

FIRST REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
SENATE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 132

96TH GENERAL ASSEMBLY  
2011

0896L.07T

---

---

## AN ACT

To repeal sections 375.916, 384.015, 384.017, 384.021, 384.043, 384.051, 384.057, 384.061, 385.200, 385.206, and 385.208, RSMo, and to enact in lieu thereof twenty-seven new sections relating to certain specialty lines insurance contracts, with penalty provisions, an emergency clause for certain sections, and an effective date for certain sections.

---

---

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

Section A. Sections 375.916, 384.015, 384.017, 384.021, 384.043, 384.051, 384.057, 384.061, 385.200, 385.206, and 385.208, RSMo, are repealed and twenty-seven new sections enacted in lieu thereof, to be known as sections 44.114, 375.916, 379.1500, 379.1505, 379.1510, 379.1515, 379.1520, 379.1525, 379.1530, 379.1535, 379.1540, 379.1545, 379.1550, 384.015, 384.017, 384.021, 384.043, 384.051, 384.057, 384.061, 385.200, 385.205, 385.206, 385.207, 385.208, 385.209, and 385.211, to read as follows:

**44.114. Except as otherwise provided in this section, at the time of any emergency, catastrophe or other life or property threatening event which jeopardizes the ability of an insurer to address the financial needs of its insureds or the public, no political subdivision shall impose restrictions or enforce local licensing or registration ordinances with respect to such insurer's claims handling operations. As used in this section, the term "claims handling operations" includes but is not limited to the establishment of a base of operations by an insurer within the disaster area and the investigation and handling of**

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

10 **claims by personnel authorized by any such insurer. Nothing herein**  
11 **shall prohibit a political subdivision from performing any safety**  
12 **inspection authorized by local ordinance of the premises of the**  
13 **insurer's base of operations within the disaster area.**

375.916. 1. When by the laws of any other state or foreign country any  
2 premium or income or other taxes, or any fees, fines, penalties, licenses, deposit  
3 requirements or other obligations, prohibitions or restrictions are imposed upon  
4 Missouri insurance companies or carriers doing business, or that might seek to  
5 do business, in the other state or country, which in the aggregate are in excess  
6 of the taxes, fees, fines, penalties, licenses, deposit requirements or other  
7 obligations, prohibitions or restrictions directly imposed upon insurance  
8 companies of the other state or foreign country under the statutes of this state,  
9 so long as the laws continue in force, the same obligations, prohibitions, and  
10 restrictions of whatever kind shall be imposed upon insurance companies or  
11 carriers of the other state or foreign country doing business in Missouri. Any tax,  
12 license or other obligation imposed by any city, county or other political  
13 subdivision of a state or foreign country on Missouri insurance companies or  
14 carriers shall be deemed to be imposed by the state or foreign country within the  
15 meaning of this section, and the director of the department of insurance, financial  
16 institutions and professional registration for the purpose of this section shall  
17 compute the burden of the tax, license or other obligations on an aggregate  
18 statewide or foreign-countrywide basis as an addition to the tax and other  
19 charges payable by similar Missouri insurance companies or carriers in the state  
20 or foreign country. The provisions of this section shall not apply to ad valorem  
21 taxes on real or personal property, personal income taxes or to assessments on or  
22 credits to insurers for the payment of claims of policyholders of insolvent  
23 insurers. **An insurance company claiming a state premium tax credit or**  
24 **deduction shall not be required to pay any additional retaliatory tax**  
25 **levied pursuant to this section as a result of claiming such credit or**  
26 **deduction.**

27 2. All licenses, fees, taxes, fines or penalties collectible under this section  
28 shall be paid to the director of revenue. The payment and assessment of  
29 retaliatory tax shall be made on an estimated quarterly basis in the same manner  
30 as premium insurance tax as provided in sections 148.310 to 148.461.

31 **3. Effective January 1, 2012, notwithstanding any other provision**  
32 **of law to the contrary, operating assessments based upon workers**  
33 **compensation paid losses that are imposed upon an insurance company**  
34 **by the laws of its state or foreign country of domicile shall not be**

35 considered any premium or income or other taxes or any fees, fines,  
36 penalties, licenses, deposit requirements or other obligations,  
37 prohibitions or restrictions, provided that with respect to the tax year  
38 in question the insurance company has its principal place of business  
39 within this state and receives more than three million dollars of direct  
40 insurance premiums on account of business done in this state.

379.1500. As used in sections 379.1500 to 379.1550, the following  
2 terms shall mean:

3 (1) "Director", the director of the department of insurance,  
4 financial institutions and professional registration;

5 (2) "Insurance company" or "insurer", any person, reciprocal  
6 exchange, interinsurer, or any other legal entity licensed and  
7 authorized by the director to write inland marine coverage;

8 (3) "Insurance producer" or "producer", a person required to be  
9 licensed under the laws of this state to sell, solicit, or negotiate  
10 insurance;

11 (4) "License", the same meaning as such term is defined in section  
12 375.012;

13 (5) "Location", any physical location in this state or any website,  
14 call center site, or similar location directed to residents of this state;

15 (6) "Person", an individual or business entity;

16 (7) "Portable electronics", electronic devices that are portable in  
17 nature, their accessories, and services related to the use of the  
18 device. Portable electronics does not include telecommunication and  
19 cellular equipment used by a telecommunication company to provide  
20 telecommunication service to consumers;

21 (8) "Portable electronics insurance", an insurance policy issued  
22 by an insurer which may be offered on a month-to-month or other  
23 periodic basis as a group or master commercial inland marine policy  
24 issued to a vendor of portable electronics under which individual  
25 customers may elect to enroll for coverage for the repair or  
26 replacement of portable electronics which may cover portable  
27 electronics against any one or more of the following causes of loss:  
28 loss, theft, mechanical failure, malfunction, damage, or other applicable  
29 perils, but does not include:

30 (a) A service contract governed by sections 385.300 to 385.321;

31 (b) A policy of insurance covering a seller's or manufacturer's  
32 obligations under a warranty; or

33 (c) A homeowner's, renter's, private passenger automobile,  
34 commercial multiperil, similar policy, or endorsement to such policy  
35 that covers any portable electronics;

36 (9) "Portable electronics insurance license", a license to sell or  
37 solicit portable electronics insurance;

38 (10) "Portable electronics transaction", the sale or lease of  
39 portable electronics by a vendor to a customer or the sale of a service  
40 related to the use of portable electronics by a vendor to a customer;

41 (11) "Negotiate", the same meaning as such term is defined in  
42 section 375.012;

43 (12) "Sell", the same meaning as such term is defined in section  
44 375.012;

45 (13) "Solicit", the same meaning as such term is defined in section  
46 375.012;

47 (14) "Supervising business entity", the insurer or a licensed  
48 business entity producer designated by the insurer to supervise the  
49 actions of a vendor;

50 (15) "Vendor", a person in the business of engaging in portable  
51 electronics transactions directly or indirectly.

379.1505. 1. No vendor shall sell or solicit portable electronics  
2 insurance coverage in this state unless such vendor has obtained a  
3 portable electronics insurance license.

4 2. A vendor applying for a portable electronics insurance license  
5 shall make application to the director on the prescribed form as  
6 required. On the prescribed form, the vendor shall be required to  
7 provide the name for an employee or officer of the vendor that is  
8 designated by the vendor as the person responsible for the vendor's  
9 compliance with the requirements of this section and such designated  
10 responsible person shall not be required to hold an insurance producer  
11 license. Such license shall authorize an employee or authorized  
12 representative of a vendor to sell or offer coverage under a policy of  
13 portable electronics insurance to a customer at each location at which  
14 the vendor engages in a portable electronics transaction.

15 3. Any vendor licensed under sections 379.1500 to 379.1550 shall  
16 pay an initial license fee to the director in an amount prescribed by the  
17 director by rule, but not to exceed one thousand dollars, and shall pay  
18 a renewal fee in an amount prescribed by the director by rule, but not  
19 to exceed five hundred dollars. License fees shall be deposited in the

20 insurance dedicated fund.

