

SECOND REGULAR SESSION

# SENATE BILL NO. 1168

94TH GENERAL ASSEMBLY

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INTRODUCED BY SENATORS DEMPSEY AND SMITH.

Read 1st time February 21, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

5005S.011

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## AN ACT

To repeal section 385.050, RSMo, and to enact in lieu thereof one new section relating to premium refund calculations for credit insurance.

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

Section A. Section 385.050, RSMo, is repealed and one new section  
2 enacted in lieu thereof, to be known as section 385.050, to read as follows:

385.050. 1. Any insurer may revise its schedules of premium rates from  
2 time to time and shall file the revised schedules with the director. No insurer  
3 shall issue any credit life insurance policy or credit accident and sickness  
4 insurance policy for which the premium rate exceeds that determined by the  
5 schedules of the insurer as then approved by the director.

6 2. Each individual policy or group certificate shall provide that in the  
7 event of termination of the insurance prior to the scheduled maturity date of the  
8 indebtedness, any refund of an amount paid by the debtor for insurance shall be  
9 paid or credited promptly to the person entitled thereto; provided, however, that  
10 no refund of less than one dollar need be made. The formula to be used in  
11 computing the refund shall be the actuarial method of calculating refunds which  
12 produces a refund equal to the original premium multiplied by the ratio of the  
13 sum of the remaining insured balances divided by the sum of the original insured  
14 balances as of the due date nearest the date of prepayment in full. **In**  
15 **determining the number of months for which a premium is earned, the**  
16 **first month's premium may be considered as earned on the first day of**  
17 **coverage and for all successive months' premiums, on the coverage**  
18 **anniversary date in each successive month.**

19 3. If a creditor requires a debtor to make any payment for credit life  
20 insurance or credit accident and sickness insurance and an individual policy or

21 group certificate of insurance is not issued, the creditor shall immediately give  
22 written notice to the debtor and shall promptly make an appropriate credit to the  
23 account.

24 4. The amount charged to a debtor for any credit life or credit accident  
25 and sickness insurance shall not exceed the premiums charged by the insurer, as  
26 computed at the time the charge to the debtor is determined.

27 5. Nothing in sections 385.010 to 385.080 shall be construed to authorize  
28 any payments for insurance now prohibited under any statute, or rule thereunder,  
29 governing credit transactions.

Unofficial ✓

Bill

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