

FIRST REGULAR SESSION

SENATE BILL NO. 470

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR PARSON.

Read 1st time February 19, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2151S.01I

AN ACT

To repeal section 379.470, RSMo, and to enact in lieu thereof one new section relating to authorizing a return of premiums paid by insureds.

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

Section A. Section 379.470, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 379.470, to read as follows:

379.470. The rates made by each insurer or rating organization shall be
2 subject to the following provisions:

3 (1) Rates shall not be excessive or inadequate, as herein defined, nor shall
4 they be unfairly discriminatory.

5 (2) No rate shall be held to be excessive unless such rate is unreasonably
6 high for the insurance provided and a reasonable degree of competition does not
7 exist in the area with respect to the classification to which such rate is
8 applicable.

9 (3) No rate shall be held to be inadequate unless such rate is
10 unreasonably low for the insurance provided and the continued use of such rate
11 endangers the solvency of the insurer using the same, or unless such rate is
12 unreasonably low for the insurance provided and the use of such rate by the
13 insurer using same has, or if continued will have, the effect of destroying
14 competition or creating a monopoly.

15 (4) Due consideration shall be given to past and prospective loss
16 experience within this state and consideration may also be given to past and
17 prospective loss experience outside this state to the extent appropriate. Each
18 insurer and rating organization may also give consideration to physical hazards,
19 to catastrophe hazards, if any, to a reasonable margin for underwriting profit and
20 contingencies, to dividends, savings or unabsorbed premium deposits allowed or
21 returned by insurers to their policyholders, members or subscribers, to past and
22 prospective expenses both countrywide and those especially applicable to this

23 state, and to any other factors within or outside this state which the insurer or
24 rating organization deems relevant to the making of rates.

25 (5) The systems of expense provisions included in the rates for use by any
26 insurer or group of insurers may differ from those of other insurers or groups of
27 insurers to reflect the requirements of the operating methods of any such insurer
28 or group with respect to any kind of insurance, or with respect to any subdivision
29 or combination thereof for which subdivision or combination separate expense
30 provisions are applicable.

31 (6) Risks may be grouped by classifications for the establishment of rates
32 and minimum premiums. Classification rates may be modified to produce rates
33 for individual risks in accordance with standards for measuring variations in
34 hazards or expense provisions, or both. Such standards may measure any
35 differences among risks that can be demonstrated to have a probable effect upon
36 losses or expenses. Classifications or modifications of classification or any portion
37 or any division thereof, of risks may be predicated upon size, expense,
38 management, individual experience, purpose of insurance, location or dispersion
39 of hazard, or any other reasonable considerations, provided such classifications
40 and modifications shall be applicable to the fullest practicable extent to all risks
41 under the same or substantially the same circumstances or
42 conditions. Classification rates may also be modified to produce rates for
43 individual or special risks which are not susceptible to measurement by any
44 established standards.

45 (7) Except to the extent necessary to meet the provisions of subdivision
46 (1) of this section, uniformity among insurers in any matters within the scope of
47 this section is not required.

48 (8) **Any rate, rating schedule, rating system, or rating plan may**
49 **return or refund a portion of its expense savings to the insured in cases**
50 **where an insured makes no reportable claim under specified coverages**
51 **within a prescribed period of time established by the insurer,**
52 **regardless whether such claim is due to the fault of the insured or not**
53 **the fault of the insured. The use of such a return of savings may be**
54 **represented as a predetermined portion of the premium, and shall not**
55 **constitute a rebate or an unfair trade practice under sections 375.930**
56 **to 375.948.**