

FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED]

# HOUSE BILL NO. 1022

## 98TH GENERAL ASSEMBLY

2164H.01T

2015

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### AN ACT

To repeal section 379.470, RSMo, and to enact in lieu thereof one new section relating to authorized return of premiums paid by insureds.

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

Section A. Section 379.470, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 379.470, to read as follows:

379.470. The rates made by each insurer or rating organization shall be subject to the following provisions:

(1) Rates shall not be excessive or inadequate, as herein defined, nor shall they be unfairly discriminatory.

(2) No rate shall be held to be excessive unless such rate is unreasonably high for the insurance provided and a reasonable degree of competition does not exist in the area with respect to the classification to which such rate is applicable.

(3) No rate shall be held to be inadequate unless such rate is unreasonably low for the insurance provided and the continued use of such rate endangers the solvency of the insurer using the same, or unless such rate is unreasonably low for the insurance provided and the use of such rate by the insurer using same has, or if continued will have, the effect of destroying competition or creating a monopoly.

(4) Due consideration shall be given to past and prospective loss experience within this state and consideration may also be given to past and prospective loss experience outside this state to the extent appropriate. Each insurer and rating organization may also give consideration to physical hazards, to catastrophe hazards, if any, to a reasonable margin for underwriting profit

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 and contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned  
18 by insurers to their policyholders, members or subscribers, to past and prospective expenses both  
19 countrywide and those especially applicable to this state, and to any other factors within or  
20 outside this state which the insurer or rating organization deems relevant to the making of rates.

21 (5) The systems of expense provisions included in the rates for use by any insurer or  
22 group of insurers may differ from those of other insurers or groups of insurers to reflect the  
23 requirements of the operating methods of any such insurer or group with respect to any kind of  
24 insurance, or with respect to any subdivision or combination thereof for which subdivision or  
25 combination separate expense provisions are applicable.

26 (6) Risks may be grouped by classifications for the establishment of rates and minimum  
27 premiums. Classification rates may be modified to produce rates for individual risks in  
28 accordance with standards for measuring variations in hazards or expense provisions, or both.  
29 Such standards may measure any differences among risks that can be demonstrated to have a  
30 probable effect upon losses or expenses. Classifications or modifications of classification or any  
31 portion or any division thereof, of risks may be predicated upon size, expense, management,  
32 individual experience, purpose of insurance, location or dispersion of hazard, or any other  
33 reasonable considerations, provided such classifications and modifications shall be applicable  
34 to the fullest practicable extent to all risks under the same or substantially the same  
35 circumstances or conditions. Classification rates may also be modified to produce rates for  
36 individual or special risks which are not susceptible to measurement by any established  
37 standards.

38 (7) Except to the extent necessary to meet the provisions of subdivision (1) of this  
39 section, uniformity among insurers in any matters within the scope of this section is not required.

40 **(8) Any rate, rating schedule, rating system, or rating plan may return or refund**  
41 **a portion of its expense savings to the insured if the insured makes no reportable claim**  
42 **under specified coverages within a prescribed period of time established by the insurer,**  
43 **regardless of whether such claim is due to the fault of the insured. Such return of savings**  
44 **may be represented as a predetermined portion of the premium, and shall not constitute**  
45 **a rebate or an unfair trade practice under sections 375.930 to 375.948.**

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