21 4. Notwithstanding any provision of sections 375.012 to 375.018,  
22 a portable electronics insurance license, if not renewed by the director  
23 by its expiration date, shall terminate on its expiration date and shall  
24 not after such date authorize its holder to sell or solicit any portable  
25 electronics insurance under sections 379.1500 to 379.1550.

379.1510. 1. A vendor shall have the obligation to ensure that  
2 every location that is authorized to sell, solicit, or negotiate portable  
3 electronics insurance to customers shall have specific brochures and  
4 actual policies or certificates of coverage available to prospective  
5 customers which:

6 (1) Disclose that portable electronics insurance may provide a  
7 duplication of coverage already provided by a customer's homeowner's,  
8 renter's, or other source of coverage, and that the portable electronics  
9 insurance coverage is primary over any other collateral coverage;

10 (2) State that the enrollment by the customer in a portable  
11 electronics insurance program is not required in order to purchase or  
12 lease portable electronics or services;

13 (3) Summarize the material terms of the insurance coverage,  
14 including:

15 (a) The identity of the insurer;

16 (b) The identity of the supervising business entity;

17 (c) The amount of any applicable deductible and how it is to be  
18 paid;

19 (d) Benefits of the coverage; and

20 (e) Key terms and conditions of coverage, such as whether  
21 portable electronics may be repaired or replaced with similar make and  
22 model reconditioned or nonoriginal manufacturer parts or equipment;

23 (4) Summarize the process for filing a claim, including any  
24 requirement to return portable electronics and the maximum fee  
25 applicable in the event the customer fails to comply with any  
26 equipment return requirements; and

27 (5) State that the customer may cancel enrollment for coverage  
28 under a portable electronics insurance policy at any time and receive  
29 a refund of any unearned premium on a pro rata basis.

30 2. Eligibility and underwriting standards for customers electing  
31 to enroll in coverage shall be established for each portable electronics  
32 insurance program. Each insurer shall maintain all eligibility and

33 underwriting records for a period of five years. Portable electronics  
34 insurance issued under sections 379.1500 to 379.1550 shall be deemed  
35 primary coverage over any other collateral coverage.

36 3. Insurers offering portable electronics insurance coverage  
37 through vendors shall appoint a supervising business entity to  
38 supervise the administration of the program. The supervising business  
39 entity shall be responsible for the development of a training program  
40 for employees and authorized representatives of a vendor, and shall  
41 include basic instruction about the portable electronics insurance  
42 offered to customers and the disclosures required under this section.

43 4. Insurers and applicable supervising business entities offering  
44 portable electronics insurance shall share all complaint, grievance, or  
45 inquiries regarding any conduct that is specific to a vendor and that  
46 may not comply with applicable state laws and regulations.

47 5. A supervising business entity shall maintain a registry of  
48 vendor locations which are authorized to sell or solicit portable  
49 electronics insurance coverage in this state. Upon request by the  
50 director and with ten days' notice to the supervising business entity,  
51 the registry shall be open to inspection and examination by the director  
52 during regular business hours of the supervising business entity.

53 6. Within thirty days of a supervising business entity terminating  
54 a vendor location's appointment to sell or solicit portable electronics  
55 insurance, the supervising business entity shall update the registry  
56 with the effective date of termination. If a supervising business entity  
57 has possession of information relating to any cause for discipline under  
58 section 375.141, the supervising business entity shall notify the director  
59 of such information in writing. The privileges and immunities  
60 applicable to insurers under section 375.022 shall apply to supervising  
61 business entities for any information reported under this subsection.

62 7. The supervising business entity shall not charge a fee for  
63 adding or removing a vendor location from the registry.

64 8. No employee or authorized representative of a vendor shall  
65 advertise, represent, or otherwise hold himself or herself out as an  
66 insurance producer, unless such employee or authorized representative  
67 is otherwise licensed as an insurance producer.

68 9. The training required in subsection 3 of this section shall be  
69 delivered to all employees and authorized representatives of the  
70 vendors who are directly engaged in the activity of selling portable

71 electronics insurance in this state. The training may be provided in  
72 electronic form. However, if conducted in an electronic form, the  
73 supervising business entity shall implement a supplemental education  
74 program regarding the portable electronics insurance product that is  
75 conducted and overseen by licensed employees of the supervising  
76 business entity.

77       10. The charges for portable electronics insurance coverage may  
78 be billed and collected by the vendor. Any charge to the customer that  
79 is not included in the cost associated with the purchase or lease of  
80 portable electronics or related services shall be separately itemized on  
81 the customer's bill. If the portable electronics insurance is included in  
82 the purchase or lease of portable electronics or related services, the  
83 vendor shall clearly and conspicuously disclose to the customer that  
84 the portable electronics insurance coverage is included with the  
85 portable electronics or related services. Vendors billing and collecting  
86 such charges shall not be required to maintain such funds in a  
87 segregated account, provided that the insurer authorized the vendor to  
88 hold such funds in an alternative manner and remits such amounts to  
89 the supervising business entity within forty-five days of receipt. All  
90 funds received by a vendor from a customer for the sale of portable  
91 electronics insurance shall be considered funds held in trust by the  
92 vendor in a fiduciary capacity for the benefit of the insurer. Vendors  
93 shall maintain all records related to the purchase of portable  
94 electronics insurance for a period of three years from the date of  
95 purchase.

      379.1515. Persons licensed as vendors shall be subject to the  
2 provisions of sections 375.012 to 375.014, 375.018, 375.031, 375.046,  
3 375.051, 375.052, 375.071, 375.106, 375.116, 375.141, and 375.144 of the  
4 insurance producers act.

      379.1520. 1. The director may suspend, revoke, refuse to issue,  
2 or refuse to issue any license or renew any license required by the  
3 provisions of sections 379.1500 to 379.1550 for any reason listed in  
4 section 375.141 or for any one or more of the following causes:

5       (1) Use of any advertisement or solicitation that is false,  
6 misleading, or deceptive to the general public or persons to whom the  
7 advertisement or solicitation is primarily directed;

8       (2) Obtaining or attempting to obtain any fee, charge, tuition, or  
9 other compensation by fraud, deception, or misrepresentation;

10           **(3) Violation of any professional trust or confidence.**

11           **2. The director may impose other penalties that the director**  
12 **deems necessary and reasonable to carry out the purposes of sections**  
13 **379.1500 to 379.1550, including:**

14           **(1) Suspending the privilege of transacting portable electronics**  
15 **insurance under sections 379.1500 to 379.1550 at specific locations**  
16 **where violations have occurred; and**

17           **(2) Suspending or revoking the ability of individual employees**  
18 **or authorized representatives to act under the license.**

**379.1525. Vendors shall be subject to the investigation and**  
2 **examination provisions of section 374.190.**

**379.1530. Premiums received by a vendor or supervising business**  
2 **entity shall be deemed received by the insurer. Insurers may require**  
3 **consumers to provide proof of purchase.**

**379.1535. If the director determines that a person has engaged,**  
2 **is engaging in, or has taken a substantial step toward engaging in an**  
3 **act, practice, or course of business constituting a violation of sections**  
4 **379.1500 to 379.1550 or rule adopted or order issued thereunder, or that**  
5 **a person has materially aided or is materially aiding an act, practice,**  
6 **omission, or course of business constituting a violation of sections**  
7 **379.1500 to 379.1550, or a rule adopted or order issued thereunder, the**  
8 **director may:**

9           **(1) Issue such administrative orders as authorized under section**  
10 **374.046; or**

11           **(2) Maintain a civil action for relief authorized under section**  
12 **374.048.**

13 **A violation of sections 379.1500 to 379.1550 or rule adopted or order**  
14 **issued thereunder is a level two violation under section 374.049.**

**379.1540. The license of a supervising business entity may be**  
2 **suspended, revoked, renewal refused, or an application refused if the**  
3 **director finds that a violation by a portable electronics insurance**  
4 **vendor was known or should have been known by the supervising**  
5 **business entity and the violation was neither reported to the director**  
6 **nor correction action taken. A violation of this section is a level three**  
7 **violation under section 374.049.**

