

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR
SENATE BILL NO. 181
102ND GENERAL ASSEMBLY

1166H.07C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 287.690, 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, 375.1275, and 379.316, RSMo, and to enact in lieu thereof twenty-nine new sections relating to contractual agreements, with penalty provisions and a delayed effective date for certain sections.

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

Section A. Sections 287.690, 287.900, 287.902, 287.905, 287.907, 287.909, 287.910, 287.912, 287.915, 287.917, 287.919, 287.920, 375.1275, and 379.316, RSMo, are repealed and twenty-nine new sections enacted in lieu thereof, to be known as sections 287.690, 287.921, 361.749, 375.1275, 379.316, 379.1850, 379.1851, 379.1853, 379.1855, 379.1857, 379.1859, 379.1861, 379.1863, 379.1865, 379.1867, 379.1869, 387.435, 436.550, 436.552, 436.554, 436.556, 436.558, 436.560, 436.562, 436.564, 436.566, 436.568, 436.570, and 436.572, to read as follows:

287.690. ~~[H.]~~ Prior to December 31, 1993, for the purpose of providing for the expense of administering this chapter ~~[and for the purpose set out in subsection 2 of this section]~~, every person, partnership, association, corporation, whether organized under the laws of this or any other state or country, the state of Missouri, including any of its departments, divisions, agencies, commissions, and boards or any political subdivisions of the state who self-insure or hold themselves out to be any part self-insured, company, mutual company, the parties to any interindemnity contract, or other plan or scheme, and every other insurance carrier, insuring employers in this state against liability for personal injuries to their employees, or for death caused thereby, under this chapter, shall pay, as provided in this chapter, tax upon the net deposits, net premiums or net assessments received, whether in cash

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.

11 or notes in this state, or on account of business done in this state, for such insurance in this
12 state at the rate of two percent in lieu of all other taxes on such net deposits, net premiums or
13 net assessments, which amount of taxes shall be assessed and collected as herein provided.
14 Beginning October 31, 1993, and every year thereafter, the director of the division of workers'
15 compensation shall estimate the amount of revenue required to administer this chapter and the
16 director shall determine the rate of tax to be paid in the following calendar year pursuant to
17 this section commencing with the calendar year beginning on January 1, 1994. If the balance
18 of the fund estimated to be on hand on December thirty-first of the year each tax rate
19 determination is made is less than one hundred ten percent of the previous year's expenses
20 plus any additional revenue required due to new statutory requirements given to the division
21 by the general assembly, then the director shall impose a tax not to exceed two percent in lieu
22 of all other taxes on net deposits, net premiums or net assessments, rounded up to the nearest
23 one-half of a percentage point, which amount of taxes shall be assessed and collected as
24 herein provided. The net premium equivalent for individual self-insured employers shall be
25 based on average rate classifications calculated by the department of commerce and insurance
26 as taken from premium rates filed by the twenty insurance companies providing the greatest
27 volume of workers' compensation insurance coverage in this state. For employers qualified to
28 self-insure their liability pursuant to this chapter, the rates filed by such group of employers in
29 accordance with subsection 4 of section 287.280 shall be the net premium equivalent. Any
30 group of political subdivisions of this state qualified to self-insure their liability pursuant to
31 this chapter as authorized by section 537.620 may choose either the average rate classification
32 method or the filed rate method, provided that the method used may only be changed once
33 without receiving the consent of the director of the division of workers' compensation. Every
34 entity required to pay the tax imposed pursuant to this section and section 287.730 shall be
35 notified by the division of workers' compensation within ten calendar days of the date of the
36 determination of the rate of tax to be imposed for the following year. Net premiums, net
37 deposits or net assessments are defined as gross premiums, gross deposits or gross
38 assessments less cancelled or returned premiums, premium deposits or assessments and less
39 dividends or savings, actually paid or credited.

40 ~~[2. After January 1, 1994, the director of the division shall make one or more loans to~~
41 ~~the Missouri employers mutual insurance company in an amount not to exceed an aggregate~~
42 ~~amount of five million dollars from the fund maintained to administer this chapter for start-up~~
43 ~~funding and initial capitalization of the company. The board of the company shall make~~
44 ~~application to the director for the loans, stating the amount to be loaned to the company. The~~
45 ~~loans shall be for a term of five years and, at the time the application for such loans is~~
46 ~~approved by the director, shall bear interest at the annual rate based on the rate for linked~~
47 ~~deposit loans as calculated by the state treasurer pursuant to section 30.758.]~~

287.921. 1. For purposes of this section, the following terms mean:

2 (1) "Company", any independent public corporation created for the purpose of
3 insuring Missouri employers against liability for workers' compensation, occupational
4 disease, and employers' liability coverage;

5 (2) "Department", the department of commerce and insurance;

6 (3) "Director", the director of the department of commerce and insurance.

7 2. Before January 1, 2025, any company may file amended and restated articles
8 of incorporation with the department and the secretary of state converting the company
9 from an independent public corporation to a private mutual insurance corporation
10 under the provisions of chapter 379. If the director determines that the amended and
11 restated articles of incorporation comply with the applicable provisions of chapter 379,
12 the following shall occur:

13 (1) The director shall issue an amended certificate of authority effective January
14 1, 2025, to the company to operate as a private mutual insurance corporation licensed to
15 write any lines of insurance authorized under the provisions of chapter 379;

16 (2) The director shall reauthorize the company's existing filings, forms, or other
17 administrative matters on file with the department so that the company's filings, rates,
18 forms, or other administrative matters shall be effective January 1, 2025; and

19 (3) The secretary of state shall issue an amended certificate of incorporation
20 effective January 1, 2025, certifying and declaring the company to be a body corporate
21 duly organized, existing, and entitled to all rights and privileges granted corporations
22 organized under chapter 379.

23 3. The company may continue to conduct business under its existing name or
24 adopt any other name that complies with state law.

25 4. (1) From and after January 1, 2025, the converted private mutual insurance
26 corporation shall become the successor in interest to all assets and liabilities of the
27 company as of the conversion date directed in this section without any conveyance or
28 transfer and without any further act or deed and shall be vested by operation of law to
29 all property of the company.

30 (2) The state is not liable for the expenses, liabilities, or debts of:

31 (a) The converted private mutual insurance corporation described in this
32 section;

33 (b) The company; or

34 (c) A subsidiary or joint enterprise involving the private mutual insurance
35 corporation or the company.

**361.749. 1. As used in this section, unless the context clearly indicates otherwise,
2 the following terms mean:**

3 (1) "Commissioner", the commissioner of the division of finance;

4 (2) "Consumer", any individual;

5 (3) "Consumer-directed wage access services", the business of offering or
6 providing earned wage access services directly to a consumer based on the consumer's
7 representation and the provider's reasonable determination of the consumer's earned
8 but unpaid income;

9 (4) "Division", the Missouri division of finance within the department of
10 commerce and insurance;

11 (5) "Earned but unpaid income", salary, wages, compensation, or other income
12 that a consumer or an employer has represented, and that a provider has reasonably
13 determined, has been earned or has accrued to the benefit of the consumer in exchange
14 for the consumer's provision of services to the employer or on behalf of the employer,
15 including on an hourly, project-based, piecework, or other basis and including where
16 the consumer is acting as an independent contractor of the employer, but has not, at the
17 time of the payment of proceeds, been paid to the consumer by the employer;

18 (6) "Earned wage access services", the business of providing consumer-directed
19 wage access services, employer-integrated wage access services, or both;

20 (7) "Employer":

21 (a) A person who employs a consumer; or

22 (b) Any other person who is contractually obligated to pay a consumer earned
23 but unpaid income in exchange for a consumer's provision of services to the employer or
24 on behalf of the employer, including on an hourly, project-based, piecework, or other
25 basis and including where the consumer is acting as an independent contractor with
26 respect to the employer.

27

28 "Employer" does not include a customer of an employer or any other person whose
29 obligation to make a payment of salary, wages, compensation, or other income to a
30 consumer is not based on the provision of services by that consumer for or on behalf of
31 such person;

32 (8) "Employer-integrated wage access services", the business of delivering to
33 consumers access to earned but unpaid income that is based on employment, income,
34 and attendance data obtained directly or indirectly from an employer;

35 (9) "Fee":

36 (a) A fee imposed by a provider for delivery or expedited delivery of proceeds to
37 a consumer;

38 (b) A subscription or membership fee imposed by a provider for a bona fide
39 group of services that includes earned wage access services; or

40 (c) An amount paid by an employer to a provider on a consumer's behalf, which
41 entitles the consumer to receive proceeds at reduced or no cost to the consumer.

