

# SENATE BILL NO. 1359

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR TRENT.

5286S.01H

KRISTINA MARTIN, Secretary

## AN ACT

To amend chapter 380, RSMo, by adding thereto one new section relating to mutual insurance companies.

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

Section A. Chapter 380, RSMo, is amended by adding thereto  
2 one new section, to be known as section 380.621, to read as  
3 follows:

**380.621. 1. This section shall be known as the**  
2 **"Protecting Missouri's Mutual Insurance Companies Act".**

3 **2. As used in this section, the following terms shall**  
4 **mean:**

5 (1) **"Adequate reinsurance", commercially available**  
6 **reinsurance with an aggregate reinsurance amount relying**  
7 **upon a catastrophe model-based determination of a one in one**  
8 **hundred year event, as deemed appropriate by the board of**  
9 **directors of the company;**

10 (2) **"Unlimited aggregate reinsurance", aggregate**  
11 **reinsurance coverage where the losses covered by the**  
12 **reinsurer are not limited, including but not limited to the**  
13 **annual aggregate reinsurance amount set forth in subdivision**  
14 **(1) of 20 CSR 200-12.030.**

15 **3. Notwithstanding any provision of law to the**  
16 **contrary, the authority expressly granted in this chapter**  
17 **shall be the sole authority granted to the department over**  
18 **any Missouri mutual insurance company operating under the**

19 provisions of this chapter. The department shall not  
20 require any company operating under the provisions of this  
21 chapter to waive any rights, benefits, or requirements  
22 specified in this chapter, nor shall it confer favorable  
23 treatment in exchange for, nor condition the granting of any  
24 exception upon, any company conceding additional regulatory  
25 oversight by the department. If the department and any  
26 company operating under the provisions of this chapter have  
27 entered into any agreement in which the department has  
28 received concessions, including but not limited to  
29 additional regulatory oversight beyond the authority  
30 expressly granted in this chapter, then such agreement as it  
31 relates to the department's authority is void upon the  
32 enactment of this section, but such agreement shall remain  
33 in full force and effect for the stated duration of the  
34 agreement as it relates to any benefits, allowances, or  
35 exemptions granted to the company by the agreement.

36 4. Notwithstanding any provision of law to the  
37 contrary, nothing in this chapter nor any regulation  
38 promulgated by the department, including but not limited to  
39 any regulation promulgated pursuant to sections 374.045,  
40 380.021, 380.271, and 380.561, shall require or be construed  
41 to require any company operating under the provisions of  
42 this chapter to acquire or carry reinsurance greater than  
43 adequate reinsurance, including but not limited to unlimited  
44 aggregate reinsurance. Nothing in this section shall be  
45 construed to limit the option of an offer of unlimited  
46 aggregate reinsurance.

47 5. Notwithstanding any provision of law to the  
48 contrary, including but not limited to the provisions of  
49 section 380.321, the director shall not have the authority  
50 to hold a hearing regarding a proposed merger of companies

51 operating pursuant to the provisions of this chapter, unless  
52 the director has substantial and competent evidence to  
53 believe the proposed merger will prejudice the interests of  
54 the policyholders of the companies. The director shall have  
55 fifteen business days to review the petition for merger and,  
56 upon substantial and competent evidence to believe the  
57 proposed merger will prejudice the interests of the  
58 policyholders of the companies, send a written notice of a  
59 hearing regarding the proposed merger. The written notice  
60 of hearing shall itemize the reasons why the director  
61 believes the proposed merger will prejudice the  
62 policyholders of the companies, and shall include the date  
63 of a hearing regarding the proposed merger no earlier than  
64 thirty days and no later than sixty days after the notice of  
65 hearing is received by the companies involved in the  
66 proposed merger.

67 6. Notwithstanding the provisions of section 380.491,  
68 the department shall not charge a rate for examinations in  
69 excess of a reasonable fee. A reasonable fee is determined  
70 by the average market rate typically charged by third party  
71 vendors for such services. All working papers, recorded  
72 information, documents, and copies thereof, produced by,  
73 obtained by, or disclosed to the department or any other  
74 person during the examination made under this article shall  
75 be confidential and not subject to subpoena, and shall not  
76 be made public by the department or shared with any other  
77 person.

78 7. (1) Prior to commencing the examination, the  
79 department shall hold a scheduling conference with a company  
80 to discuss the following:

- 81 (a) The purpose and scope of the examination;  
82 (b) The estimated costs of the examination;

83           (c) The types of information that the company will be  
84 asked to produce;

85           (d) The most efficient means of conducting the  
86 examination; and

87           (e) Any alternative approaches in conducting the  
88 examination that would be more convenient, less burdensome,  
89 or less expensive for the company while still providing for  
90 an effective examination by the department.

91           (2) (a) No more than thirty days after the scheduling  
92 conference, the department shall provide the company with a  
93 detailed written budget estimate for the examination that  
94 shall, for each forthcoming phase of the examination:

95           a. Identify the individuals or firms performing the  
96 examination and their daily or hourly rates;

97           b. Provide an estimate of travel, lodging, meal, and  
98 other administrative or supply costs; and

99           c. Estimate the length of time necessary to conduct on-  
100 site and off-site examination activities.

101           (b) Within fifteen days of receipt of a budget  
102 estimate under paragraph (a) of this subdivision, the  
103 company and the department shall have an additional  
104 discussion regarding the most efficient means of conducting  
105 the examination and producing information. If necessary,  
106 revisions of the budget estimate shall be made.

107           (c) The time periods under paragraphs (a) and (b) of  
108 this subdivision may be extended if the company and the  
109 department mutually agree to the extension.

110           (d) At any time during the examination, the department  
111 shall hold another scheduling conference with the company in  
112 accordance with this subsection and provide a revised budget  
113 estimate as set forth in paragraph (a) of this subdivision  
114 if:

- 115           a. The department determines that the cost of the  
116 examination will exceed the stated estimated budget by more  
117 than ten percent; or  
118           b. There is a material change in staffing.

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