

# SENATE BILL NO. 209

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR BURLISON.

0162S.01H

ADRIANE D. CROUSE, Secretary

## AN ACT

To amend chapter 379, RSMo, by adding thereto nine new sections relating to group personal lines property and casualty insurance.

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

Section A. Chapter 379, RSMo, is amended by adding thereto  
2 nine new sections, to be known as sections 379.1800, 379.1803,  
3 379.1806, 379.1809, 379.1812, 379.1815, 379.1818, 379.1821, and  
4 379.1824, to read as follows:

**379.1800. 1. Except as provided in subsection 2 of  
2 this section, no policy of group personal lines property and  
3 casualty insurance shall be issued or delivered in this  
4 state unless it conforms to one of the following  
5 descriptions:**

6 (1) A policy issued to an employer, or to the trustees  
7 of a fund established by an employer, which employer or  
8 trustees shall be deemed the policyholder, to insure  
9 employees of the employer for the benefit of persons other  
10 than the employer, subject to the following requirements:

11 (a) The employees eligible for insurance under the  
12 policy shall be all of the employees of the employer, or all  
13 of any class or classes thereof. The policy may provide  
14 that the term "employees" shall include the employees of one  
15 or more subsidiary corporations, and the employees,  
16 individual proprietors, and partners of one or more  
17 affiliated corporations, proprietorships or partnerships if

18 the business of the employer and of the affiliated  
19 corporations, proprietorships or partnerships is under  
20 common control. The policy may provide that the term  
21 "employees" shall include the individual proprietor or  
22 partners if the employer is an individual proprietorship or  
23 partnership. The policy may provide that the term  
24 "employees" shall include directors of a corporate employer  
25 and retired employees. A policy issued to insure the  
26 employees of a public body may provide that the term  
27 "employees" shall include elected or appointed officials;

28 (b) The premium for the policy shall be paid either  
29 from the employer's funds or from funds contributed by the  
30 insured employees, or from both. A policy on which no part  
31 of the premium is to be derived from funds contributed by  
32 the insured employees shall insure all eligible employees,  
33 except those who reject such coverage in writing;

34 (2) A policy issued to a labor union or similar  
35 employee organization, which shall be deemed to be the  
36 policyholder, to insure members of the union or organization  
37 for the benefit of persons other than the union or  
38 organization or any of its officials, representatives or  
39 agents, subject to the following requirements:

40 (a) The members eligible for insurance under the  
41 policy shall be all of the members of the union or  
42 organization, or all of any class or classes thereof;

43 (b) The premium for the policy shall be paid from  
44 funds of the union or organization, from funds contributed  
45 by the insured members specifically for their insurance, or  
46 from both. A policy on which no part of the premium is to  
47 be derived from funds contributed by the insured members  
48 specifically for their insurance shall insure all eligible  
49 members, except those who reject such coverage in writing;

50           (3) A policy issued to a trust, or to the trustees of  
51 a fund, established or adopted by two or more employers, or  
52 by one or more labor unions or similar employee  
53 organizations, or by one or more employers and one or more  
54 labor unions or similar employee organizations, which trust  
55 or trustees shall be deemed the policyholder, to insure  
56 employees of the employers or members of the unions or  
57 organizations for the benefit of persons other than the  
58 employers or the unions or organizations, subject to the  
59 following requirements:

60           (a) The persons eligible for insurance shall be all of  
61 the employees of the employers or all of the members of the  
62 unions or organizations, or all of any class or classes  
63 thereof. The policy may provide that the term "employees"  
64 shall include the employees of one or more subsidiary  
65 corporations, and the employees, individual proprietors, and  
66 partners of one or more affiliated corporations,  
67 proprietorships or partnerships if the business of the  
68 employer and of such affiliated corporations,  
69 proprietorships or partnerships is under common control.  
70 The policy may provide that the term "employees" shall  
71 include the individual proprietor or partners if the  
72 employer is an individual proprietorship or partnership.  
73 The policy may provide that the term "employees" shall  
74 include directors of a corporate employer and retired  
75 employees. The policy may provide that the term "employees"  
76 shall include the trustees or their employees, or both, if  
77 their duties are principally connected with such trusteeship;