**379.1545. Notwithstanding any other provision of law:**

2           **(1) An insurer may terminate or otherwise change the terms and**  
3 **conditions of a policy of portable electronics insurance only upon**



4 providing the policyholder and enrolled customers with at least thirty  
5 days' notice;

6 (2) If the insurer changes the terms and conditions of a policy of  
7 portable electronics insurance, the insurer shall provide the vendor  
8 and any policyholders with a revised policy or endorsement and each  
9 enrolled customer with a revised certificate, endorsement, updated  
10 brochure, or other evidence indicating a change in the terms and  
11 conditions has occurred and a summary of material changes;

12 (3) Notwithstanding subdivision (1) of this section, an insurer  
13 may terminate an enrolled customer's enrollment under a portable  
14 electronics insurance policy upon fifteen days' notice for discovery of  
15 fraud or material misrepresentation in obtaining coverage or in the  
16 presentation of a claim thereunder;

17 (4) Notwithstanding subdivision (1) of this section, an insurer  
18 may immediately terminate an enrolled customer's enrollment under a  
19 portable electronics insurance policy:

20 (a) For nonpayment of premium;

21 (b) If the enrolled customer ceases to have an active service with  
22 the vendor of portable electronics; or

23 (c) If an enrolled customer exhausts the aggregate limit of  
24 liability, if any, under the terms of the portable electronics insurance  
25 policy and the insurer sends notice of termination to the customer  
26 within thirty calendar days after exhaustion of the limit. However, if  
27 the notice is not timely sent, enrollment and coverage shall continue  
28 notwithstanding the aggregate limit of liability until the insurer sends  
29 notice of termination to the enrolled customer;

30 (5) Where a portable electronics insurance policy is terminated  
31 by a policyholder, the policyholder shall mail or deliver written notice  
32 to each enrolled customer advising the customer of the termination of  
33 the policy and the effective date of termination. The written notice  
34 shall be mailed or delivered to the customer at least thirty days prior  
35 to the termination;

36 (6) Whenever notice is required under this section, it shall be in  
37 writing and may be mailed or delivered to the vendor at the vendor's  
38 mailing address and to its affected enrolled customers' last known  
39 mailing addresses on file with the insurer. If notice is mailed, the  
40 insurer or vendor, as the case may be, shall maintain proof of mailing  
41 in a form authorized or accepted by the U.S. Postal Service or other

42 **commercial mail delivery service. Alternatively, an insurer or vendor**  
43 **policyholder may comply with any notice required by this section by**  
44 **providing electronic notice to a vendor or its affected enrolled**  
45 **customers, as the case may be, by electronic means. Additionally, if an**  
46 **insurer or vendor policyholder provides electronic notice to an affected**  
47 **enrolled customer and such delivery by electronic means is not**  
48 **available or is undeliverable, the insurer or vendor policyholder shall**  
49 **provide written notice to the enrolled customer by mail in accordance**  
50 **with this section. If notice is accomplished through electronic means,**  
51 **the insurer or vendor of portable electronics, as the case may be, shall**  
52 **maintain proof that the notice was sent.**

379.1550. 1. The director may promulgate rules to implement the  
2 provisions of sections 379.1500 to 379.1550. Any rule or portion of a  
3 rule, as that term is defined in section 536.010, that is created under  
4 the authority delegated in sections 379.1500 to 379.1550 shall become  
5 effective only if it complies with and is subject to all of the provisions  
6 of chapter 536 and, if applicable, section 536.028. Sections 379.1500 to  
7 379.1550 and chapter 536 are nonseverable and if any of the powers  
8 vested with the general assembly pursuant to chapter 536 to review, to  
9 delay the effective date, or to disapprove and annul a rule are  
10 subsequently held unconstitutional, then the grant of rulemaking  
11 authority and any rule proposed or adopted after August 28, 2011, shall  
12 be invalid and void.

13 2. The provisions of sections 379.1500 to 379.1550 shall become  
14 effective January 1, 2012.

384.015. As used in sections 384.011 to 384.071, the following terms  
2 shall mean:

3 (1) "Admitted insurer" [means], an insurer licensed to do an insurance  
4 business in this state;

5 (2) "Capital" [means], funds paid in for stock or other evidence of  
6 ownership;

7 (3) "Director" [means], the director of the department of insurance,  
8 financial institutions and professional registration;

9 (4) "Eligible surplus lines insurer" [means], a nonadmitted insurer with  
10 which a surplus lines licensee may place surplus lines insurance;

11 (5) "Exempt commercial purchaser", any person purchasing  
12 commercial insurance that, at the time of placement, meets the  
13 following requirements:

14           **(a) The person employs or retains a qualified risk manager to**  
15 **negotiate insurance coverage;**

16           **(b) The person has paid aggregate nationwide commercial**  
17 **property and casualty insurance premiums in excess of one hundred**  
18 **thousand dollars in the immediately preceding twelve months; and**

19           **(c) a. The person meets at least one of the following criteria:**

20           **i. The person possesses a net worth in excess of twenty million**  
21 **dollars, as such amount is adjusted under subparagraph b. of this**  
22 **paragraph;**

23           **ii. The person generates annual revenues in excess of fifty**  
24 **million dollars, as such amount is adjusted under subparagraph b. of**  
25 **this paragraph;**

26           **iii. The person employs more than five hundred full-time or full-**  
27 **time equivalent employees per individual insured or is a member of an**  
28 **affiliated group employing more than one thousand employees in the**  
29 **aggregate;**

30           **iv. The person is a not-for-profit organization or public entity**  
31 **generating annual budgeted expenditures of at least thirty million**  
32 **dollars, as such amount is adjusted under subparagraph b. of this**  
33 **paragraph; or**

34           **v. The person is a municipality with a population in excess of**  
35 **fifty thousand persons.**

36           **b. Effective on the fifth January first occurring after the date of**  
37 **the enactment of United States Public Law 111-203 and each fifth**  
38 **January first occurring thereafter, the amounts in items i, ii, and iv of**  
39 **subparagraph a. of this paragraph shall be adjusted to reflect the**  
40 **percentage change for such five-year period in the consumer price**  
41 **index for all urban consumers published by the United States Bureau**  
42 **of Labor Statistic of the Department of Labor;**

43           **(6) "Export" [means], to place surplus lines insurance with a nonadmitted**  
44 **insurer;**

45           **(7) "Home state":**

46           **(a) Except as provided in paragraph (b) of this subdivision, the**  
47 **term "home state" means, with respect to an insured:**

48           **a. The state in which an insured maintains its principal place of**  
49 **business or, in the case of an individual, the individual's principal**  
50 **residence; or**

51           **b. If one hundred percent of the insured risk is located out of the**

52 state referred to in subparagraph a. of this paragraph, the state to  
53 which the greatest percentage of the insured's taxable premium for that  
54 insurance contract is allocated;

55 (b) If more than one insured from an affiliated group are named  
56 insureds on a single nonadmitted insurance contract, the term "home  
57 state" means the home state, as determined under paragraph (a) of this  
58 subdivision, of the member of the affiliated group that has the largest  
59 percentage of premium attributed to it under such insurance contract;

60 (c) The principal place of business is the state where the insured  
61 maintains its headquarters and where the insured's high-level officers  
62 direct, control and coordinate the business activities of the insured;

63 [(6)] (8) "Kind of insurance" [means], one of the types of insurance  
64 required to be reported in the annual statement which must be filed with the  
65 director by admitted insurers;

66 (9) "Nonadmitted insurance", any property and casualty  
67 insurance permitted to be placed directly or through a surplus lines  
68 licensee with a nonadmitted insurer eligible to accept such insurance;

69 [(7)] (10) "Nonadmitted insurer" [means], an insurer not licensed to do  
70 an insurance business in this state, including insurance exchanges authorized  
71 under the laws of other states;