42

43 A voluntary tip, gratuity, or donation shall not be deemed a fee;

44 (10) "Outstanding proceeds", a payment of proceeds to a consumer by a
45 provider that has not yet been repaid to that provider;

46 (11) "Person", a partnership, corporation, association, sole proprietorship,
47 limited liability company, or nonprofit or governmental entity;

48 (12) "Proceeds", a payment of funds to a consumer by a provider that is based
49 on earned but unpaid income;

50 (13) "Provider", a person who is in the business of offering and providing
51 earned wage access services to consumers.

52 2. (1) No person shall engage in the business of earned wage access services in
53 this state without first registering as an earned wage access services provider with the
54 division.

55 (2) The annual registration fee shall be one thousand dollars payable to the
56 division as of the first day of July of each year. The division may establish a biennial
57 registration arrangement, but in no case shall the registration fee be payable for more
58 than one year at a time.

59 (3) Registration shall be made on forms prepared by the commissioner and shall
60 contain the following information:

61 (a) Name, business address, and telephone number of the earned wage access
62 services provider;

63 (b) Name and business address of corporate officers and directors or principals
64 or partners; and

65 (c) A sworn statement by an appropriate officer, principal, or partner of the
66 earned wage access services provider that:

67 a. The provider is financially capable of engaging in the business of earned wage
68 access services; and

69 b. If a corporation, that the corporation is authorized to transact business in this
70 state.

71

72 If any material change occurs in the information contained in the registration form, a
73 revised statement shall be submitted to the commissioner.

74 (4) A certificate of registration shall be issued by the commissioner within thirty
75 calendar days after the date on which all registration materials have been received by

76 the commissioner and shall not be assignable or transferable, except as approved by the
77 commissioner.

78 (5) Each certificate of registration shall remain in full force and effect until
79 surrendered, revoked, or suspended.

80 3. This section shall not apply to:

81 (1) A bank or savings and loan association whose deposits or accounts are
82 eligible for insurance by the Federal Deposit Insurance Corporation, or a subsidiary of
83 such a bank or savings and loan association;

84 (2) A credit union doing business in this state; or

85 (3) A person authorized to make loans or extensions of credit under the laws of
86 this state or the United States, who is subject to regulation and supervision by this state
87 or the United States.

88 4. Each provider shall:

89 (1) Develop and implement policies and procedures to respond to questions
90 raised by consumers and address complaints from consumers in an expedient manner;

91 (2) Before entering into an agreement with a consumer for the provision of
92 earned wage access services, provide a consumer with a written paper or electronic
93 document, which can be included as part of the contract to provide earned wage access
94 services and which meets all of the following requirements:

95 (a) Informs the consumer of his or her rights under the agreement; and

96 (b) Fully and clearly discloses all fees associated with the earned wage access
97 services;

98 (3) Inform the consumer of the fact of any material changes to the terms and
99 conditions of the earned wage access services before implementing those changes for
100 that consumer;

101 (4) Provide proceeds to a consumer by any means mutually agreed upon by the
102 consumer and provider;

103 (5) Comply with all local, state, and federal privacy and information security
104 laws;

105 (6) In any case in which the provider will seek repayment of outstanding
106 proceeds, fees, or other payments, including voluntary tips, gratuities, or other
107 donations from a consumer's account at a depository institution and including via
108 electronic funds transfer:

109 (a) Comply with applicable provisions of the federal Electronic Funds Transfer
110 Act and its implementing regulations; and

111 (b) Reimburse the consumer for the full amount of any overdraft or
112 nonsufficient funds fees imposed on a consumer by the consumer's depository

113 institution that were caused by the provider attempting to seek payment of any
114 outstanding proceeds, fees, voluntary tips, gratuities, or other donations on a date
115 before, or in an incorrect amount from, the date or amount disclosed to the consumer.
116

117 The provisions of this subdivision shall not apply with respect to payments of
118 outstanding proceeds, fees, tips, gratuities, or other donations incurred by a consumer
119 through fraudulent or other means; and

120 (7) If a provider solicits, charges, or receives a tip, gratuity, or donation from a
121 consumer:

122 (a) Clearly and conspicuously disclose to the consumer immediately prior to
123 each transaction that a tip, gratuity, or donation amount may be zero and is voluntary;

124 (b) Clearly and conspicuously disclose in its service contract with the consumer
125 and elsewhere that tips, gratuities, or donations are voluntary and that the offering of
126 earned wage access services, including the amount of the proceeds a consumer is eligible
127 to request and the frequency with which proceeds are provided to a consumer, is not
128 contingent on whether the consumer pays any tip, gratuity, or donation or on the size of
129 any tip, gratuity, or donation;

130 (c) Refrain from misleading or deceiving consumers about the voluntary nature
131 of such tips, gratuities, or donations; and

132 (d) Refrain from making representations that tips or gratuities will benefit any
133 specific, individual person.

134 5. A provider shall not:

135 (1) Share with an employer any fees, voluntary tips, gratuities, or other
136 donations that were received from or charged to a consumer for earned wage access
137 services;

138 (2) Charge interest for failure to repay outstanding proceeds, fees, voluntary
139 tips, gratuities, or other donations;

140 (3) Report any information about the consumer regarding the inability of the
141 provider to be repaid outstanding proceeds, fees, voluntary tips, gratuities, or other
142 donations to a consumer credit reporting agency or a debt collector;

143 (4) Require a consumer's credit report or credit score to determine a consumer's
144 eligibility for earned wage access services;

145 (5) Accept payment from a consumer of outstanding proceeds, fees, voluntary
146 tips, gratuities, or other donations via credit card or charge card; or

147 (6) Compel or attempt to compel repayment by a consumer of outstanding
148 proceeds, fees, voluntary tips, gratuities, or other donations through any of the following
149 means:

- 150 **(a) A suit against the consumer in a court of competent jurisdiction;**
151 **(b) Use of a third party to pursue collection from the consumer on the provider's**
152 **behalf; or**
153 **(c) Sale of outstanding amounts to a third-party collector or debt buyer for**
154 **collection from the consumer.**

155

156 **The provisions of this subdivision shall not apply to payments of outstanding proceeds,**
157 **fees, tips, gratuities, or other donations incurred by a consumer through fraudulent or**
158 **other means or preclude a provider from pursuing an employer for breach of its**
159 **contractual obligations to the provider.**

160 **6. For purposes of the laws of this state:**

161 **(1) Earned wage access services offered and provided by a registered provider**
162 **shall not be considered to be any of the following:**

163 **(a) A violation of or noncompliance with the laws governing the sale or**
164 **assignment of or an order for earned but unpaid income;**

165 **(b) A loan or other form of credit, and the provider shall not be considered a**
166 **creditor or a lender;**

167 **(c) Money transmission, and the provider shall not be considered a money**
168 **transmitter;**

169 **(2) Fees, voluntary tips, gratuities, or other donations shall not be considered**
170 **interest or finance charges.**

171 **7. The commissioner, or his or her duly authorized representative, may make**
172 **such investigation as is deemed necessary and, to the extent necessary for this purpose,**
173 **may examine the registrant or any other person having personal knowledge of the**
174 **matters under investigation, and shall have the power to compel the production of all**
175 **relevant books, records, accounts, and documents by registrants.**

176 **8. (1) An earned wage access services provider shall maintain records of its**
177 **earned wage access services transactions and shall preserve its records for at least two**
178 **years after the final date on which it provides proceeds to a consumer.**

179 **(2) Records required by this section may be maintained electronically.**

180 **9. The division may promulgate rules as may be necessary for the administration**
181 **of this section. Any rule or portion of a rule, as that term is defined in section 536.010,**
182 **that is created under the authority delegated in this section shall become effective only if**
183 **it complies with and is subject to all of the provisions of chapter 536 and, if applicable,**
184 **section 536.028. This section and chapter 536 are nonseverable and if any of the powers**
185 **vested with the general assembly pursuant to chapter 536 to review, to delay the**
186 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**

187 then the grant of rulemaking authority and any rule proposed or adopted after August
188 28, 2023, shall be invalid and void.

