

FIRST REGULAR SESSION

SENATE BILL NO. 336

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CASKEY.

Read 1st time January 25, 1999, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S1601.011

AN ACT

To amend chapter 376, RSMo, by adding thereto one new section relating to contracts of insurance.

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

Section A. Chapter 376, RSMo, is amended by adding thereto one new section, to be known as section 376.681, to read as follows:

376.681. 1. If any action is filed in the courts of this state which may result in an insurer becoming obligated to make payments under a contract of insurance, and such insurer contests the applicability of its coverages, it shall have the right to:

(1) Intervene in that action for the purpose of having the court determine issues of coverage under the contract; or

(2) Agree, in writing, with its insured to proceed under the terms of that contract while reserving its right to later determine the extent of its coverages.

Neither of those actions shall be considered a breach, either present or anticipatory, of its contract of insurance provided it is accomplished within forty-five days of the filing of the action.

2. If the insurer elects to intervene, the court shall allow it to do so provided:

(1) The insurer agrees to pay a reasonable fee for legal services rendered on behalf of its insured in defending the coverage action irrespective of its outcome; and

(2) It finds that the insurer's request is made in good faith and not for the purpose of hindrance or delay.

Thereafter, the court shall determine the extent of coverage before proceeding with the merits of the underlying action. The court may dismiss the insurer's coverage

action at any time if it finds that it is not being prosecuted diligently.

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