72 [(8)] (11) "Producing broker" [means], the individual broker or agent  
73 dealing directly with the party seeking insurance;

74 (12) "Qualified risk manager", shall have the same meaning  
75 prescribed in the Nonadmitted and Reinsurance Reform Act of 2010 (15  
76 U.S.C. Section 8206);

77 [(9)] (13) "Surplus" [means], funds over and above liabilities and capital  
78 of the company for the protection of policyholders;

79 [(10)] (14) "Surplus lines insurance" [means], any insurance of risks  
80 resident, located or to be performed in this state, permitted to be placed through  
81 a surplus lines licensee with a nonadmitted insurer eligible to accept such  
82 insurance, other than reinsurance, [wet marine and transportation insurance  
83 independently procured,] and life and health insurance and annuities;

84 [(11)] (15) "Surplus lines licensee" [means], a person licensed to place  
85 insurance on risks resident, located or to be performed in this state with  
86 nonadmitted insurers eligible to accept such insurance;

87 [(12)] (16) "Wet marine and transportation insurance" [means]:

88 (a) Insurance upon vessels, crafts, hulls and of interests therein or with  
89 relation thereto;

90 (b) Insurance of marine builder's risks, marine war risks and contracts of  
91 marine protection and indemnity insurance;

92 (c) Insurance of freights and disbursements pertaining to a subject of  
93 insurance coming within this section; and

94 (d) Insurance of personal property and interests therein, in the course of  
95 exportation from or importation into any country, or in the course of  
96 transportation coastwise or on inland waters, including transportation by land,  
97 water or air from point of origin to final destination, in connection with any and  
98 all risks or periods of navigation, transit or transportation, and while being  
99 prepared for and while awaiting shipment, and during any delays, transshipment,  
100 or reshipment incident thereto.

384.017. **Surplus lines** insurance may be [procured through] **placed by**  
2 a surplus lines licensee [from nonadmitted insurers] if:

3 (1) Each insurer is an eligible surplus lines insurer;

4 (2) **Each insurer is authorized to write the type of insurance in**  
5 **its domiciliary jurisdiction;**

6 (3) The full amount or kind of insurance is not obtainable from admitted  
7 insurers who are actually transacting in this state the class of insurance required  
8 by the insured. Insurance shall be deemed "obtainable" within the meaning of  
9 this section if there is available a market with admitted insurers that can supply  
10 the insured's requirements both as to type of coverage and as to quality of  
11 service. "Type of coverage", as used in this section, refers to hazards covered and  
12 limits of coverage. "Quality of security and service", as used in this section, refers  
13 to the rating by a recognized financial service; and

14 [(3)] (4) All other requirements of sections 384.011 to 384.071 are met.

384.021. [No] 1. A surplus lines licensee shall **not** place [any] coverage  
2 with a nonadmitted insurer, unless, at the time of placement, [such nonadmitted  
3 insurer] **the surplus lines licensee has determined that the nonadmitted**  
4 **insurer:**

5 (1) [Has established satisfactory evidence of good repute and financial  
6 integrity;

7 (2) Qualified under one of the following paragraphs:

8 (a)] Has capital and surplus or its equivalent under the laws of its  
9 domiciliary jurisdiction, which equals [this state's] **the greater of the** minimum  
10 capital and surplus requirements under the laws of this state [as defined in  
11 sections 379.010 and 379.080; or

12 (b) In the case of Lloyd's or other similar groups including incorporated  
13 and individual unincorporated underwriters, the incorporated members of which

14 shall not be engaged in any business other than underwriting as a member of the  
15 group and shall be subject to the same level of solvency regulation and control by  
16 the group's domiciliary regulator as are the unincorporated members, maintains  
17 a trust fund of not less than fifty million dollars as security to the full amount  
18 thereof for all policyholders and creditors in the United States of each member  
19 of the group, and such trust shall likewise comply with the terms and conditions  
20 established in subdivision (1) of this section for alien insurers; and

21 (c) In the case of an "insurance exchange" created by the laws of  
22 individual states, maintain capital and surplus, or the substantial equivalent  
23 thereof, of not less than fifteen million dollars in the aggregate. For insurance  
24 exchanges which maintain funds for the protection of all insurance exchange  
25 policyholders, each individual syndicate shall maintain minimum capital and  
26 surplus, or the substantial equivalent thereof, of not less than one million five  
27 hundred thousand dollars. In the event the insurance exchange does not  
28 maintain funds for the protection of all insurance exchange policyholders, each  
29 individual syndicate shall meet the minimum capital and surplus requirements  
30 of paragraph (a) of this subdivision;

31 (3) Has caused to be provided to the director a copy of its current annual  
32 statement certified by such insurer, such statement to be provided no more than  
33 six months after the close of the period reported upon and which is either:

34 (a) Filed with and approved by the regulatory authority in the domicile  
35 of the nonadmitted insurer; or

36 (b) Certified by an accounting or auditing firm licensed in the jurisdiction  
37 of the insurer's domicile; or

38 (c) In the case of an insurance exchange, the statement may be an  
39 aggregate combined statement of all underwriting syndicates operating during the  
40 period reported;

41 (4) In addition to meeting the requirements in subdivisions (1) to (3) of  
42 this section, an insurer shall be an eligible surplus lines insurer if it] **or fifteen**  
43 **million dollars, except that the requirements of this subdivision may be**  
44 **satisfied by an insurer's possessing less than the minimum capital and**  
45 **surplus upon an affirmative finding of acceptability by the director**  
46 **provided that the finding shall be based upon such factors as quality**  
47 **of management, capital and surplus of any parent company, company**  
48 **underwriting profit and investment income trends, market availability**  
49 **and company record and reputation within the industry, and in no**  
50 **event shall the director make an affirmative finding of acceptability**  
51 **when the nonadmitted insurer's capital and surplus is less than four**

52 **million five hundred thousand dollars; and**

53 **(2) Appears on the most recent list of eligible surplus lines insurers**  
54 **published by the director from time to time but at least semiannually[. The**  
55 **director shall be required to place and maintain the name of any nonadmitted**  
56 **insurer which is eligible and which makes a request to be on the list of eligible**  
57 **surplus lines insurers] or on the most recent quarterly listing of alien**  
58 **insurers maintained by the international insurers department of the**  
59 **National Association of Insurance Commissioners.**

60 **2. Notwithstanding any other provision of this chapter or rules**  
61 **adopted to implement the provisions of this chapter, a surplus lines**  
62 **licensee seeking to procure or place nonadmitted insurance in Missouri**  
63 **for an exempt commercial purchaser shall not be required to satisfy**  
64 **any requirement to make a due diligence search to determine whether**  
65 **the full amount or type of insurance sought by such exempt commercial**  
66 **purchaser can be obtained from nonadmitted insurers if:**

67 **(1) The surplus lines licensee procuring or placing the surplus**  
68 **lines insurance has disclosed to the exempt commercial purchaser that**  
69 **such insurance may or may not be available from the admitted market**  
70 **that may provide greater protection with more regulatory oversight;**  
71 **and**

72 **(2) The exempt commercial purchaser has subsequently**  
73 **requested in writing the surplus lines licensee to procure or place such**  
74 **insurance from a nonadmitted insurer.**

384.043. 1. No insurance producer shall procure any contract of surplus  
2 lines insurance with any nonadmitted insurer, unless he possesses a current  
3 surplus lines insurance license issued by the director.

4 2. The director shall issue a surplus lines license to any qualified holder  
5 of a current resident or nonresident property and casualty insurance producer  
6 license but only when the licensee has:

7 (1) Remitted the one hundred dollar initial fee to the director;

8 (2) Submitted a completed license application on a form supplied by the  
9 director; and

10 (3) Passed a qualifying examination approved by the director, except that  
11 all holders of a license prior to July 1, 1987, shall be deemed to have passed such  
12 an examination.

13 3. Each surplus lines license shall be renewed for a term of two years on  
14 the biennial anniversary date of issuance and continue in effect until refused,  
15 revoked or suspended by the director in accordance with section 384.065; except

16 that if the biennial renewal fee for the license is not paid on or before the  
17 anniversary date, the license terminates. The biennial renewal fee is one  
18 hundred dollars.