189 **10. (1) Any provider registered pursuant to this section who fails, refuses, or**
190 **neglects to comply with the provisions of this section or commits any criminal act may**
191 **have its registration suspended or revoked by the commissioner, after a hearing before**
192 **the commissioner on an order of the commissioner to show cause why such order of**
193 **suspension or revocation should not be entered specifying the grounds therefor, which**
194 **shall be served on the registrant at least ten days prior to the hearing.**

195 **(2) Whenever it shall appear to the commissioner that any provider registered**
196 **pursuant to this section is failing, refusing, or neglecting to make a good faith effort to**
197 **comply with the provisions of this section, the commissioner may issue an order to cease**
198 **and desist, which order may be enforceable by a civil penalty of not more than one**
199 **thousand dollars per day for each day that the neglect, failure, or refusal shall continue.**
200 **The penalty shall be assessed and collected by the commissioner. In determining the**
201 **amount of the penalty, the commissioner shall take into account the appropriateness of**
202 **the penalty with respect to the gravity of the violation, the history of previous violations,**
203 **and such other matters as justice may require.**

204 **11. All revenues collected by or paid to the commissioner pursuant to this section**
205 **shall be forwarded immediately to the director of revenue, who shall deposit them in the**
206 **division of finance fund.**

207 **12. Any earned wage access services provider knowingly and willfully violating**
208 **the provisions of this section shall be guilty of a class A misdemeanor.**

209 **13. If there is a conflict between the provisions of this section and any other state**
210 **statute, the provisions of this section shall control.**

375.1275. 1. For RBC reports required to be filed by life and health insurers with
2 respect to 1993, the following requirements shall apply in lieu of the provisions of section
3 375.1255:

4 (1) In the event of a company action level event with respect to an insurer, the
5 director shall take no regulatory action;

6 (2) In the event of a regulatory action level event pursuant to section 375.1257, the
7 director shall take the actions required pursuant to section 375.1255;

8 (3) In the event of a regulatory action level event pursuant to section 375.1257 or an
9 authorized control level event, the director shall take the actions required pursuant to section
10 375.1257 with respect to the insurer;

11 (4) In the event of a mandatory control level event with respect to an insurer, the
12 director shall take the actions required pursuant to section 375.1260 with respect to the
13 insurer.

14 2. For RBC reports required to be filed by property and casualty insurers with respect
15 to 1996, the following requirements shall apply in lieu of the provisions of sections 375.1255
16 to 375.1262:

17 (1) In the event of a company action level event with respect to a domestic insurer,
18 the director shall take no regulatory action under sections 375.1250 to 375.1275;

19 (2) In the event of a regulatory action level event under subdivision (1), (2) or (3) of
20 subsection 1 of section 375.1257, the director shall take the actions required under section
21 375.1255;

22 (3) In the event of a regulatory action level event under subdivision (4), (5), (6), (7),
23 (8) or (9) of subsection 1 of section 375.1257 or an authorized control level event, the director
24 shall take the actions required under section 375.1257, with respect to the insurer;

25 (4) In the event of a mandatory control level event, the director shall take the actions
26 required under section 375.1260 with respect to the insurer.

27 3. For RBC reports required to be filed by health organizations with respect to 2014,
28 the following requirements shall apply in lieu of the provisions of sections 375.1255 to
29 375.1262:

30 (1) In the event of a company action level event with respect to a domestic health
31 organization, the director shall take no regulatory action;

32 (2) In the event of a regulatory action level event under subdivisions (1) to (3) of
33 subsection 1 of section 375.1257, the director shall take the actions required pursuant to
34 section 375.1255;

35 (3) In the event of a regulatory action level event under subdivisions (4) to (9) of
36 subsection 1 of section 375.1257 or an authorized control level event, the director shall take
37 the actions required under section 375.1257 with respect to the health organization;

38 (4) In the event of a mandatory control level event with respect to a health
39 organization, the director shall take the actions required under section 375.1260 with respect
40 to the health organization.

41 ~~[4. The actions required under sections 375.1255 to 375.1262 or this section shall not
42 apply to any insurer operating under the provisions of sections 287.900 to 287.920 which is
43 under any order of supervision, including waivers of requirements for capital and surplus,
44 issued or commenced by the director prior to August 28, 1996. This provision shall remain in
45 effect until such order or proceeding expires or is otherwise terminated by further order of the
46 director.]~~

379.316. 1. Section 379.017 and sections 379.316 to 379.361 apply to insurance
2 companies incorporated pursuant to sections 379.035 to 379.355, section 379.080, sections
3 379.060 to 379.075, sections 379.085 to 379.095, sections 379.205 to 379.310, and to
4 insurance companies of a similar type incorporated pursuant to the laws of any other state of

5 the United States, and alien insurers licensed to do business in this state, which transact fire
6 and allied lines, marine and inland marine insurance, to any and all combinations of the
7 foregoing or parts thereof, and to the combination of fire insurance with other types of
8 insurance within one policy form at a single premium, on risks or operations in this state,
9 except:

- 10 (1) Reinsurance, other than joint reinsurance to the extent stated in section 379.331;
- 11 (2) Insurance of vessels or craft, their cargoes, marine builders' risks, marine
12 protection and indemnity, or other risks commonly insured pursuant to marine, as
13 distinguished from inland marine, insurance policies;
- 14 (3) Insurance against loss of or damage to aircraft, **or against liability, other than**
15 **employers' liability, arising out of the ownership, maintenance, or use of aircraft;**
- 16 (4) All forms of motor vehicle insurance; and
- 17 (5) All forms of life, accident and health, and workers' compensation insurance.

18 2. Inland marine insurance shall be deemed to include insurance now or hereafter
19 defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of
20 the director, or as established by general custom of the business, as inland marine insurance.

21 3. Commercial property and commercial casualty insurance policies are subject to
22 rate and form filing requirements as provided in section 379.321.

**379.1850. 1. Sections 379.1850 to 379.1869 shall apply to insurers and insurance
2 producers engaged in any transaction involving lender-placed insurance, as defined in
3 section 379.1851.**

4 **2. All lender-placed insurance written in connection with mortgaged real
5 property, including manufactured homes and modular units, as defined in section
6 700.010, is subject to the provisions of sections 379.1850 to 379.1869, except:**

- 7 (1) Transactions involving extensions of credit primarily for business,
8 commercial, or agricultural purposes;
- 9 (2) Insurance offered by the lender or servicer and elected by the mortgagor at
10 the mortgagor's option;
- 11 (3) Insurance purchased by a lender or servicer on real estate owned property;
- 12 (4) Insurance for which no specific charge is made to the mortgagor or the
13 mortgagor's account.

**379.1851. As used in sections 379.1850 to 379.1869, the following terms shall
2 mean:**

- 3 (1) "Affiliate", a person who directly, or indirectly through one or more
4 intermediaries, controls, is controlled by, or is under common control with, the person
5 specified;

- 6 (2) "Individual lender-placed insurance", coverage for individual real property
7 evidenced by a certificate of coverage under a master lender-placed insurance policy or
8 a lender-placed insurance policy for individual real property;
- 9 (3) "Insurance producer", a person or entity, or its affiliates, required to be
10 licensed under the laws of this state to sell, solicit, or negotiate insurance;
- 11 (4) "Insurer", an insurance company, association, or exchange, or its affiliates,
12 authorized to issue lender-placed insurance in this state;
- 13 (5) "Investor", a person or entity, or its affiliates, holding a beneficial interest in
14 loans secured by real property;
- 15 (6) "Lapse", the moment in time in which a mortgagor has failed to secure or
16 maintain valid or sufficient insurance upon mortgaged real property as required by a
17 mortgage agreement;
- 18 (7) "Lender", a person or entity, or its affiliates, making loans secured by an
19 interest in real property;
- 20 (8) "Lender-placed insurance", insurance obtained by a lender or servicer when
21 a mortgagor does not maintain valid or sufficient insurance upon mortgaged real
22 property as required by the terms of the mortgage agreement. Such term shall include
23 insurance purchased unilaterally by the lender or servicer, who is the named insured,
24 subsequent to the date of the credit transaction, providing coverage against loss,
25 expense, or damage to collateralized property as a result of fire, theft, collision, or other
26 risks of loss that would either impair a lender, servicer, or investor's interest, or
27 adversely affect the value of collateral covered by limited dual interest insurance. Such
28 term is limited to insurance purchased according to the terms of a mortgage agreement
29 as a result of the mortgagor's failure to provide evidence of required insurance;
- 30 (9) "Loss ratio", the ratio of incurred losses to earned premium;
- 31 (10) "Master lender-placed policy", a group policy issued to a lender or servicer
32 providing coverage for all loans in the lender or servicer's loan portfolio as needed;
- 33 (11) "Mortgage agreement", the written document that sets forth an obligation
34 or liability of any kind secured by a lien on real property and due from, owing, or
35 incurred by a mortgagor to a lender on account of a mortgage loan, including a security
36 agreement, deed of trust, or any other document of similar effect, and any other
37 documents incorporated by reference;
- 38 (12) "Mortgage loan", a loan, advance, guarantee, or other extension of credit
39 from a lender to a mortgagor;
- 40 (13) "Mortgage transaction", a transaction by the terms of which the repayment
41 of money loaned or payment of real property sold is to be made at a future date or dates;

42 **(14) "Mortgagee", the person who holds mortgaged real property as security for**
43 **repayment of a mortgage agreement;**

44 **(15) "Mortgagor", the person who is obligated on a mortgage loan pursuant to a**
45 **mortgage agreement;**

46 **(16) "Person", an individual or entity;**

47 **(17) "Real estate owned property", property owned or held by a lender or**
48 **servicer following foreclosure under the related mortgage agreement or the acceptance**
49 **of a deed in lieu of foreclosure;**

