

SECOND REGULAR SESSION

SENATE BILL NO. 804

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CUNNINGHAM.

Pre-filed December 24, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4639S.011

AN ACT

To repeal section 376.945, RSMo, and to enact in lieu thereof one new section relating to funds held in reserve for life care contracts.

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

Section A. Section 376.945, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 376.945, to read as follows:

376.945. 1. The department shall, as a condition of the issuance of a
2 certificate of authority pursuant to section 376.935, require that the provider
3 establish a reserve of an amount equal to at least fifty percent of any entrance fee
4 paid by the first occupant of a living unit under a life care contract. The reserve
5 shall be maintained by the provider on a current basis, in escrow with a bank,
6 trust company, or other escrow agent approved by the department. [Such] **The**
7 **entire amount of such** reserve shall be [amortized and] earned by **and**
8 **available for release to** the provider [at the rate of one percent per month on
9 the balance of the reserve], provided, however, that at no time shall the entrance
10 fee reserve together with all interest earned thereon total less than an amount
11 equal to one and one-half times the percentage of the annual long-term debt
12 principal and interest payments of the provider applicable only to living units
13 occupied under life care contracts. Such portion of each entrance fee as is
14 necessary to maintain the entrance fee reserve as set forth herein shall be paid
15 to the reserve fund for the second and all subsequent occupancies of a living unit
16 occupied under a life care contract. **The requirements of this subsection**
17 **may be met in whole or in part by other reserve funds held for the**
18 **purpose of meeting loan obligations, provided that the total amount**
19 **equals or exceeds the amount required under this subsection.**

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

20 **2.** In addition, each provider shall establish and maintain separately for
21 each facility, a reserve equal to not less than five percent of the facility's total
22 outstanding balance of contractually obligated move-out refunds at the close of
23 each fiscal year. [All reserves required hereunder for move-out refunds shall be
24 held in liquid assets consisting of federal government or other marketable
25 securities, deposits, or accounts insured by the federal government.]

26 **3. All reserve funds held under subsections 1 or 2 of this section,**
27 **if invested, shall be invested only in securities or other investments**
28 **permitted by the laws of this state for the investment of assets**
29 **constituting the legal reserves of life insurance companies, or in such**
30 **other securities or investments as the director may permit; however,**
31 **such investment shall not diminish the funds held in escrow below the**
32 **amount required under subsection 1 of this section.**

33 **4.** This section shall be applicable only to life care contracts executed for
34 occupancy of living units constructed after September 28, 1981.

✓
Bill

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