

SECOND REGULAR SESSION

SENATE BILL NO. 955

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CUNNINGHAM.

Read 1st time January 24, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6050S.011

AN ACT

To repeal sections 379.110 and 379.118, RSMo, and to enact in lieu thereof two new sections relating to reductions in automobile insurance coverage.

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

Section A. Sections 379.110 and 379.118, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 379.110 and 379.118, to read as follows:

379.110. As used in sections 379.110 to 379.120 the following words and terms mean:

(1) "Insurer", any insurance company, association or exchange authorized to issue policies of automobile insurance in the state of Missouri;

(2) "Nonpayment of premium", failure of the named insured to discharge when due any of his or her obligations in connection with the payment of premiums on a policy, or any installment of such premium, whether the premium is payable directly to the insurer or its agent or indirectly under any premium finance plan or extension of credit;

(3) "Policy", an automobile policy providing automobile liability coverage, uninsured motorists coverage, automobile medical payments coverage, or automobile physical damage coverage insuring a private passenger automobile owned by an individual or partnership which has been in effect for more than sixty days or has been renewed. "Policy" does not mean:

(a) Any policy issued under an automobile assigned risk plan or automobile insurance plan;

(b) Any policy insuring more than four motor vehicles;

(c) Any policy covering the operation of a garage, automobile sales agency,

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

19 repair shop, service station or public parking place;

20 (d) Any policy providing insurance only on an excess basis, or to any
21 contract principally providing insurance to such named insured with respect to
22 other than automobile hazards or losses even though such contract may
23 incidentally provide insurance with respect to such motor vehicles;

24 (4) **"Reduction in coverage", a change made by the insurer which**
25 **results in a removal of coverage, diminution in scope or less coverage,**
26 **or the addition of an exclusion. Reduction in coverage does not include**
27 **any change, reduction, or elimination of coverage made at the request**
28 **of the insured. The correction of typographical or scrivener's errors or**
29 **the application of mandated legislative changes is not a reduction in**
30 **coverage.**

31 (5) "Renewal" or "to renew", the issuance and delivery by an insurer of a
32 policy superseding at the end of the policy period a policy previously issued and
33 delivered by the same insurer, [such renewal policy to provide types and limits
34 of coverage at least equal to those contained in the policy being superseded,] or
35 the issuance and delivery of a certificate or notice extending the term of a policy
36 beyond its policy period or term [with types and limits of coverage at least equal
37 to those contained in the policy being extended]; provided, however, that any
38 policy with a policy period or term of less than six months or any period with no
39 fixed expiration date shall for the purpose of this section be considered as if
40 written for successive policy periods or terms of six months. Nothing in this
41 subdivision shall be construed as superseding the provisions of subsection 9 of
42 section 375.918, and the term "third anniversary date of the initial contract" as
43 used in subsection 9 of section 375.918, means three years after the date of the
44 initial contract.

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. **(1)** An insurer shall send an insured written notice of an automobile
39 policy renewal at least fifteen days prior to the effective date of the new
40 policy. The notice shall be sent by first class mail or may be sent electronically
41 if requested by the policyholder, and shall contain the insured's name, the vehicle
42 covered, the total premium amount, and the effective date of the new policy. Any
43 request for electronic delivery of renewal notices shall be designated on the
44 application form signed by the applicant, made in writing by the policyholder, or
45 made in accordance with sections 432.200 to 432.295. The insurer shall comply
46 with any subsequent request by a policyholder to rescind authorization for

47 electronic delivery and to elect to receive renewal notices by first class mail. Any
48 delivery of a renewal notice by electronic means shall not constitute notice of
49 cancellation of a policy even if such notice is included with the renewal notice.

50 **(2) An insurer shall provide a written notice of a reduction in**
51 **coverage to the named insured no less than fifteen days prior to the**
52 **effective date of the proposed reduction in coverage or shall send such**
53 **notice of reduction in coverage with the written notice of renewal**
54 **described in subdivision (1) of this subsection. The notice shall be sent**
55 **by first class mail or may be sent electronically if agreed to or**
56 **requested by the policyholder.**

57 5. An insurer shall be exempt from the requirements of this section
58 regarding notice of nonrenewal if:

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

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

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

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

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