

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 2194

## 98TH GENERAL ASSEMBLY

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Reported from the Committee on Small Business, Insurance and Industry, May 6, 2016, with recommendation that the Senate Committee Substitute do pass.

5573S.04C

ADRIANE D. CROUSE, Secretary.

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### AN ACT

To repeal sections 375.004 and 379.118, RSMo, and to enact in lieu thereof two new sections relating to the renewal of insurance policies.

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

Section A. Sections 375.004 and 379.118, RSMo, are repealed and two new  
2 sections enacted in lieu thereof, to be known as sections 375.004 and 379.118, to  
3 read as follows:

375.004. 1. No insurer shall refuse to renew a policy unless the insurer  
2 or its agent mails or delivers to the named insured, at the address shown in the  
3 policy, at least thirty days' advance notice of its intention not to renew. The  
4 notice shall state the insurer's actual reason for proposing the action, the  
5 statement of reason to be sufficiently clear and specific so that a person of  
6 average intelligence can identify the basis for the insurer's decision without  
7 further inquiry. Generalized terms such as "personal habits", "living conditions",  
8 or "poor morals" shall not suffice to meet the requirements of this  
9 subsection. The notice shall also state that the insured may be eligible for  
10 insurance through the Missouri basic property insurance inspection and  
11 placement program. This section shall not apply:

- 12 (1) If the insurer has manifested its willingness to renew; or
- 13 (2) In case of nonpayment of premium; or
- 14 (3) If the named insured has indicated he does not wish to have the policy  
15 renewed; or
- 16 (4) If the insured fails to pay any advance premium required by the  
17 insurer for renewal.

18 2. Renewal of a policy shall not constitute a waiver or estoppel with

19 respect to grounds for cancellation which existed before the effective date of the  
20 renewal.

21 **3. An insurer shall be exempt from the requirements of this**  
22 **section regarding notice of nonrenewal if:**

23 **(1) The insurer assigns or transfers the insured's policy to an**  
24 **affiliate or subsidiary within the same insurance holding company**  
25 **system;**

26 **(2) The assignment or transfer is effective upon the expiration**  
27 **of the existing policy; and**

28 **(3) Prior to providing coverage for a subsequent policy term, an**  
29 **insurer accepting an assignment or transfer of the policy shall provide**  
30 **notice of such assignment or transfer to the named insured.**

31 **However, if the assignment or transfer of a policy does not result in**  
32 **coverage substantially equivalent to the coverage that was contained**  
33 **in the policy being assigned or transferred, the insurer shall, in lieu of**  
34 **providing the notice in subdivision (3) of this subsection, at least**  
35 **fifteen days in advance of the effective date of the assignment or**  
36 **transfer, notify the policyholder that some coverage provisions will**  
37 **change due to the assignment or transfer, advise the policyholder to**  
38 **refer to the new policy for coverage details, and provide a copy of or**  
39 **access to the replacement policy form or the executed replacement**  
40 **policy.**

379.118. 1. If any insurer proposes to cancel or to refuse to renew a policy  
2 of automobile insurance delivered or issued for delivery in this state except at the  
3 request of the named insured or for nonpayment of premium, it shall, on or before  
4 thirty days prior to the proposed effective date of the action, send written notice  
5 of its intended action to the named insured at his last known address. Notice  
6 shall be sent by United States Postal Service certificate of mailing, first class  
7 mail using Intelligent Mail barcode (IMb), or another mail tracking method used,  
8 approved, or accepted by the United States Postal Service. Where cancellation  
9 is for nonpayment of premium at least ten days' notice of cancellation shall be  
10 given and such notice shall contain the following notice or substantially similar  
11 in bold conspicuous type: "THIS POLICY IS CANCELLED EFFECTIVE AT THE  
12 DATE AND TIME INDICATED IN THIS NOTICE. THIS IS THE FINAL  
13 NOTICE OF CANCELLATION WE WILL SEND PRIOR TO THE EFFECTIVE  
14 DATE AND TIME OF CANCELLATION INDICATED IN THIS NOTICE.". The

15 notice shall state:

16 (1) The action taken;

17 (2) The effective date of the action;

18 (3) The insurer's actual reason for taking such action, the statement of  
19 reason to be sufficiently clear and specific so that a person of average intelligence  
20 can identify the basis for the insurer's decision without further  
21 inquiry. Generalized terms such as "personal habits", "living conditions", "poor  
22 morals", or "violation or accident record" shall not suffice to meet the  
23 requirements of this subdivision;

24 (4) That the insured may be eligible for insurance through the assigned  
25 risk plan if his insurance is to be cancelled.

26 2. Issuance of a notice of cancellation under subsection 1 of this section  
27 constitutes a present and unequivocal act of cancellation of the policy.

28 3. An insurer may reinstate a policy cancelled under subsection 1 of this  
29 section at any time after the notice of cancellation is issued if the reason for the  
30 cancellation is remedied. An insurer may send communications to the insured,  
31 including but not limited to billing notices for past due premium, offers to  
32 reinstate the policy if past due premium is paid, notices confirming cancellation  
33 of the policy, or billing notices for payment of earned but unpaid premium. The  
34 fact that a policy may be so reinstated or any such communication may be made  
35 does not invalidate or void any cancellation effectuated under subsection 1 of this  
36 section or defeat the present and unequivocal nature of acts of cancellation as  
37 described under subsection 2 of this section.

38 4. An insurer shall send an insured written notice of an automobile policy  
39 renewal at least fifteen days prior to the effective date of the new policy. The  
40 notice shall be sent by first class mail or may be sent electronically if requested  
41 by the policyholder, and shall contain the insured's name, the vehicle covered, the  
42 total premium amount, and the effective date of the new policy. Any request for  
43 electronic delivery of renewal notices shall be designated on the application form  
44 signed by the applicant, made in writing by the policyholder, or made in  
45 accordance with sections 432.200 to 432.295. The insurer shall comply with any  
46 subsequent request by a policyholder to rescind authorization for electronic  
47 delivery and to elect to receive renewal notices by first class mail. Any delivery  
48 of a renewal notice by electronic means shall not constitute notice of cancellation  
49 of a policy even if such notice is included with the renewal notice.

50 **5. An insurer shall be exempt from the requirements of this**

51 section regarding notice of nonrenewal if:

52 (1) The insurer assigns or transfers the insured's policy to an  
53 affiliate or subsidiary within the same insurance holding company  
54 system;

55 (2) The assignment or transfer is effective upon the expiration  
56 of the existing policy; and

57 (3) Prior to providing coverage for a subsequent policy term, an  
58 insurer accepting an assignment or transfer of the policy shall provide  
59 notice of such assignment or transfer to the named insured.

60 However, if the assignment or transfer of a policy does not result in  
61 coverage substantially equivalent to the coverage that was contained  
62 in the policy being assigned or transferred, the insurer shall, in lieu of  
63 providing the notice in subdivision (3) of this subsection, at least  
64 fifteen days in advance of the effective date of the assignment or  
65 transfer, notify the policyholder that some coverage provisions will  
66 change due to the assignment or transfer, advise the policyholder to  
67 refer to the new policy for coverage details, and provide a copy of or  
68 access to the replacement policy form or the executed replacement  
69 policy.

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