

SECOND REGULAR SESSION

# HOUSE BILL NO. 2386

98TH GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE COLONA.

6090H.011

D. ADAM CRUMBLISS, Chief Clerk

---

## AN ACT

To repeal sections 375.004 and 379.118, RSMo, and to enact in lieu thereof two new sections relating to notice from an insurer of a policy renewal.

---

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

Section A. Sections 375.004 and 379.118, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 375.004 and 379.118, to read as follows:

375.004. 1. No insurer shall refuse to renew a policy unless the insurer or its agent mails or delivers to the named insured, at the address shown in the policy, at least thirty days' advance notice of its intention not to renew. The notice shall state the insurer's actual reason for proposing the action, the statement of reason to be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision without further inquiry. Generalized terms such as "personal habits", "living conditions", or "poor morals" shall not suffice to meet the requirements of this subsection. The notice shall also state that the insured may be eligible for insurance through the Missouri basic property insurance inspection and placement program. This section shall not apply:

- (1) If the insurer has manifested its willingness to renew; or
  - (2) In case of nonpayment of premium; or
  - (3) If the named insured has indicated he **or she** does not wish to have the policy renewed; or
  - (4) If the insured fails to pay any advance premium required by the insurer for renewal.
2. Renewal of a policy shall not constitute a waiver or estoppel with respect to grounds for cancellation which existed before the effective date of the renewal.

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           **3. (1) An insurer shall send an insured written notice of policy renewal at least**  
18 **thirty days prior to the effective date of the new policy. This notice shall be sent in**  
19 **accordance with section 375.005 or 379.011.**

20           **(2) If an insurer will renew a policy only in less favorable terms to the insured or**  
21 **at a higher premium rate, a change in deductible, or a reduction in limits or coverage, a**  
22 **notice entitled "renewal notification" shall be mailed or delivered by the insurer at least**  
23 **thirty days prior to the expiration date of the current policy. This notice shall be sent by**  
24 **first class mail at the address shown in the policy or delivered in accordance with section**  
25 **379.011, and shall contain the insured's name, the property covered, the total premium**  
26 **amount, and the effective date of the new policy. This notice shall also be mailed or**  
27 **delivered to the producer of record. If the insurer fails to provide the notice required**  
28 **under this subdivision, the premium, deductible, limits, and coverage provided to the**  
29 **named insured prior to the change in policy shall remain in effect until thirty days after**  
30 **the notice is given or until replacement coverage is obtained.**

31           **(3) Any delivery of a renewal notice by electronic means shall not constitute notice**  
32 **of cancellation of a policy even if such notice is included with the renewal notice.**

          379.118. 1. If any insurer proposes to cancel or to refuse to renew a policy of automobile  
2 insurance delivered or issued for delivery in this state except at the request of the named insured  
3 or for nonpayment of premium, it shall, on or before thirty days prior to the proposed effective  
4 date of the action, send written notice of its intended action to the named insured at his last  
5 known address. Notice shall be sent by United States Postal Service certificate of mailing, first  
6 class mail using Intelligent Mail barcode (IMb), or another mail tracking method used, approved,  
7 or accepted by the United States Postal Service. Where cancellation is for nonpayment of  
8 premium at least ten days' notice of cancellation shall be given and such notice shall contain the  
9 following notice or substantially similar in bold conspicuous type: "THIS POLICY IS  
10 CANCELLED EFFECTIVE AT THE DATE AND TIME INDICATED IN THIS NOTICE.  
11 THIS IS THE FINAL NOTICE OF CANCELLATION WE WILL SEND PRIOR TO THE  
12 EFFECTIVE DATE AND TIME OF CANCELLATION INDICATED IN THIS NOTICE.". The  
13 notice shall state:

14           (1) The action taken;

15           (2) The effective date of the action;

16           (3) The insurer's actual reason for taking such action, the statement of reason to be  
17 sufficiently clear and specific so that a person of average intelligence can identify the basis for  
18 the insurer's decision without further inquiry. Generalized terms such as "personal habits",  
19 "living conditions", "poor morals", or "violation or accident record" shall not suffice to meet the  
20 requirements of this subdivision;

21 (4) That the insured may be eligible for insurance through the assigned risk plan if his  
22 insurance is to be cancelled.

23 2. Issuance of a notice of cancellation under subsection 1 of this section constitutes a  
24 present and unequivocal act of cancellation of the policy.

25 3. An insurer may reinstate a policy cancelled under subsection 1 of this section at any  
26 time after the notice of cancellation is issued if the reason for the cancellation is remedied. An  
27 insurer may send communications to the insured, including but not limited to billing notices for  
28 past due premium, offers to reinstate the policy if past due premium is paid, notices confirming  
29 cancellation of the policy, or billing notices for payment of earned but unpaid premium. The fact  
30 that a policy may be so reinstated or any such communication may be made does not invalidate  
31 or void any cancellation effectuated under subsection 1 of this section or defeat the present and  
32 unequivocal nature of acts of cancellation as described under subsection 2 of this section.

33 4. **(1)** An insurer shall send an insured written notice of an automobile policy renewal  
34 at least [fifteen] **thirty** days prior to the effective date of the new policy. The notice shall be sent  
35 by first class mail or may be sent [electronically if requested by the policyholder] **in accordance**  
36 **with section 379.011.**

37 **(2) If an insurer will renew an automobile policy only in less favorable terms to the**  
38 **insured or at a higher premium rate, a change in deductible, or reduction in limits or**  
39 **coverage, a notice entitled "renewal notification" shall be mailed or delivered by the**  
40 **insurer at least thirty days prior to the expiration date of the current policy. This notice**  
41 **shall be sent by first class mail at the address shown in the policy or delivered in**  
42 **accordance with section 379.011,** and shall contain the insured's name, the vehicle covered, the  
43 total premium amount, and the effective date of the new policy. [ Any request for electronic  
44 delivery of renewal notices shall be designated on the application form signed by the applicant,  
45 made in writing by the policyholder, or made in accordance with sections 432.200 to 432.295.  
46 The insurer shall comply with any subsequent request by a policyholder to rescind authorization  
47 for electronic delivery and to elect to receive renewal notices by first class mail.] **This notice**  
48 **shall also be mailed or delivered to the producer of record. If the insurer fails to provide**  
49 **the notice required under this subdivision, the premium, deductible, limits, and coverage**  
50 **provided to the named insured prior to the change in policy shall remain in effect until**  
51 **thirty days after the notice is given or until replacement coverage is obtained.**

52 **(3)** Any delivery of a renewal notice by electronic means shall not constitute notice of  
53 cancellation of a policy even if such notice is included with the renewal notice.

✓