

## SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 295

AN ACT

To repeal section 507.184, RSMo, and to enact in lieu thereof two new sections relating to settlements involving minors.

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

Section A. Section 507.184, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 436.700 and 507.184, to read as follows:

436.700. 1. The provisions of this section shall be known and cited as the "Missouri Statutory Thresholds for Settlements Involving Minors Act".

2. A person having legal custody of a minor may enter into a settlement agreement with any person or entity against whom the minor has a claim if:

(1) A conservator or guardian ad litem has not been appointed for the minor;

(2) The total amount of the claim, including reimbursement of medical expenses, liens, reasonable attorney's fees, and costs, is thirty-five thousand dollars or less if paid in cash, by draft, or if paid by the purchase of a premium for an annuity;

(3) The moneys paid pursuant to the settlement agreement will be paid as set forth in subsections 5 and 6 of this section; and

(4) The person entering into the settlement agreement on behalf of the minor completes an affidavit or verified statement that attests that the person has made a reasonable inquiry and that:

(a) To the best of the person's knowledge, the minor will be fully compensated by the settlement; or

(b) There is no practical way to obtain additional amounts from the person or entity entering into the settlement agreement with the minor.

3. The attorney representing the person entering into the settlement agreement on behalf of the minor, if any, shall maintain the affidavit or verified statement completed pursuant to subdivision (4) of subsection 2 of this section in the attorney's file for at least six years in accordance with the Missouri supreme court rules of professional conduct.

4. The amount of the settlement described in subdivision (2) of subsection 2 of this section shall be increased every five years beginning January 1, 2027, based on the Consumer Price Index for All Urban Consumers for the United States (CPI-U), or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. For purposes of this section, any increase in the consumer price index shall be determined based upon the percentage increase of the consumer price index for the preceding calendar year over the consumer price index for the calendar year five years prior thereto.

5. The moneys payable in the settlement agreement shall be paid as follows:

(1) If the minor or person entering into the settlement agreement on behalf of the minor is represented by an attorney and the settlement is paid in cash, by draft, or by direct deposit into the attorney's trust account maintained pursuant to supreme court rules to be held for the benefit of the minor, the attorney shall deposit the moneys received on behalf of the minor directly into a

uniform transfer to minors account for the sole benefit of the minor. The attorney shall provide notice of the deposit to the minor and the person entering into the settlement agreement on behalf of the minor. Notice shall be delivered by personal service or first class mail;

(2) If the minor or person entering into the settlement agreement on behalf of the minor is not represented by an attorney and the settlement is paid:

(a) In cash or by draft, the person entering into the settlement agreement on behalf of the minor shall deposit the moneys directly into a uniform transfer to minors account for the sole benefit of the minor; or

(b) By direct deposit, the person entering into the settlement agreement on behalf of the minor shall provide the person or entity with whom the minor has settled the claim with information sufficient to complete an electronic transfer of settlement funds within ten business days of the settlement into a uniform transfer to minors account for the sole benefit of the minor and the person or entity with whom the minor has settled shall provide notice of the electronic transfer by personal service or first-class mail to the minor and the person entering the settlement agreement on behalf of the minor;

(3) If paid by purchase of an annuity, the moneys shall be paid by direct payment to the provider of the annuity with the minor designated as the sole beneficiary of the annuity; or

(4) If the minor is in the custody of the state and the settlement is paid in cash, the moneys shall be deposited directly into a trust account or subaccount of a trust account established by the children's division of the department of social services for the purpose of receiving moneys payable to the minor in the custody of the state

under the settlement agreement and that earns interest for the benefit of the minor in the custody of the state.

6. The moneys in the minor's savings account, trust account, or trust subaccount established in subsection 5 of this section may not be withdrawn, removed, paid out, or transferred to any person, including the minor, except as follows:

(1) Pursuant to a court order;

(2) Upon the minor's attainment of eighteen years of age;

(3) At the direction of a duly appointed conservator;

(4) At the direction of the custodian for the uniform transfer to minors account for the sole benefit of the minor; or

(5) Upon the minor's death.

7. If a settlement agreement is entered into in compliance with subsection 2 of this section, the signature of the person entering into the settlement agreement on behalf of the minor is binding on the minor without the need for further court approval or review and has the same force and effect as if the minor were a competent adult entering into the settlement agreement.

8. A person acting in good faith in entering into a settlement agreement on behalf of a minor pursuant to this section shall not be liable to the minor for the moneys paid in the settlement or for any other claims arising out of the settlement of the claim.

9. Any person or entity against whom a minor has a claim, including any insurer of a person or entity against whom a minor has a claim, that settles the claim with the minor in good faith pursuant to this section shall not be liable to the minor for any claims arising from the settlement of the claim.

507.184. 1. The next friend, guardian ad litem or guardian or conservator shall have the power and authority, subject to the approval of the court, to waive a jury and submit all issues in such action or proposed settlement to the court for determination.

2. The next friend, guardian ad litem or guardian or conservator shall have the power and authority to contract on behalf of the minor for a settlement of the minor's claim, action or judgment, provided that such contract and settlement shall not be effective until approved by the court. The next friend, guardian ad litem and guardian or conservator shall also have the power and authority to execute and sign a release or satisfaction and discharge of a judgment which shall be binding upon the minor, provided the court orders the execution of such release or satisfaction and discharge of judgment.

3. The court shall have the power and authority to hear evidence on and either approve or disapprove a proposed contract to settle an action or claim of a minor, to authorize and order the next friend, guardian ad litem or guardian or conservator to execute and sign a release or satisfaction and discharge of judgment, and shall also have the power and authority to approve a fee contract between the next friend, guardian ad litem or guardian or conservator and an attorney and to order him to pay an attorney fee and to pay the expenses which have been reasonably incurred in connection with the preparation and prosecution of the action or claim and including the cost of any bonds required herein.

4. Notwithstanding the provisions of this section to the contrary, nothing in this section shall be construed as prohibiting the settlement of claims pursuant to section

436.700 or as requiring court approval of settlements  
pursuant to section 436.700.