78           (b) The premium for the policy shall be paid from  
79 funds contributed by the employer or employers of the  
80 insured persons, by the union or unions or similar employee  
81 organizations, or by both, or from funds contributed by the

82 insured persons or from both the insured persons and the  
83 employers or unions or similar employee organizations. A  
84 policy on which no part of the premium is to be derived from  
85 funds contributed by the insured persons specifically for  
86 their insurance shall insure all eligible persons, except  
87 those who reject such coverage in writing;

88 (4) A policy issued to an association or to a trust or  
89 to the trustees of a fund established, created or maintained  
90 for the benefit of members of one or more associations. The  
91 association or associations shall have at the outset a  
92 minimum of one hundred persons and have been organized and  
93 maintained in good faith for purposes other than that of  
94 obtaining insurance, shall have been in active existence for  
95 at least one year, and shall have a constitution and bylaws  
96 which provide that:

97 (a) The association or associations hold regular  
98 meetings not less than annually to further purposes of the  
99 members;

100 (b) The association or associations collect dues or  
101 solicit contributions from members; and

102 (c) The members have voting privileges and  
103 representation on the governing board and committees.

104 Policies under this subdivision shall be subject to the  
105 following requirements:

106 a. The policy may insure members of the association or  
107 associations, employees thereof or employees of members, or  
108 one or more of the preceding or all of any class or classes  
109 thereof for the benefit of persons other than the employees'  
110 employer;

111 b. The premium for the policy shall be paid from funds  
112 contributed by the association or associations, or by

113 employer members, or by both, or from funds contributed by  
114 the insured persons or from both the insured persons and the  
115 association, associations, or employer members. A policy on  
116 which no part of the premium is to be derived from funds  
117 contributed by the insured persons specifically for their  
118 insurance shall insure all eligible persons, except those  
119 who reject such coverage in writing;

120 c. If compensation of any kind will or may be paid to  
121 the policyholder in connection with the group policy, the  
122 insurer shall cause to be distributed to prospective  
123 insureds a written notice that compensation will or may be  
124 paid. Such notice shall be distributed:

- 125 (i) Whether compensation is direct or indirect; and  
126 (ii) Whether such compensation is paid to or retained  
127 by the policyholder, or paid to or retained by a third party  
128 at the direction of the policyholder or any entity  
129 affiliated with the policyholder by ownership, contract or  
130 employment.

131 The notice required by this subparagraph shall be placed on  
132 or accompany any document designed for the enrollment of  
133 prospective insureds;

134 Under this subsection, the definition of an eligible  
135 employee or member may include the spouse of the eligible  
136 employee or member.

137 2. Group personal lines property and casualty  
138 insurance offered to a resident of this state under a group  
139 personal lines property and casualty insurance policy issued  
140 or delivered to a group other than one described in  
141 subsection 1 of this section shall be subject to the  
142 following requirements:

143           (1) No such group personal lines property and casualty  
144 insurance policy shall be issued or delivered in this state  
145 unless the director finds that:

146           (a) The issuance of the group policy is not contrary  
147 to the best interest of the public;

148           (b) The issuance of the group policy would result in  
149 economies of acquisition or administration; and

150           (c) The benefits are reasonable in relation to the  
151 premiums charged;

152           (2) No group personal lines property and casualty  
153 insurance coverage shall be offered in this state by an  
154 insurer under a policy issued or delivered in another state  
155 unless this state or another state having requirements  
156 substantially similar to those contained in subdivision (1)  
157 of this subsection has made a determination that the  
158 requirements have been met;

159           (3) The premium for a group personal lines property  
160 and casualty policy shall be paid from the policyholder's  
161 funds, from funds contributed by the covered persons, or  
162 from both;

163           (4) If compensation of any kind will or may be paid to  
164 the policyholder in connection with the group policy, the  
165 insurer shall cause to be distributed to prospective  
166 insureds, a written notice that compensation will or may be  
167 paid. Notice shall be distributed:

168           (a) Whether compensation is direct or indirect; and

169           (b) Whether such compensation is paid to or retained  
170 by the policyholder, or paid to or retained by a third party  
171 at the direction of the policyholder or any entity  
172 affiliated with the policyholder by ownership, contract or  
173 employment.