50 **(18) "Replacement cost value" or "RCV", the estimated cost to replace covered**
51 **property at the time of the loss or damage without deduction for depreciation.**
52 **Replacement cost value is not market value, but it is instead the cost to replace covered**
53 **property to its pre-loss condition, as best determined under section 379.1855;**

54 **(19) "Servicer", a person or entity, or its affiliates, contractually obligated to**
55 **service one or more mortgage loans for a lender or investor. Such term shall include**
56 **entities involved in subservicing arrangements.**

379.1853. 1. Lender-placed insurance shall become effective no earlier than the
2 **date of lapse of insurance upon mortgaged real property subject to the terms of a**
3 **mortgage agreement or any other state or federal law requiring the same.**

4 **2. Individual lender-placed insurance shall terminate on the earliest of the**
5 **following dates:**

6 **(1) The date insurance that is acceptable under the mortgage agreement**
7 **becomes effective, subject to the mortgagor providing sufficient evidence of such**
8 **acceptable insurance;**

9 **(2) The date the applicable real property no longer serves as collateral for a**
10 **mortgage loan pursuant to a mortgage agreement;**

11 **(3) Such other date as specified by the individual policy or certificate of**
12 **insurance;**

13 **(4) Such other date as specified by the lender or servicer; or**

14 **(5) The termination date of the policy.**

15 **3. An insurance charge shall not be made to a mortgagor for lender-placed**
16 **insurance for a term longer than the scheduled term of the lender-placed insurance, nor**
17 **shall an insurance charge be made to the mortgagor for lender-placed insurance before**
18 **the effective date of the lender-placed insurance.**

379.1855. 1. Any lender-placed insurance coverage, and subsequent calculation
2 **of premium, should be based upon the replacement cost value of the property.**
3 **Replacement cost value of the property shall be determined as follows:**

4 **(1) The dwelling coverage amount set forth in the most recent evidence of**
5 **insurance coverage provided by the mortgagee ("last known coverage amount" or**
6 **"LKCA"), if known to the lender or servicer;**

7 **(2) The insurer shall inquire of the insured at least once as to the LKCA, and if it**
8 **is not able to obtain the LKCA from the insured or in another manner, the replacement**
9 **cost value may be determined as set forth in subdivision (3) or (4) of this subsection;**

10 **(3) If the LKCA is unknown and cannot be obtained from the insured or in**
11 **another manner, the replacement cost of the property serving as collateral as calculated**
12 **by the insurer, unless the use of replacement cost for this purpose is prohibited by other**
13 **law;**

14 **(4) If the LKCA is unknown and cannot be obtained from the insured or in**
15 **another manner, and the replacement cost is not available or its use is prohibited, the**
16 **unpaid principal balance of the mortgage loan.**

17 **2. In the event of a covered loss, any replacement cost coverage provided by an**
18 **insurer in excess of the unpaid principal balance of the mortgage loan shall be paid to**
19 **the mortgagor.**

20 **3. No insurer shall write lender-placed insurance for which the premium rate**
21 **differs from that determined by the schedules of the insurer on file with the department**
22 **of commerce and insurance as of the effective date of the policy.**

379.1857. 1. No insurer or insurance producer shall issue lender-placed
2 **insurance on mortgaged property if the insurer or insurance producer, or an affiliate of**
3 **the insurer or insurance producer, owns, performs the servicing for, or owns the**
4 **servicing right to, the mortgaged property.**

5 **2. No insurer or insurance producer shall compensate a lender, insurer, investor,**
6 **or servicer, including through the payment of commissions, for lender-placed insurance**
7 **policies issued by the insurer.**

8 **3. No insurer or insurance producer shall share lender-placed insurance**
9 **premium or risk with the lender, investor, or servicer that obtained the lender-placed**
10 **insurance.**

11 **4. No insurer or insurance producer shall offer contingent commissions, profit**
12 **sharing, or other payments dependent on profitability or loss ratios to any person**
13 **affiliated with a servicer or the insurer in connection with lender-placed insurance.**

14 **5. No insurer shall provide free or below-cost outsourced services to lenders,**
15 **investors, or servicers, and no insurer shall outsource its own functions to lenders,**
16 **insurance producers, investors, or servicers on an above-cost basis.**

17 **6. No insurer or insurance producer shall make any payments, including but not**
18 **limited to the payment of expenses to a lender, insurer, investor, or servicer, for the**
19 **purpose of securing lender-placed insurance business or related outsourced services.**

379.1859. Nothing in sections 379.1850 to 379.1869 shall be construed to allow an
2 **insurance producer or an insurer solely underwriting lender-placed insurance to**
3 **circumvent the requirements set forth within those sections. Any part of any**
4 **requirements, limitations, or exclusions provided in sections 379.1850 to 379.1869 shall**
5 **apply in any part to any insurer or insurance producer involved in lender-placed**
6 **insurance.**

379.1861. Lender-placed insurance shall be set forth in an individual policy or
2 **certificate of insurance. A copy of the individual policy, certificate of insurance, or**
3 **other evidence of insurance coverage shall be mailed, first class mailed, or delivered in**
4 **person to the last known address of the mortgagor, or delivered in accordance with**
5 **sections 432.200 to 432.295. In addition to any information otherwise required by law,**
6 **the individual policy or certificate of insurance coverage shall include the following**
7 **information:**

- 8 **(1) The address and identification of the insured property;**
- 9 **(2) The coverage amount, or amounts if multiple coverages are provided;**
- 10 **(3) The effective date of the coverage;**
- 11 **(4) The term of coverage;**
- 12 **(5) The premium charge for the coverage;**
- 13 **(6) Contact information for filing a claim; and**
- 14 **(7) A complete description of the coverage provided.**

379.1863. 1. All policy forms and certificates of insurance to be delivered or
2 **issued for delivery in this state, and the schedules of premium rates pertaining thereto,**
3 **shall be filed with the department of commerce and insurance.**

4 **2. The department of commerce and insurance shall review the rates to**
5 **determine whether the rates are excessive, inadequate, or unfairly discriminatory. This**
6 **analysis shall include a determination as to whether expenses included by the insurer in**
7 **the rate are appropriate.**

8 **3. All insurers shall re-file lender-placed insurance rates at least once every four**
9 **years.**

10 **4. All insurers writing lender-placed insurance shall have separate rates for**
11 **lender-placed insurance and voluntary insurance obtained by a mortgage servicer on**
12 **real estate owned property.**

13 **5. Upon the introduction of a new lender-placed insurance program, the insurer**
14 **shall reference its experience in existing programs in the associated filings. Nothing in**

15 sections 379.1850 to 379.1869 shall limit an insurer's discretion, as actuarially
16 appropriate, to distinguish different terms, conditions, exclusions, eligibility criteria,
17 or other unique or different characteristics. Moreover, an insurer may, where
18 actuarially acceptable, rely upon models or, in the case of flood filings where applicable
19 experience is not credible, on Federal Emergency Management Agency National Flood
20 Insurance Program data.

21 6. (1) No later than April first of each year, each insurer with at least one
22 hundred thousand dollars in direct written premium for lender-placed insurance in this
23 state during the prior calendar year shall report to the department of commerce and
24 insurance the following information for the prior calendar year:

25 (a) Actual loss ratio;

26 (b) Earned premium;

27 (c) Any aggregate schedule rating debit or credit to earned premium;

28 (d) Itemized expenses;

29 (e) Paid losses;

30 (f) Loss reserves, including case reserves and reserves for incurred but not
31 reported losses.

32 (2) The report under subdivision (1) of this subsection shall be separately
33 produced for each lender-placed program and presented on both an individual-
34 jurisdiction and countrywide basis.

35 7. If an insurer experiences an annual loss ratio of less than thirty five percent in
36 any lender-placed program for two consecutive years, it shall submit a rate filing, either
37 adjusting its rates or supporting their continuance, to the department of commerce and
38 insurance no more than ninety days after the submission of the data required in
39 subsection 6 of this section. This subsection shall not apply with regard to lender-placed
40 flood insurance.

41 8. Except as otherwise specifically set forth in this section, rates and forms shall
42 be filed as required under the insurance laws of this state.

379.1865. 1. (1) The director of the department of commerce and insurance
2 shall have authority to enforce the provisions of sections 379.1850 to 379.1869 as
3 specified in chapter 374.

4 (2) A final order of the director enforcing sections 379.1850 to 379.1869 shall be
5 subject to judicial review in accordance with the provisions of chapter 536 in the circuit
6 court of Cole County.

7 (3) No order of the director enforcing sections 379.1850 to 379.1869 or order of a
8 court to enforce the same shall in any way relieve or absolve any person affected by such
9 order from any liability under any other laws of this state.