19 **4. Beginning on or before July 1, 2012, the director shall**  
20 **participate in the national insurance producer database of the National**  
21 **Association of Insurance Commissioners, or any other equivalent**  
22 **uniform national database, for the licensure of surplus lines licensees**  
23 **and the renewal of such licenses.**

24 **5. Notwithstanding any other provision of this chapter, a person**  
25 **selling, soliciting, or negotiating nonadmitted insurance with respect**  
26 **to an insured shall be required to obtain or possess a current surplus**  
27 **lines insurance license issued by the director only if this state is such**  
28 **insured's home state.**

384.051. 1. Every insured [in] **whose home state is** this state who  
2 procures or causes to be procured or continues or renews insurance in any surplus  
3 lines insurer, or any self-insurer [in] **whose home state is** this state who so  
4 procures or continues with, any surplus lines insurer, excess of loss, catastrophe  
5 or other insurance, [upon a subject of insurance resident, located or to be  
6 performed within this state,] other than insurance procured through a surplus  
7 lines broker pursuant to sections 384.011 to 384.071, shall before March second  
8 of the year next succeeding the year in which the insurance was so procured,  
9 continued or renewed, file a written report of the same with the director on forms  
10 prescribed by the director and furnished to such an insured upon request. The  
11 report shall show:

- 12 (1) The name and address of the insured or insureds;
- 13 (2) The name and address of the insurer or insurers;
- 14 (3) The subject of the insurance;
- 15 (4) A general description of the coverage;
- 16 (5) The amount of premium currently charged therefor;
- 17 (6) Such additional pertinent information as may be reasonably requested  
18 by the director.

19 2. [If any such insurance covers also a subject of insurance resident,  
20 located or to be performed outside this state, for the purposes of this section, a  
21 proper pro rata portion of the entire premium payable for all such insurance shall  
22 be allocated as to the subjects of insurance resident, located or to be performed  
23 in this state.

24 3. Any insurance in a surplus lines insurer procured through negotiations  
25 or an application in whole or in part occurring or made within or from within this



26 state, or for which premiums in whole or in part are remitted directly or  
27 indirectly from within this state, shall be deemed to be insurance procured or  
28 continued or renewed in this state within the intent of subsection 1 of this  
29 section.

30 4.] For the general support of the government of this state there is levied  
31 upon the insured or self-insurer who procures insurance pursuant to [subsections  
32 1 and 3] **subsection 1** of this section a tax at the rate of five percent of the [net]  
33 **gross** amount of the premium [in respect of risks located in this state]. Before  
34 April sixteenth of the year next succeeding the year in which the insurance was  
35 so procured, continued or renewed, the insured shall remit to the department of  
36 revenue the amount of the tax. The department of revenue shall notify the  
37 director of the sums collected from each insured or self-insurer.

384.057. 1. Before March second of each year, each surplus lines broker  
2 shall report under oath to the director on forms prescribed by him or her a  
3 statement showing, with respect to the year ending the immediately preceding  
4 December thirty-first **for nonadmitted insurance where the home state of**  
5 **the insured is this state:**

6 (1) The gross amounts charged for surplus lines insurance [with respect  
7 to risks located within this state], exclusive of sums collected for the payment of  
8 federal, state or local taxes;

9 (2) The amount of net premiums with respect to the insurance. For the  
10 purpose of this section, "net premiums" means the gross amount of charges for  
11 surplus lines insurance [with respect to risks located within this state], exclusive  
12 of sums collected for the payment of federal, state and local taxes, less returned  
13 premiums.

14 2. No later than within forty-five days after the end of each calendar  
15 quarter ending March thirty-first, June thirtieth, September thirtieth, and  
16 December thirty-first each surplus lines broker shall report under oath to the  
17 director on forms prescribed by him or her a statement showing, with respect to  
18 each respective calendar quarter **for nonadmitted insurance where the**  
19 **home state of the insured is this state:**

20 (1) The gross amounts charged for surplus lines insurance [with respect  
21 to risks located within this state], exclusive of sums collected for the payment of  
22 federal, state, or local taxes;

23 (2) The amount of net premiums with respect to the insurance. For the  
24 purpose of this section, "net premiums" means the gross amount of charges for  
25 surplus lines insurance [with respect to risks located within this state], exclusive  
26 of sums collected for the payment of federal, state, and local taxes, less returned

27 premiums.

384.061. **1. Notwithstanding any other provision of this chapter**  
2 **or regulation implementing a provision of this chapter**, the five percent  
3 tax on net premiums imposed by sections 384.051 and 384.059 shall be levied  
4 **upon and** only upon [risks or portions of risks which are located within this  
5 state. If a surplus lines policy covers risks only partially located in this state, the  
6 tax payable shall be computed on the portions of the premium properly allocable  
7 to that portion of the risks located in this state and no Missouri tax shall be  
8 charged for that portion of risk which is located outside of the state of Missouri]  
9 **the entire gross premium for nonadmitted or surplus lines insurance**  
10 **policies for which the home state of the insured is Missouri.**

**2. Notwithstanding any other provision of this chapter or**  
12 **regulation implementing a provision of this chapter:**

13 **(1) The placement of nonadmitted insurance shall be subject to**  
14 **the statutory and regulatory requirements of this chapter only if this**  
15 **state is the insured's home state; and**

16 **(2) A surplus lines broker is required to be licensed as a surplus**  
17 **lines licensee under the provisions of this chapter only if this state is**  
18 **the insured's home state.**

385.200. As used in sections 385.200 to 385.220, the following terms  
2 mean:

3 **(1) "Administrator"**, the person other than a provider who is responsible  
4 for the administration of the service contracts or the service contracts plan or for  
5 any filings required by sections 385.200 to 385.220;

6 **(2) "Business entity"**, **any partnership, corporation, incorporated**  
7 **or unincorporated association, limited liability company, limited**  
8 **liability partnership, joint stock company, reciprocal, syndicate, or any**  
9 **similar entity;**

10 **(3) "Consumer"**, a natural person who buys other than for purposes of  
11 resale any tangible personal property that is distributed in commerce and that  
12 is normally used for personal, family, or household purposes and not for business  
13 or research purposes;

14 **[(3)] (4) "Dealers"**, any motor vehicle dealer or boat dealer licensed or  
15 required to be licensed under the provisions of sections 301.550 to 301.573;

16 **[(4)] (5) "Director"**, the director of the department of insurance, financial  
17 institutions and professional registration;

18 **[(5)] (6) "Maintenance agreement"**, a contract of limited duration that  
19 provides for scheduled maintenance only;

20 [(6)] (7) "Manufacturer", any of the following:

21 (a) A person who manufactures or produces the property and sells the  
22 property under the person's own name or label;

23 (b) A subsidiary of the person who manufactures or produces the  
24 property;

25 (c) A person who owns one hundred percent of the entity that  
26 manufactures or produces the property;

27 (d) A person that does not manufacture or produce the property, but the  
28 property is sold under its trade name label;

29 (e) A person who manufactures or produces the property and the property  
30 is sold under the trade name or label of another person;

31 (f) A person who does not manufacture or produce the property but, under  
32 a written contract, licenses the use of its trade name or label to another person  
33 who sells the property under the licensor's trade name or label;

34 [(7)] (8) "Mechanical breakdown insurance", a policy, contract, or  
35 agreement issued by an authorized insurer who provides for the repair,  
36 replacement, or maintenance of a motor vehicle or indemnification for repair,  
37 replacement, or service, for the operational or structural failure of a motor vehicle  
38 due to a defect in materials or workmanship or to normal wear and tear;

