new section relating to the same subject.

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

Section A. Section 375.1220, RSMo Supp. 1999, is repealed and one new section enacted in lieu thereof, to be known as section 375.1220, to read as follows:

375.1220. 1. The liquidator shall review all claims duly filed in the liquidation and shall make such further investigation as the liquidator shall deem necessary. The liquidator may compound, compromise or in any other manner negotiate the amount for which claims will be allowed, under the supervision of the court, except where the liquidator is required by law to accept claims as settled by any person or organization. Unresolved disputes shall be determined pursuant to section 375.1214. No claim under a policy of insurance shall be allowed for any amount in excess of the applicable policy limits or without regard to policy deductibles.

2. If the fixing or liquidation of any claim or claims would unduly delay the administration of the liquidation or if the administrative expense of processing and adjudication of a claim or group of claims of a similar type would be unduly excessive when compared with the moneys which are estimated to be available for distribution with respect to such claim or group of claims, the determination and allowance of such claim or claims may be made by an estimate. Any such estimate shall be based upon an actuarial evaluation made with reasonable actuarial certainty or upon another accepted method of valuing claims with reasonable certainty.

3. The estimation of contingent liabilities permitted by subsection 2 of this section or any

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

other section of this chapter may be used for the purpose of fixing a creditor's claim in the estate, and for determining the percentage of partial or final divided payments to be paid to creditors with reported allowed claims. However, nothing in subsection 2 of this section or any other section in this chapter shall be construed as authorizing the receiver, or any other entity, to compel payment from a reinsurer on the basis of estimated incurred but not reported losses and, except with respect to claims made pursuant to section 375.1212, outstanding reserves. Nothing in this subsection shall be construed to impair any obligation arising pursuant to any insurance agreement.

4. Notwithstanding the provisions of this section or any other section of this chapter to the contrary, the liquidator may negotiate a voluntary commutation and release of all obligations arising from reinsurance contracts or other agreements.

5. The provisions of this section shall not apply to and have no force and effect regarding any formal delinquency proceeding in which, prior to the effective date of this act, the court in which such proceeding was or is pending issued any order or decree construing or applying the provisions.

[6. Subsections 3, 4 and 5 of this section shall terminate on December 31, 2000.]

Bill

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