10 **2. Nothing in sections 379.1850 to 379.1869 shall be construed to create or imply**
11 **a private cause of action for violations of sections 379.1850 to 379.1869.**

12 **3. Nothing in sections 379.1850 to 379.1869 shall be construed to extinguish any**
13 **mortgagor rights otherwise available under state, federal, or common law.**

379.1867. An insurer that violates an order of the director while the order is in
2 **effect may, after notice and hearing and upon order of the director, be subject at the**
3 **discretion of the director to either or both of the following:**

4 **(1) Payment of a monetary penalty of not more than one thousand dollars per**
5 **violation, not to exceed an aggregate penalty of one hundred thousand dollars, unless**
6 **the violation was committed flagrantly in a conscious disregard of sections 379.1850 to**
7 **379.1869, in which case the penalty shall not be more than twenty-five thousand dollars**
8 **for each violation, not to exceed an aggregate penalty of two hundred fifty thousand**
9 **dollars; or**

10 **(2) Suspension or revocation of the insurer's license.**

379.1869. The department of commerce and insurance may promulgate rules as
2 **necessary for the implementation of sections 379.1850 to 379.1869. Any rule or portion**
3 **of a rule, as that term is defined in section 536.010, that is created under the authority**
4 **delegated in this section shall become effective only if it complies with and is subject to**
5 **all of the provisions of chapter 536 and, if applicable, section 536.028. This section and**
6 **chapter 536 are nonseverable and if any of the powers vested with the general assembly**
7 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**
8 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**
9 **and any rule proposed or adopted after August 28, 2023, shall be invalid and void.**

387.435. A TNC shall not be vicariously liable under any law by reason of
2 **owning, operating, or maintaining the digital network accessed by a TNC driver or**
3 **rider, or by being the TNC affiliated with a TNC driver, for harm to persons or property**
4 **that results or arises out of the use, operation, or possession of a motor vehicle operating**
5 **as a TNC vehicle while the driver is logged on to the digital network if:**

6 **(1) There is no negligence under sections 387.400 to 387.440 or criminal**
7 **wrongdoing under the federal or Missouri criminal code on the part of the TNC; and**

8 **(2) The TNC has fulfilled all of its obligations under sections 387.400 to 387.440**
9 **with respect to the TNC driver.**

436.550. Sections 436.550 to 436.572 shall be known and may be cited as the
2 **"Consumer Legal Funding Act".**

436.552. As used in sections 436.550 to 436.572, the following terms mean:

2 **(1) "Advertise", publishing or disseminating any written, electronic, or printed**
3 **communication or any communication by means of recorded telephone messages or**

4 transmitted on radio, television, the internet, or similar communications media,
5 including film strips, motion pictures, and videos, published, disseminated, circulated,
6 or placed before the public, directly or indirectly, for the purpose of inducing a
7 consumer to enter into a consumer legal funding contract;

8 (2) "Affiliate", as defined in section 515.505;

9 (3) "Charges", the amount of moneys to be paid to the consumer legal funding
10 company by or on behalf of the consumer above the funded amount provided by or on
11 behalf of the company to a consumer under sections 436.550 to 436.572. Charges
12 include all administrative, origination, underwriting, or other fees, no matter how
13 denominated;

14 (4) "Commissioner", the commissioner of the division of finance within the
15 department of commerce and insurance;

16 (5) "Consumer", a natural person who has a legal claim and resides or is
17 domiciled in Missouri;

18 (6) "Consumer legal funding company" or "company", a person or entity that
19 enters into a consumer legal funding contract with a consumer for an amount less than
20 five hundred thousand dollars. The term shall not include:

21 (a) An immediate family member of the consumer;

22 (b) A bank, lender, financing entity, or other special purpose entity:

23 a. That provides financing to a consumer legal funding company; or

24 b. To which a consumer legal funding company grants a security interest or
25 transfers any rights or interest in a consumer legal funding; or

26 (c) An attorney or accountant who provides services to a consumer;

27 (7) "Consumer legal funding contract", a nonrecourse contractual transaction
28 in which a consumer legal funding company purchases and a consumer assigns to the
29 company a contingent right to receive an amount of the potential proceeds of a
30 settlement, judgment, award, or verdict obtained in the consumer's legal claim, so long
31 as all of the following apply:

32 (a) The consumer, at their sole discretion, shall use the funds to address personal
33 needs or household expenses;

34 (b) The consumer shall not use the funds to pay for attorneys' fees, legal filings,
35 legal marketing, legal document preparation or drafting, appeals, expert testimony, or
36 other litigation-related expenses;

37 (8) "Division", the division of finance within the department of commerce and
38 insurance;

39 (9) "Funded amount", the amount of moneys provided to or on behalf of the
40 consumer in the consumer legal funding contract. "Funded amount" shall not include
41 charges;

42 (10) "Funding date", the date on which the funded amount is transferred to the
43 consumer by the consumer legal funding company either by personal delivery, via wire,
44 automated clearing house transfer, or other electronic means, or by insured, certified, or
45 registered United States mail;

46 (11) "Immediate family member", a parent; sibling; child by blood, adoption, or
47 marriage; spouse; grandparent; or grandchild;

48 (12) "Legal claim", a bona fide civil claim or cause of action;

49 (13) "Medical provider", any person or business providing medical services of
50 any kind to a consumer including, but not limited to, physicians, nurse practitioners,
51 hospitals, physical therapists, chiropractors, or radiologists as well as any of their
52 employees or contractors or any practice groups, partnerships, or incorporations of the
53 same;

54 (14) "Resolution date", the date the amount funded to the consumer, plus the
55 agreed-upon charges, is delivered to the consumer legal funding company.

436.554. 1. All consumer legal funding contracts shall meet the following
2 requirements:

3 (1) The contract shall be completely filled in when presented to the consumer for
4 signature;

5 (2) The contract shall contain, in bold and boxed type, a right of rescission
6 allowing the consumer to cancel the contract without penalty or further obligation if,
7 within ten business days after the funding date, the consumer either:

8 (a) Returns the full amount of the disbursed funds to the consumer legal funding
9 company by delivering the company's uncashed check to the company's office in person;
10 or

11 (b) Mails a notice of cancellation by insured, certified, or registered United
12 States mail to the address specified in the contract and includes a return of the full
13 amount of disbursed funds in such mailing in the form of the company's uncashed check
14 or a registered or certified check or money order;

15 (3) The contract shall contain the initials of the consumer on each page; and

16 (4) The contract shall require the consumer to give nonrevocable written
17 direction to the consumer's attorney requiring the attorney to notify the consumer legal
18 funding company when the legal claim has been resolved. Once the consumer legal
19 funding company confirms in writing the amount due under the contract, the

20 consumer's attorney shall pay, from the proceeds of the resolution of the legal claim, the
21 consumer legal funding company the amount due within ten business days.

22 2. The consumer legal funding company shall provide the consumer's attorney
23 with a written notification of the consumer legal funding contract provided to the
24 consumer within three business days of the funding date by way of postal mail, courier
25 service, facsimile, or other means of proof of delivery method.

26 3. A consumer legal funding contract shall be entered into only if the contract
27 involves an existing legal claim in which the consumer is represented by an attorney.

436.556. No consumer legal funding company shall:

2 (1) Pay or offer to pay commissions, referral fees, or other forms of
3 consideration to any attorney, law firm, medical provider, chiropractor, or physical
4 therapist or any of their employees for referring a consumer to the company;

5 (2) Accept any commissions, referral fees, rebates, or other forms of
6 consideration from an attorney, law firm, medical provider, chiropractor, or physical
7 therapist or any of their employees;

8 (3) Intentionally advertise materially false or misleading information regarding
9 its products or services;

10 (4) Refer, in furtherance of an initial legal funding, a customer or potential
11 customer to a specific attorney, law firm, medical provider, chiropractor, or physical
12 therapist or any of their employees. However, the company may refer the customer to a
13 local or state bar association referral service if a customer needs legal representation;

14 (5) Fail to promptly supply a copy of the executed contract to the consumer's
15 attorney;

16 (6) Knowingly provide funding to a consumer who has previously assigned or
17 sold a portion of the right to proceeds from the consumer's legal claim unless the
18 consumer legal funding company pays or purchases the entire unsatisfied funded
19 amount and contracted charges from the prior consumer legal funding company or the
20 two companies agree to a lesser amount in writing. However, multiple companies may
21 agree to contemporaneously provide funding to a consumer, provided that the consumer
22 and the consumer's attorney consent to the arrangement in writing;

23 (7) Receive any right to or make any decisions with respect to the conduct of the
24 underlying legal claim or any settlement or resolution thereof. The right to make such
25 decisions shall remain solely with the consumer and the attorney in the legal claim;

26 (8) Knowingly pay or offer to pay for court costs, filing fees, or attorney's fees
27 either during or after the resolution of the legal claim by using funds from the consumer
28 legal funding contract. The consumer legal funding contract shall include a provision
29 advising the consumer that the funding shall not be used for such costs or fees; or