39 [(8)] (9) "Motor vehicle extended service contract" or "service contract",  
40 a contract or agreement for a separately stated consideration and for a specific  
41 duration to perform the repair, replacement, or maintenance of a motor vehicle  
42 or indemnification for repair, replacement, or maintenance, for the operational  
43 or structural failure due to a defect in materials, workmanship, or normal wear  
44 and tear, with or without additional provision for incidental payment of  
45 indemnity under limited circumstances, including but not limited to towing,  
46 rental, and emergency road service, but does not include mechanical breakdown  
47 insurance or maintenance agreements;

48 [(9)] (10) "Nonoriginal manufacturer's parts", replacement parts not  
49 made for or by the original manufacturer of the property, commonly referred to  
50 as after-market parts;

51 [(10)] (11) "Person", an individual, partnership, corporation, incorporated  
52 or unincorporated association, joint stock company, reciprocal, syndicate, or any  
53 similar entity or combination of entities acting in concert;

54 [(11)] (12) "Premium", the consideration paid to an insurer for a  
55 reimbursement insurance policy;

56 [(12)] (13) "Producer", any business entity or individual person  
57 selling, offering, negotiating, or soliciting a motor vehicle extended

58 **service contract and required to be licensed as a producer under**  
59 **subsection 1 of section 385.206;**

60 (14) "Provider", a person who is contractually obligated to the service  
61 contract holder under the terms of a motor vehicle extended service contract;

62 [(13)] (15) "Provider fee", the consideration paid for a motor vehicle  
63 extended service contract by a service contract holder;

64 [(14)] (16) "Reimbursement insurance policy", a policy of insurance  
65 issued to a provider and under which the insurer agrees, for the benefit of the  
66 motor vehicle extended service contract holders, to discharge all of the obligations  
67 and liabilities of the provider under the terms of the motor vehicle extended  
68 service contracts in the event of nonperformance by the provider. All obligations  
69 and liabilities include, but are not limited to, failure of the provider to perform  
70 under the motor vehicle extended service contract and the return of the unearned  
71 provider fee in the event of the provider's unwillingness or inability to reimburse  
72 the unearned provider fee in the event of termination of a motor vehicle extended  
73 service contract;

74 [(15)] (17) "Service contract holder" or "contract holder", a person who  
75 is the purchaser or holder of a motor vehicle extended service contract;

76 [(16)] (18) "Warranty", a warranty made solely by the manufacturer,  
77 importer, or seller of property or services without charge, that is not negotiated  
78 or separated from the sale of the product and is incidental to the sale of the  
79 product, that guarantees indemnity for defective parts, mechanical or electrical  
80 breakdown, labor, or other remedial measures, such as repair or replacement of  
81 the property or repetition of services.

**385.205. 1. It is unlawful for any provider that has authorized a**  
2 **motor vehicle extended service contract with a consumer to fail to**  
3 **cause delivery to the consumer of a fully executed motor vehicle**  
4 **extended service contract within a commercially feasible time period,**  
5 **but no more than forty-five days from the date the consumer's initial**  
6 **payment is processed. It is the mailing, or actual delivery of the fully**  
7 **executed contract, whichever is earlier, that commences the free look**  
8 **period under subsection 14 of section 385.206.**

9 **2. It is unlawful for any provider, administrator, producer, or**  
10 **any other person who offers to a consumer a motor vehicle extended**  
11 **service contract, to fail, upon request, to cause delivery to the**  
12 **consumer of an unsigned copy of the written contract prior to the time**  
13 **the consumer's initial payment is processed. An offeror may comply**  
14 **with this provision by providing the consumer with the copy or by**

15 **directing the consumer to a website containing an unsigned copy of the**  
16 **service contract.**

17 **3. A violation of this section is a level two violation under**  
18 **section 374.049.**

385.206. 1. [No person shall directly] **It is unlawful for any person**  
2 **in or from this state to sell, offer [for sale], negotiate, or solicit [the sale of]**  
3 **a motor vehicle extended service contract [to] with a consumer, other than the**  
4 **following:**

5 (1) **A motor vehicle dealer licensed under sections 301.550 to**  
6 **301.573, along with its authorized employees offering the service**  
7 **contract in connection with the sale of either a motor vehicle or vehicle**  
8 **maintenance or repair services;**

9 (2) **A manufacturer of motor vehicles, as defined in section 301.010, along**  
10 **with its authorized employees;**

11 (3) **A federally insured depository institution, along with its**  
12 **authorized employees;**

13 (4) **A lender licensed and defined under sections 367.100 to 367.215,**  
14 **along with its authorized employees; [or]**

15 (5) **[An administrator, provider, manufacturer, or person working in**  
16 **concert with an administrator, provider, or manufacturer marketing or selling a**  
17 **motor vehicle extended service contract demonstrating] A provider registered**  
18 **with the director and having demonstrated financial responsibility as [set**  
19 **forth] required in section 385.202, along with its subsidiaries and**  
20 **affiliated entities, and authorized employees of the provider,**  
21 **subsidiary, or affiliated entity;**

22 (6) **A business entity producer or individual producer licensed**  
23 **under section 385.207;**

24 (7) **Authorized employees of an administrator under contract to**  
25 **effect coverage, collect provider fees, and settle claims on behalf of a**  
26 **registered provider, if the administrator is licensed as a business entity**  
27 **producer under section 385.207; or**

28 (8) **A vehicle owner transferring an existing motor vehicle**  
29 **extended service contract to a subsequent owner of the same vehicle.**

30 2. **No administrator or provider shall use a dealer as a fronting company,**  
31 **and no dealer shall act as a fronting company. For purposes of this subsection,**  
32 **"fronting company" means a dealer that authorizes a third-party administrator**  
33 **or provider to use its name or business to evade or circumvent the provisions of**  
34 **subsection 1 of this section.**

35           3. Motor vehicle extended service contracts issued, sold, or offered [for  
36 sale] in this state shall be written in clear, understandable language, and the  
37 entire contract shall be printed or typed in easy-to-read type and conspicuously  
38 disclose the requirements in this section, as applicable.

39           4. Motor vehicle extended service contracts insured under a  
40 reimbursement insurance policy under subsection 3 of section 385.202 shall  
41 contain a statement in substantially the following form: "Obligations of the  
42 provider under this service contract are guaranteed under a service contract  
43 reimbursement insurance policy. If the provider fails to pay or provide service  
44 on a claim within sixty days after proof of loss has been filed, the contract holder  
45 is entitled to make a claim directly against the insurance company." A claim  
46 against the provider also shall include a claim for return of the unearned provider  
47 fee. The motor vehicle extended service contract also shall state conspicuously  
48 the name and address of the insurer.

49           5. Motor vehicle extended service contracts not insured under a  
50 reimbursement insurance policy pursuant to subsection 3 of section 385.202 shall  
51 contain a statement in substantially the following form: "Obligations of the  
52 provider under this service contract are backed only by the full faith and credit  
53 of the provider (issuer) and are not guaranteed under a service contract  
54 reimbursement insurance policy." A claim against the provider also shall include  
55 a claim for return of the unearned provider fee. The motor vehicle extended  
56 service contract also shall state conspicuously the name and address of the  
57 provider.

58           6. Motor vehicle extended service contracts shall identify any  
59 administrator, the provider obligated to perform the service under the contract,  
60 the motor vehicle extended service contract seller, and the service contract holder  
61 to the extent that the name and address of the service contract holder has been  
62 furnished by the service contract holder.

63           7. Motor vehicle extended service contracts shall state conspicuously the  
64 total purchase price and the terms under which the motor vehicle extended  
65 service contract is sold. The purchase price is not required to be preprinted on  
66 the motor vehicle extended service contract and may be negotiated at the time of  
67 sale with the service contract holder.

68           8. If prior approval of repair work is required, the motor vehicle extended  
69 service contracts shall state conspicuously the procedure for obtaining prior  
70 approval and for making a claim, including a toll-free telephone number for claim  
71 service and a procedure for obtaining emergency repairs performed outside of  
72 normal business hours.

73 9. Motor vehicle extended service contracts shall state conspicuously the  
74 existence of any deductible amount.

75 10. Motor vehicle extended service contracts shall specify the merchandise  
76 and services to be provided and any limitations, exceptions, and exclusions.