30 **(9) Sell a consumer litigation funding contract in whole or in part to a third**
31 **party. However, if the consumer legal funding company retains responsibility for**
32 **collecting payment, administering, and otherwise enforcing the consumer legal funding**
33 **contract, the provisions of this subdivision shall not apply to any of the following:**

34 **(a) An assignment to a wholly owned subsidiary of the consumer legal funding**
35 **company;**

36 **(b) An assignment to an affiliate of the consumer legal funding company that is**
37 **under common control;**

38 **(c) The granting of a security interest under Article 9 of the Uniform**
39 **Commercial Code, or as otherwise permitted by law.**

436.558. 1. The contracted amount to be paid to the consumer legal funding
2 **company shall be set as a predetermined amount based upon intervals of time from the**
3 **funding date to the resolution date and shall not be determined as a percentage of the**
4 **recovery from the legal claim.**

5 **2. No consumer legal funding contract shall be valid if its terms exceed a period**
6 **of forty-eight months. No consumer legal funding contract shall be automatically**
7 **renewed.**

436.560. All consumer legal funding contracts shall contain the disclosures
2 **specified in this section, which shall constitute material terms of the contract. Unless**
3 **otherwise specified, the disclosures shall be typed in at least twelve-point bold-type font**
4 **and be placed clearly and conspicuously within the contract, as follows:**

5 **(1) On the front page under appropriate headings, language specifying:**

6 **(a) The funded amount to be paid to the consumer by the consumer legal**
7 **funding company;**

8 **(b) An itemization of one-time charges;**

9 **(c) The total amount to be assigned by the consumer to the company, including**
10 **the funded amount and all charges; and**

11 **(d) A payment schedule to include the funded amount and charges, listing all**
12 **dates and the amount due at the end of each six-month period from the funding date**
13 **until the date the maximum amount due to the company by the consumer to satisfy the**
14 **amount due pursuant to the contract;**

15 **(2) Within the body of the contract, in accordance with the provisions under**
16 **subdivision (2) of subsection 1 of section 436.554: "Consumer's Right to Cancellation:**
17 **You may cancel this contract without penalty or further obligation within ten business**
18 **days after the funding date if you either:**

19 **(a) Return the full amount of the disbursed funds to the consumer legal funding**
20 **company by delivering the company's uncashed check to the company's office in person;**
21 **or**

22 **(b) Mail a notice of cancellation by insured, certified, or registered United States**
23 **mail to the company at the address specified in the contract and include a return of the**
24 **full amount of disbursed funds in such mailing in the form of the company's uncashed**
25 **check or a registered or certified check or money order.";**

26 **(3) Within the body of the contract, a statement that the company has no**
27 **influence over any aspect of the consumer's legal claim or any settlement or resolution**
28 **of the consumer's legal claim and that all decisions related to the consumer's legal claim**
29 **remain solely with the consumer and the consumer's attorney;**

30 **(4) Within the body of the contract, in all capital letters and in at least twelve-**
31 **point bold-type font contained within a box: "THE FUNDED AMOUNT AND**
32 **AGREED-UPON CHARGES SHALL BE PAID ONLY FROM THE PROCEEDS OF**
33 **YOUR LEGAL CLAIM AND SHALL BE PAID ONLY TO THE EXTENT THAT**
34 **THERE ARE AVAILABLE PROCEEDS FROM YOUR LEGAL CLAIM. IF THERE**
35 **IS NO RECOVERY OF ANY DAMAGES FROM YOUR LEGAL CLAIM OR IF**
36 **THERE IS NOT ENOUGH MONEY TO PAY BACK THE CONSUMER LEGAL**
37 **FUNDING COMPANY IN FULL, YOU WILL NOT BE OBLIGATED TO PAY THE**
38 **CONSUMER LEGAL FUNDING COMPANY ANYTHING IN EXCESS OF YOUR**
39 **RECOVERY UNLESS YOU HAVE VIOLATED THIS CONTRACT. YOU WILL**
40 **NOT OWE (INSERT NAME OF THE CONSUMER LEGAL FUNDING COMPANY)**
41 **ANYTHING IF THERE ARE NO PROCEEDS FROM YOUR LEGAL CLAIM**
42 **UNLESS YOU OR YOUR ATTORNEY HAVE VIOLATED ANY MATERIAL TERM**
43 **OF THIS CONTRACT OR UNLESS YOU HAVE COMMITTED FRAUD AGAINST**
44 **THE CONSUMER LEGAL FUNDING COMPANY.";** and

45 **(5) Located immediately above the place on the contract where the consumer's**
46 **signature is required, in twelve-point font: "Do not sign this contract before you read it**
47 **completely or if it contains any blank spaces. You are entitled to a completely filled-in**
48 **copy of the contract. Before you sign this contract, you should obtain the advice of an**
49 **attorney. Depending on the circumstances, you may want to consult a tax, public or**
50 **private benefits planning, or financial professional. You acknowledge that your**
51 **attorney in the legal claim has provided no tax, public or private benefit planning, or**
52 **financial advice regarding this transaction."**

436.562. 1. Nothing in sections 436.550 to 436.572 shall be construed to restrict
2 **the exercise of powers or the performance of the duties of the state attorney general that**
3 **he or she is authorized to exercise or perform by law.**

4 **2. If a court of competent jurisdiction determines that a consumer legal funding**
5 **company has intentionally violated the provisions of sections 436.550 to 436.572 in a**
6 **consumer legal funding contract, the consumer legal funding contract shall be voided.**

436.564. 1. The contingent right to receive an amount of the potential proceeds
2 **of a legal claim is assignable.**

3 **2. Nothing contained in sections 436.550 to 436.572 shall be construed to cause**
4 **any consumer legal funding contract conforming to sections 436.550 to 436.572 to be**
5 **deemed a loan or to be subject to any of the provisions governing loans. A consumer**
6 **legal funding contract that complies with sections 436.550 to 436.572 is not subject to**
7 **any other statutory or regulatory provisions governing loans or investment contracts.**
8 **To the extent that sections 436.550 to 436.572 conflict with any other law, such sections**
9 **shall supersede the other law for the purposes of regulating consumer legal funding in**
10 **this state.**

11 **3. Only attorney's liens related to the legal claim, Medicare, or other statutory**
12 **liens related to the legal claim shall take priority over claims to proceeds from the**
13 **consumer legal funding company. All other liens and claims shall take priority by**
14 **normal operation of law.**

15 **4. No consumer legal funding company shall report a consumer to a credit**
16 **reporting agency if insufficient funds remain from the net proceeds to repay the**
17 **company.**

436.566. An attorney or law firm retained by the consumer in the legal claim
2 **shall not have a financial interest in the consumer legal funding company offering**
3 **consumer legal funding to that consumer. Additionally, any practicing attorney who has**
4 **referred the consumer to his or her retained attorney shall not have a financial interest**
5 **in the consumer legal funding company offering consumer legal funding to that**
6 **consumer.**

436.568. No communication between the consumer's attorney in the legal claim
2 **and the consumer legal funding company necessary to ascertain the status of a legal**
3 **claim or a legal claim's expected value shall be discoverable by a party with whom the**
4 **claim is filed or against whom the claim is asserted. This section does not limit, waive,**
5 **or abrogate the scope or nature of any statutory or common-law privilege, including the**
6 **work-product doctrine and attorney-client privilege.**

436.570. 1. A consumer legal funding company shall not engage in the business
2 **of consumer legal funding in this state unless it has first obtained a license from the**
3 **division of finance.**

4 **2. A consumer legal funding company's initial or renewal license application**
5 **shall be in writing, made under oath, and on a form provided by the commissioner.**

6 **3. Every consumer legal funding company, at the time of filing a license**
7 **application, shall pay the sum of five hundred fifty dollars for the period ending the**
8 **thirtieth day of June next following the date of payment; thereafter, a like fee shall be**
9 **paid on or before June thirtieth of each year and shall be credited to the division of**
10 **finance fund established under section 361.170.**

11 **4. A consumer legal funding license shall not be issued unless the division of**
12 **finance, upon investigation, finds that the character and fitness of the applicant**
13 **company, and of the officers and directors thereof, are such as to warrant belief that the**
14 **business shall operate honestly and fairly within the purposes of sections 436.550 to**
15 **436.572.**

16 **5. Every applicant shall also, at the time of filing such application, file a bond**
17 **satisfactory to the division of finance in an amount not to exceed fifty thousand dollars.**
18 **The bond shall provide that the applicant shall faithfully conform to and abide by the**
19 **provisions of sections 436.550 to 436.572, to all rules lawfully made by the commissioner**
20 **under sections 436.550 to 436.572, and the bond shall act as a surety for any person or**
21 **the state for any and all amount of moneys that may become due or owing from the**
22 **applicant under and by virtue of sections 436.550 to 436.572, which shall include the**
23 **result of any action that occurred while the bond was in place for the applicable period**
24 **of limitations under statute and so long as the bond is not exhausted by valid claims.**

25 **6. If an action is commenced on a licensee's bond, the commissioner may require**
26 **the filing of a new bond. Immediately upon any recovery on the bond, the licensee shall**
27 **file a new bond.**

28 **7. To ensure the effective supervision and enforcement of sections 436.550 to**
29 **436.572, the commissioner may, under chapter 536:**

30 **(1) Deny, suspend, revoke, condition, or decline to renew a license for a violation**
31 **of sections 436.550 to 436.572, rules issued under sections 436.550 to 436.572, or order or**
32 **directive entered under sections 436.550 to 436.572;**

33 **(2) Deny, suspend, revoke, condition, or decline to renew a license if an applicant**
34 **or licensee fails at any time to meet the requirements of sections 436.550 to 436.572, or**
35 **withholds information or makes a material misstatement in an application for a license**
36 **or renewal of a license;**

37 **(3) Order restitution against persons subject to sections 436.550 to 436.572 for**
38 **violations of sections 436.550 to 436.572; and**

39 **(4) Order or direct such other affirmative action as the commissioner deems**
40 **necessary.**

41 **8. Any letter issued by the commissioner and declaring grounds for denying or**
42 **declining to grant or renew a license may be appealed to the circuit court of Cole**

43 County. All other matters presenting a contested case involving a licensee may be heard
44 by the commissioner under chapter 536.

45 9. Notwithstanding the prior approval requirement of subsection 1 of this
46 section, a consumer legal funding company that has applied with the division of finance
47 between the effective date of sections 436.550 to 436.572, or when the division of finance
48 has made applications available to the public, whichever is later, and six months
49 thereafter may engage in consumer legal funding while the license application of the
50 company or an affiliate of the company is awaiting approval by the division of finance
51 and until such time as the applicant has pursued all appellate remedies and procedures
52 for any denial of such application. All funding contracts in effect prior to the effective
53 date of sections 436.550 to 436.572 are not subject to the terms of sections 436.550 to
54 436.572.

55 10. If it appears to the commissioner that any consumer legal funding company
56 is failing, refusing, or neglecting to make a good faith effort to comply with the
57 provisions of sections 436.550 to 436.572, or any laws or rules relating to consumer legal
58 funding, the commissioner may issue an order to cease and desist, which may be
59 enforceable by a civil penalty of not more than one thousand dollars per day for each
60 day that the neglect, failure, or refusal continues. The penalty shall be assessed and
61 collected by the commissioner. In determining the amount of the penalty, the
62 commissioner shall take into account the appropriateness of the penalty with respect to
63 the gravity of the violation, any history of previous violations, and any other matters
64 justice may require.

65 11. If any consumer legal funding company fails, refuses, or neglects to comply
66 with the provisions of sections 436.550 to 436.572, or of any laws or rules relating to
67 consumer legal funding, its license may be suspended or revoked by order of the
68 commissioner after a hearing before said commissioner on any order to show cause why
69 such order of suspension or revocation should not be entered and that specifies the
70 grounds therefor. Such an order shall be served on the particular consumer legal
71 funding company at least ten days prior to the hearing. Any order made and entered by
72 the commissioner may be appealed to the circuit court of Cole County.

73 12. (1) The division shall conduct an examination of each consumer legal
74 funding company at least once every twenty-four months and at such other times as the
75 commissioner may determine.

76 (2) For any such investigation or examination, the commissioner and his or her
77 representatives shall have free and immediate access to the place or places of business
78 and the books and records, and shall have the authority to place under oath all persons

79 whose testimony may be required relative to the affairs and business of the consumer
80 legal funding company.

81 (3) The commissioner may also make such special investigations or examination
82 as the commissioner deems necessary to determine whether any consumer legal funding
83 company has violated any of the provisions of sections 436.550 to 436.572 or rules
84 promulgated thereunder, and the commissioner may assess the reasonable costs of any
85 investigation or examination incurred by the division to the company.

86 13. The division of finance shall have the authority to promulgate rules to carry
87 out the provisions of sections 436.550 to 436.572. Any rule or portion of a rule, as that
88 term is defined in section 536.010, that is created under the authority delegated in this
89 section shall become effective only if it complies with and is subject to all of the
90 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
91 536 are nonseverable and if any of the powers vested with the general assembly
92 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
93 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
94 and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

2 436.572. A consumer legal funding contract is a fact subject to the usual rules of
discovery.

2 ~~[287.900. 1. Sections 287.900 to 287.920 shall be known as the~~
~~"Missouri Employers Mutual Insurance Company Act".~~

3 ~~2. As used in sections 287.900 to 287.920, the following words mean:~~

4 ~~(1) "Administrator", the chief executive officer of the Missouri~~
5 ~~employers mutual insurance company;~~

6 ~~(2) "Board", the board of directors of the Missouri employers mutual~~
7 ~~insurance company;~~

8 ~~(3) "Company", the Missouri employers mutual insurance company~~
9 ~~created in section 287.902.]~~

2 ~~[287.902. The "Missouri Employers Mutual Insurance Company" is~~
3 ~~created as an independent public corporation for the purpose of insuring~~
4 ~~Missouri employers against liability for workers' compensation, occupational~~
5 ~~disease and employers' liability coverage. The company shall be organized~~
6 ~~and operated as a domestic mutual insurance company and it shall not be a~~
7 ~~state agency. The company shall have the powers granted a general not for-~~
8 ~~profit corporation pursuant to section 355.090 to the extent the provisions of~~
9 ~~such section do not conflict with the provisions of sections 287.900 to~~
10 ~~287.920. The company shall be a member of the Missouri property and~~
11 ~~casualty guaranty association, sections 375.771 to 375.779, and as such will be~~
12 ~~subject to assessments therefrom, and the members of such association shall~~
13 ~~bear responsibility in the event of the insolvency of the company. The~~
14 ~~company shall be established pursuant to the provisions of sections 287.900 to~~
~~287.920. Preference shall be given to Missouri employers that develop an~~

15 annual premium of not greater than ten thousand dollars. The company shall
16 use flexibility and experimentation in the development of types of policies and
17 coverages offered to employers, subject to the approval of the director of the
18 department of commerce and insurance.]

~~[287.905. 1. There is created a board of directors for the company.
2 The board shall be appointed by January 1, 1994, and shall consist of five
3 members appointed or selected as provided in this section. The governor shall
4 appoint the initial five members of the board with the advice and consent of
5 the senate. Each director shall serve a five year term. Terms shall be
6 staggered so that no more than one director's term expires each year on the first
7 day of July. The five directors initially appointed by the governor shall
8 determine their initial terms by lot. At the expiration of the term of any
9 member of the board, the company's policyholders shall elect a new director in
10 accordance with provisions determined by the board.~~

~~11 2. Any person may be a director who:~~

~~12 (1) Does not have any interest as a stockholder, employee, attorney,
13 agent, broker or contractor of an insurance entity who writes workers'
14 compensation insurance or whose affiliates write workers' compensation
15 insurance; and~~

~~16 (2) Is of good moral character and who has never pleaded guilty to, or
17 been found guilty of, a felony.~~

~~18 3. The board shall annually elect a chairman and any other officers it
19 deems necessary for the performance of its duties. Board committees and
20 subcommittees may also be formed.]~~

~~[287.907. 1. By March 1, 1994, the board shall hire an administrator
2 who shall serve at the pleasure of the board and the company shall be fully
3 prepared to be operational by March 1, 1995, and assume its responsibilities
4 pursuant to sections 287.900 to 287.920. The administrator shall receive
5 compensation as established by the board and must have proven successful
6 experience as an executive at the general management level in the insurance
7 business.~~

~~8 2. The board is vested with full power, authority and jurisdiction over
9 the company. The board may perform all acts necessary or convenient in the
10 administration of the company or in connection with the insurance business to
11 be carried on by the company. In this regard, the board is empowered to
12 function in all aspects as a governing body of a private insurance carrier.]~~

~~[287.909. 1. The administrator of the company shall act as the
2 company's chief executive officer. The administrator shall be in charge of the
3 day-to-day operations and management of the company.~~

~~4 2. Before entering the duties of office, the administrator shall give an
5 official bond in an amount and with sureties approved by the board. The
6 premium for the bond shall be paid by the company.~~

~~7 3. The administrator or his designee shall be the custodian of the
8 moneys of the company and all premiums, deposits or other moneys paid~~

9 ~~thereto shall be deposited with a financial institution as designated by the~~
10 ~~administrator.~~