77 11. Motor vehicle extended service contracts shall state the conditions  
78 upon which the use of nonoriginal manufacturer's parts[,] **or parts of a like**  
79 **kind and quality** or substitute service[,] may be allowed. Conditions stated  
80 shall comply with applicable state and federal laws.

81 12. Motor vehicle extended service contracts shall state any terms,  
82 restrictions, or conditions governing the transferability of the motor vehicle  
83 extended service contract.

84 13. Motor vehicle extended service contracts shall state [the] **that**  
85 **subsequent to the required free look period specified in subsection 14**  
86 **of this section, a service contract holder may cancel the contract at any**  
87 **time and the provider shall refund to the contract holder one hundred**  
88 **percent of the unearned pro rata provider fee, less any claims paid. A**  
89 **reasonable administrative fee may be surcharged by the provider in an**  
90 **amount not to exceed fifty dollars. All terms, restrictions, or conditions**  
91 **governing termination of the service contract by the service contract holder shall**  
92 **be stated.** The provider of the motor vehicle extended service contract shall mail  
93 a written notice to the contract holder within [fifteen] **forty-five** days of the date  
94 of termination. **The written notice required by this subsection may be**  
95 **included with any other correspondence required by this section.**

96 14. Motor vehicle extended service contracts shall [require] **contain a**  
97 **free look period that requires** every provider to permit the service contract  
98 holder to return the contract **to the provider** within at least twenty business  
99 days of **the** mailing date of the motor vehicle extended service contract or [within  
100 at least ten days if] **the contract date if** the service contract is **executed and**  
101 delivered at the time of sale or within a longer time period permitted under the  
102 contract. If no claim has been made under the contract **and the contract is**  
103 **returned**, the contract is void and the provider shall refund to the contract  
104 holder the full purchase price of the contract. A ten percent penalty **of the**  
105 **amount outstanding** per month shall be added to a refund that is not paid  
106 within [thirty] **forty-five** days of return of the contract to the provider. **If a**  
107 **claim has been made under the contract during the free look period**  
108 **and the contract is returned, the provider shall refund to the contract**  
109 **holder the full purchase price less any claims that have been paid.** The  
110 applicable free-look time periods on service contracts shall apply only to the

111 original service contract purchaser.

112           15. Motor vehicle extended service contracts shall set forth all of the  
113 obligations and duties of the service contract holder, such as the duty to protect  
114 against any further damage and the requirement for certain service and  
115 maintenance.

116           16. Motor vehicle extended service contracts shall state clearly whether  
117 or not the service contract provides for or excludes consequential damages or  
118 preexisting conditions.

119           **17. The contract requirements of subsections 3 to 16 of this**  
120 **section shall apply to motor vehicle extended service contracts made**  
121 **with consumers in this state. A violation of subsections 3 to 16 of this**  
122 **section is a level two violation under section 374.049.**

123           **18. A violation of subsection 1 or 2 of this section is a level three**  
124 **violation under section 374.049.**

**385.207. 1. A business entity, prior to selling, offering,**  
2 **negotiating, or soliciting a motor vehicle extended service contract**  
3 **with a consumer under subdivision (6) or (7) of subsection 1 of section**  
4 **385.206, shall apply for and obtain licensure with the director as a**  
5 **business entity producer in accordance with this section.**

6           **2. A business entity applying for a producer license under**  
7 **sections 385.200 to 385.220 shall make application to the director on an**  
8 **application made available by the director and shall pay an initial and**  
9 **renewal licensure fee in an amount to be determined by the director,**  
10 **but which shall not exceed one hundred dollars for a business**  
11 **entity. All applications shall include the name of the business entity,**  
12 **the business address or addresses of the business entity, the type of**  
13 **ownership of the business entity and information related to section**  
14 **385.209 as required by the director. If a business entity is a**  
15 **partnership or unincorporated association, the application shall**  
16 **contain the name and address of every person or corporation having a**  
17 **financial interest in or owning any part of the business entity. If the**  
18 **business entity is a corporation, the application shall contain the**  
19 **names and addresses of all officers and directors of the corporation. If**  
20 **the business entity is a limited liability company, the application shall**  
21 **contain the names and addresses of all members and officers of the**  
22 **limited liability company, and a list of all persons employed by the**  
23 **business entity and to whom it pays any salary or commission for the**  
24 **sale, solicitation, negotiation, or procurement of any motor vehicle**



25 **extended service contract.**

26 **3. An individual, prior to selling, offering, negotiating, or**  
27 **soliciting a motor vehicle extended service contract with a consumer**  
28 **under subdivision (6) of subsection 1 of section 385.206, shall apply for**  
29 **and obtain licensure with the director as an individual producer in**  
30 **accordance with this section.**

31 **4. An individual applying for a producer license under section**  
32 **385.200 to 385.220 shall make application to the director on an**  
33 **application made available by the director and shall pay an initial and**  
34 **renewal licensure fee in an amount to be determined by the director,**  
35 **but which shall not exceed twenty-five dollars for an individual**  
36 **producer. No examination of an applicant under this subsection shall**  
37 **be required.**

38 **5. Unless licensure is refused by the director under section**  
39 **385.209, persons applying for license under this section shall be issued**  
40 **a producer license for a term of two years. A producer's license shall**  
41 **be renewed biennially upon application for renewal and payment of the**  
42 **fee. Such license shall continue in effect unless terminated under**  
43 **subsection 6 of this section, or refused, revoked, or suspended under**  
44 **section 385.209.**

45 **6. A producer license issued under this section, if not renewed**  
46 **by the director by its expiration date, shall terminate on its expiration**  
47 **date and shall not after that date authorize its holder under sections**  
48 **385.200 to 385.220 to sell, offer, negotiate, or solicit motor vehicle**  
49 **extended service contracts.**

50 **7. In connection with a business entity's application as a**  
51 **producer and at renewal, the business entity shall provide a list to the**  
52 **director of all locations in this state at which it offers motor vehicle**  
53 **extended service contracts.**

54 **8. The director shall adopt rules under section 385.218 relating**  
55 **to licensing and practices of persons acting as a producer under this**  
56 **section.**

**385.208. 1. [A provider shall not] It is unlawful for a provider,**  
2 **administrator, producer, or any other person selling, offering,**  
3 **negotiating, or soliciting a motor vehicle extended service contract to:**

4 **(1) Use in its name the words insurance, casualty, guaranty, warranty,**  
5 **surety, mutual, or any other words descriptive of the insurance, casualty,**  
6 **guaranty, or surety business, nor shall such [provider] person use a name**

7 deceptively similar to the name or description of any insurance or surety  
8 corporation, or any other provider[. This section shall not apply to a company],  
9 **provided that this prohibition shall not apply to any provider or**  
10 **administrator** that was using any of the prohibited language in its name prior  
11 to [August 28, 2007. However, a company using the prohibited language in its  
12 name shall disclose] **January 1, 2011, and it discloses** conspicuously in its  
13 motor vehicle extended service contract the following statement: "This agreement  
14 is not an insurance contract.";

15 **(2) Directly or indirectly, represent in any manner, whether by**  
16 **telemarketing, broadcast marketing, electronic media, written**  
17 **solicitation or any other advertisement, offer, or solicitation, a false,**  
18 **deceptive, or misleading statement with respect to:**

19 **(a) An affiliation with a motor vehicle manufacturer or dealer;**

20 **(b) Possession of information regarding a motor vehicle owner's**  
21 **current motor vehicle manufacturer's original equipment warranty;**

22 **(c) The expiration of a motor vehicle owner's current motor**  
23 **vehicle manufacturer's original equipment warranty;**

24 **(d) A requirement that such motor vehicle owner register for a**  
25 **new motor vehicle extended service contract with such provider in**  
26 **order to maintain coverage under the motor vehicle owner's current**  
27 **motor vehicle extended service contract or manufacturer's original**  
28 **equipment warranty; or**

29 **(e) Any term or provision of a motor vehicle extended service**  
30 **contract.**