11 ~~4. No board member, officer or employee of the company is liable in a~~
12 ~~private capacity for any act performed or obligation entered into when done in~~
13 ~~good faith, without intent to defraud, and in an official capacity in connection~~
14 ~~with the administration, management or conduct of the company or affairs~~
15 ~~relating to it.]~~

2 ~~[287.910. The board shall have full power and authority to establish~~
3 ~~rates to be charged by the company for insurance. The board shall contract for~~
4 ~~the services of or hire an independent actuary, a member in good standing with~~
5 ~~the American Academy of Actuaries, to develop and recommend actuarially~~
6 ~~sound rates. Rates shall be set at amounts sufficient, when invested, to carry~~
7 ~~all claims to maturity, meet the reasonable expenses of conducting the business~~
8 ~~of the company and maintain a reasonable surplus. The company shall~~
9 ~~conduct a workers' compensation program that shall be neither more nor less~~
~~than self-supporting.]~~

2 ~~[287.912. The board shall formulate and adopt an investment policy~~
3 ~~and supervise the investment activities of the company. The administrator~~
4 ~~may invest and reinvest the surplus or reserves of the company subject to the~~
5 ~~limitations imposed on domestic insurance companies by state law. The~~
6 ~~company may retain an independent investment counsel. The board shall~~
7 ~~periodically review and appraise the investment strategy being followed and~~
8 ~~the effectiveness of such services. Any investment counsel retained or hired~~
9 ~~shall periodically report to the board on investment results and related~~
~~matters.]~~

2 ~~[287.915. Any insurance agent or broker licensed to sell workers'~~
3 ~~compensation insurance in this state shall be authorized to sell insurance~~
4 ~~policies for the company in compliance with the bylaws adopted by the~~
5 ~~company. The board shall establish a schedule of commissions to pay for the~~
~~services of the agent.]~~

2 ~~[287.917. 1. The administrator shall formulate, implement and~~
3 ~~monitor a workplace safety program for all policyholders.~~

4 ~~2. The company shall have representatives whose sole purpose is to~~
5 ~~develop, with policyholders, a written workplace accident and injury reduction~~
6 ~~plan that promotes safe working conditions and which is based upon clearly~~
7 ~~stated goals and objectives. Company representatives shall have reasonable~~
8 ~~access to the premises of any policyholder or applicant during regular working~~
9 ~~hours. The company shall communicate the importance of a well defined~~
10 ~~safety plan and assist in any way to obtain this objective.~~

11 ~~3. The administrator or board may refuse to insure, or may terminate~~
12 ~~the insurance of any subscriber who refuses to permit on-site examinations or~~
~~disregards the workplace accident and injury reduction plan.~~

13 4. ~~Upon the completion of a detailed inspection and recognition of a~~
14 ~~high regard for employee work safety, a deviation may be applied to the rate~~
15 ~~structure of that insured noting special recognition of those efforts.]~~

2 ~~[287.919. 1. The Missouri employers mutual insurance company shall~~
3 ~~not receive any state appropriation, directly or indirectly, except as provided in~~
4 ~~section 287.690.~~

5 ~~2. In order to provide funds for the creation, continued development~~
6 ~~and operation of the company, the board is authorized to issue revenue bonds~~
7 ~~from time to time, in a principal amount outstanding not to exceed forty~~
8 ~~million dollars at any given time, payable solely from premiums received from~~
9 ~~insurance policies and other revenues generated by the company.~~

10 ~~3. The board may issue bonds to refund other bonds issued pursuant to~~
11 ~~this section.~~

12 ~~4. The bonds shall have a maturity of no more than ten years from the~~
13 ~~date of issuance. The board shall determine all other terms, covenants and~~
14 ~~conditions of the bonds, except that no bonds may be redeemed prior to~~
15 ~~maturity unless the company has established adequate reserves for the risks it~~
16 ~~has insured.~~

17 ~~5. The bonds shall be executed with the manual or facsimile signature~~
18 ~~of the administrator or the chairman of the board and attested by another~~
19 ~~member of the board. The bonds may bear the seal, if any, of the company.~~

20 ~~6. The proceeds of the bonds and the earnings on those proceeds shall~~
21 ~~be used by the board for the development and operation of the Missouri~~
22 ~~employers mutual insurance company, to pay expenses incurred in the~~
23 ~~preparation, issuance and sale of the bonds and to pay any obligations relating~~
24 ~~to the bonds and the proceeds of the bonds under the United States Internal~~
25 ~~Revenue Code of 1986, as amended.~~

26 ~~7. The bonds may be sold at a public sale or a private sale. If the bonds~~
27 ~~are sold at a public sale, the notice of sale and other procedures for the sale~~
28 ~~shall be determined by the administrator or the company.~~

29 ~~8. This section is full authority for the issuance and sale of the bonds~~
30 ~~and the bonds shall not be invalid for any irregularity or defect in the~~
31 ~~proceedings for their issuance and sale and shall be incontestable in the hands~~
32 ~~of bona fide purchasers or holders of the bonds for value.~~

33 ~~9. An amount of money from the sources specified in subsection 2 of~~
34 ~~this section sufficient to pay the principal of and any interest on the bonds as~~
35 ~~they become due each year shall be set aside and is hereby pledged for the~~
36 ~~payment of the principal and interest on the bonds.~~

37 ~~10. The bonds shall be legal investments for any person or board~~
38 ~~charged with the investment of public funds and may be accepted as security~~
39 ~~for any deposit of public money, and the bonds and interest thereon are exempt~~
40 ~~from taxation by the state and any political subdivision or agency of the state.~~

41 ~~11. The bonds shall be payable by the company, which shall keep a~~
42 ~~complete record relating to the payment of the bonds.~~

43 ~~12. Not more than fifty percent of the bonds sold shall be sold to~~
44 ~~public entities.]~~

2 ~~[287.920. 1. The board shall cause an annual audit of the books of~~
3 ~~accounts, funds and securities of the company to be made by a competent and~~
4 ~~independent firm of certified public accountants, the cost of the audit to be~~
5 ~~charged against the company. A copy of the audit report shall be filed with the~~
6 ~~director of the department of commerce and insurance and the administrator.~~
7 ~~The audit shall be open to the public for inspection.~~

8 ~~2. The board shall submit an annual independently audited report in~~
9 ~~accordance with procedures governing annual reports adopted by the National~~
10 ~~Association of Insurance Commissioners by March first of each year and the~~
11 ~~report shall be delivered to the governor and the general assembly and shall~~
12 ~~indicate the business done by the company during the previous year and~~
13 ~~contain a statement of the resources and liabilities of the company.~~

14 ~~3. The administrator shall annually submit to the board for its approval~~
15 ~~an estimated budget of the entire expense of administering the company for the~~
16 ~~succeeding calendar year having due regard to the business interests and~~
17 ~~contract obligations of the company.~~

18 ~~4. The incurred loss experience and expense of the company shall be~~
19 ~~ascertained each year to include but not be limited to estimates of outstanding~~
20 ~~liabilities for claims reported to the company but not yet paid and liabilities for~~
21 ~~claims arising from injuries which have occurred but have not yet been~~
22 ~~reported to the company. If there is an excess of assets over liabilities,~~
23 ~~necessary reserves and a reasonable surplus for the catastrophe hazard, then a~~
24 ~~cash dividend may be declared or a credit allowed to an employer who has~~
25 ~~been insured with the company in accordance with criteria approved by the~~
26 ~~board, which may account for the employer's safety record and performance.~~

27 ~~5. The department of commerce and insurance shall conduct an~~
28 ~~examination of the company in the manner and under the conditions provided~~
29 ~~by the statutes of the insurance code for the examination of insurance carriers.~~
30 ~~The board shall pay the cost of the examination as an expense of the company.~~
31 ~~The company is subject to all provisions of the statutes which relate to private~~
32 ~~insurance carriers and to the jurisdiction of the department of commerce and~~
33 ~~insurance in the same manner as private insurance carriers, except as provided~~
34 ~~by the director.~~

35 ~~6. For the purpose of ascertaining the correctness of the amount of~~
36 ~~payroll reported, the number of employees on the employer's payroll and for~~
37 ~~such other information as the administrator may require in the proper~~
38 ~~administration of the company, the records and payrolls of each employer~~
39 ~~insured by the company shall always be open to inspection by the~~
40 ~~administrator or his duly authorized agent or representative.~~

41 ~~7. Every employer provided insurance coverage by the company, upon~~
42 ~~complying with the underwriting standards adopted by the company, and upon~~
43 ~~completing the application form prescribed by the company, shall be furnished~~
44 ~~with a policy showing the date on which the insurance becomes effective.]~~

Section B. The repeal of sections 287.900, 287.902, 287.905, 287.907, 287.909,
2 287.910, 287.912, 287.915, 287.917, 287.919, and 287.920 of this act and the repeal and

3 reenactment of sections 287.690 and 375.1275 of this act shall become effective on January 1,
4 2025.

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