31 **A violation of this subsection is a level three violation under section**  
32 **374.049.**

33 2. [A provider or its representative shall not in its motor vehicle extended  
34 service contracts or literature make, permit, or cause to be made any false or  
35 misleading statement, or deliberately omit any material statement that would be  
36 considered misleading if omitted, in connection with the sale, offer to sell or  
37 advertisement of a motor vehicle extended service contract] **It is unlawful for**  
38 **any person, in connection with the offer, sale, solicitation, or**  
39 **negotiation of a motor vehicle extended service contract, directly or**  
40 **indirectly to:**

41 **(1) Employ any deception, device, scheme, or artifice to defraud;**

42 **(2) As to any material fact, make or use any misrepresentation,**  
43 **concealment, or suppression;**

44 **(3) Engage in any pattern or practice of making any false**

45 **statement of material fact; or**

46 **(4) Engage in any act, practice, or course of business which**  
47 **operates as a fraud or deceit upon any person.**

48 **A violation of this subsection is a level three violation under section**  
49 **374.049.**

50 **3. Any person who knowingly employs, uses, or engages in any**  
51 **conduct in violation of subsection 2 of this section with the intent to**  
52 **defraud shall be guilty of a felony and, upon conviction, may be subject**  
53 **to imprisonment for a term not to exceed ten years. In addition to any**  
54 **fine or imprisonment imposed, a court may order restitution to the**  
55 **victim.**

56 **4. A person, such as a bank, savings and loan association, lending**  
57 **institution, manufacturer or seller of any product, shall not require the purchase**  
58 **of a service contract as a condition of a loan or a condition for the sale of any**  
59 **property. A violation of this subsection is a level one violation under**  
60 **section 374.049.**

**385.209. 1. The director may suspend, revoke, refuse to issue, or**  
2 **refuse to renew a registration or license under sections 385.200 to**  
3 **385.220 for any of the following causes, if the applicant or licensee or**  
4 **the applicant's or licensee's subsidiaries or affiliated entities acting on**  
5 **behalf of the applicant or licensee in connection with the applicant's or**  
6 **licensee's motor vehicle extended service contract program has:**

7 **(1) Filed an application for license in this state within the**  
8 **previous ten years, which, as of the effective date of the license, was**  
9 **incomplete in any material respect or contained incorrect, misleading,**  
10 **or untrue information;**

11 **(2) Violated any provision in sections 385.200 to 385.220, or**  
12 **violated any rule, subpoena, or order of the director;**

13 **(3) Obtained or attempted to obtain a license through material**  
14 **misrepresentation or fraud;**

15 **(4) Misappropriated or converted any moneys or properties**  
16 **received in the course of doing business;**

17 **(5) Been convicted of any felony;**

18 **(6) Used fraudulent, coercive, or dishonest practices, or**  
19 **demonstrated incompetence, untrustworthiness, or financial**  
20 **irresponsibility in the conduct of business in this state or elsewhere;**

21 **(7) Been found in violation of law by a court of competent**  
22 **jurisdiction in an action instituted by any officer of any state or the**

23 United States in any matter involving motor vehicle extended service  
24 contracts, financial services, investments, credit, insurance, banking,  
25 or finance;

26 (8) Had a producer license or its equivalent, denied, suspended,  
27 or revoked in any other state, province, district, or territory;

28 (9) Been refused a license or had a license revoked or suspended  
29 by a state or federal regulator of service contracts, financial services,  
30 investments, credit, insurance, banking, or finance;

31 (10) Signed the name of another to an application for license or  
32 to any document related to a motor vehicle extended service contract  
33 transaction without authorization;

34 (11) Unlawfully acted as a producer without a license;

35 (12) Failed to comply with an administrative or court order  
36 imposing a child support obligation;

37 (13) Failed to comply with any administrative or court order  
38 directing payment of state or federal income tax; or

39 (14) Has within the last fifteen years been declared insolvent by  
40 the director or a motor vehicle extended service contract regulator of  
41 another state or has been the subject of a bankruptcy petition.

42 2. In the event that the action by the director is not to renew or  
43 to deny an application for a license, the director shall notify the  
44 applicant or licensee in writing and advise the applicant or licensee of  
45 the reason for the denial or nonrenewal. Appeal of the nonrenewal or  
46 denial of the application for a license shall be made pursuant to the  
47 provisions of chapter 621. Notwithstanding section 621.120, the  
48 director shall retain discretion in refusing a license or renewal and  
49 such discretion shall not transfer to the administrative hearing  
50 commission.

51 3. The license of a business entity producer may be suspended,  
52 revoked, renewal refused, or an application may be refused if the  
53 director finds that a violation by an individual acting under the  
54 direction of the business entity was known or should have been known  
55 by one or more of the partners, officers, or managers acting on behalf  
56 of the business entity and the violation was neither reported to the  
57 director nor corrective action taken.

58 4. The director may also revoke or suspend under subsection 1  
59 of this section any license issued by the director where the licensee has  
60 failed to renew or has surrendered such license.

61           **5. Every producer licensed under this section shall notify the**  
62 **director of any change of address, on forms prescribed by the director,**  
63 **within thirty days of the change. If the failure to notify the director of**  
64 **the change of address results in an inability to serve the producer with**  
65 **a complaint as provided by sections 621.045 to 621.198, then the**  
66 **director may immediately revoke the license of the producer until such**  
67 **time as service may be obtained.**

68           **6. A producer shall report to the director any license revocation**  
69 **or civil action taken against the producer in another jurisdiction or by**  
70 **another governmental agency in this state within thirty days of the**  
71 **final disposition of the matter. This report shall include a copy of the**  
72 **order, consent order, or other relevant legal documents.**

73           **7. Within thirty days of the initial pretrial hearing date or**  
74 **arraignment, a producer shall report to the director any felony**  
75 **proceeding initiated by any state or the United States for any violation**  
76 **of law by the producer. The report shall include a copy of the**  
77 **indictment or information filed, the order resulting from the hearing**  
78 **and any other relevant legal documents.**

**385.211. 1. A provider registered to issue motor vehicle extended**  
2 **service contracts in this state shall maintain a register of business**  
3 **entity producers who are authorized to sell, offer, negotiate, or solicit**  
4 **the sale of motor vehicle extended service contracts in this state, and**  
5 **shall make such list available for inspection upon request by the**  
6 **director. Within thirty days of a provider authorizing a producer to**  
7 **sell, offer, negotiate, or solicit motor vehicle extended service**  
8 **contracts, the provider shall enter the name and license number of the**  
9 **producer in the company registry of producers.**

10           **2. Within thirty days of a provider terminating a business entity**  
11 **producer's appointment to sell, offer, negotiate, or solicit motor vehicle**  
12 **extended service contracts, the provider shall update the registry with**  
13 **the effective date of the termination. If a provider has possession of**  
14 **information relating to any cause for discipline under section 385.209,**  
15 **the provider shall notify the director of this information in**  
16 **writing. The privileges and immunities applicable to insurers under**  
17 **section 375.022 shall apply to providers for any information reported**  
18 **under this subsection.**

          Section B. Because immediate action is necessary to ensure the continued  
2 application of Missouri law regulating and taxing surplus lines insurance in

3 accordance with Public Law 111-203, the repeal and reenactment of sections  
4 384.015, 384.017, 384.021, 384.043, 384.051, 384.057, and 384.061 of section A of  
5 this act is deemed necessary for the immediate preservation of the public health,  
6 welfare, peace, and safety, and is hereby declared to be an emergency act within  
7 the meaning of the constitution, and the repeal and reenactment of sections  
8 384.015, 384.017, 384.021, 384.043, 384.051, 384.057, and 384.061 of section A of  
9 this act shall be in full force and effect upon its passage and approval.

Section C. The repeal and reenactment of sections 385.200, 385.206, and  
2 385.208, and the enactment of sections 385.205, 385.207, 385.209, and 385.211 of  
3 section A of this act shall become effective January 1, 2012.

Unofficial

✓

Bill

Copy