174 The notice required by this subsection shall be placed on or  
175 accompany any document designed for the enrollment of  
176 prospective insureds.

379.1803. 1. A master policy shall be issued to the  
2 policyholder. Eligible employees or members insured under  
3 the master policy shall receive certificates of coverage  
4 setting forth a statement as to the insurance protection to  
5 which they are entitled.

6 2. No master policy or certificate of insurance shall  
7 be issued or delivered in this state unless the master  
8 policy form, together with all forms for riders,  
9 certificates and endorsements to the master policy form,  
10 shall have met the applicable filing requirements in this  
11 state. No subsequent amendments to the master policy form  
12 or forms for riders, certificates and endorsements to the  
13 master policy form shall be issued or delivered until they  
14 have met the applicable filing requirements in this state.

15 3. The master policy shall set forth the coverages,  
16 exclusions and conditions of the insurance provided therein,  
17 together with the terms and conditions of the agreement  
18 between the policyholder and the insurer. The master policy  
19 shall make express provisions for the following:

20 (1) Methods of premium collection;

21 (2) Enrollment period, effective date provisions and  
22 eligibility standards for employees or members;

23 (3) Termination of the master policy; and

24 (4) Conversion privileges of the employees or members.

25 4. If the master policy provides for remittance of  
26 premium by the policyholder, failure of the policyholder to  
27 remit premiums when due shall not be regarded as nonpayment  
28 of premium by the employee or member who has made his or her  
29 contribution on a timely basis.

379.1806. 1. The master policy shall provide a basic  
2 package of coverages and limits that are available to all  
3 eligible employees or members. The package shall include at  
4 least the minimum coverages and limits of insurance as  
5 required by law in that employee's or member's state of  
6 residence or in the state where the subject property is  
7 located, if applicable. In addition, the master policy may  
8 provide additional coverages or limits to be available at an  
9 increased premium to employees or members who qualify under  
10 the terms of the master policy.

11 2. The master policy shall provide coverage for all  
12 eligible employees or members who elect coverage during  
13 their initial period of eligibility, which period shall not  
14 be less than thirty-one days. Employees or members who do  
15 not elect coverage during the initial period and later  
16 request coverage shall be subject to the insurer's  
17 underwriting standards.

18 3. Coverage under the master policy may be reduced  
19 only as to all members of a class, and shall never be  
20 reduced to a level below the limits required by applicable  
21 law.

22 4. Coverage under the master policy may be terminated  
23 as to an employee or member only for:

24 (1) Failure of the employee or member to make required  
25 premium contributions;

26 (2) Termination of the master policy in its entirety  
27 or as to the class to which the employee or member belongs;

28 (3) Discontinuance of the employee's or member's  
29 membership in a class eligible for coverage; or

30 (4) Termination of employment or membership.

31 5. If optional coverages or limits are available by  
32 law in an employee's or member's state of residence, the



33 policyholder's acceptance or rejection of the optional  
34 coverages or limits on behalf of the group shall be binding  
35 on the employees or members. If the policyholder rejects  
36 any coverages or limits that are required by law to be  
37 provided unless rejected by the named insured, notice of the  
38 rejection shall be given to the employees or members at or  
39 before the time their certificates of coverage are delivered.

40 6. Stacking of coverages or limits among separate  
41 certificates of insurance is prohibited under a master  
42 policy of group personal lines property and casualty  
43 insurance; except that, if separate certificates under the  
44 same master policy are issued to relatives living in the  
45 same household, the state law pertaining to stacking of  
46 individual policies shall apply to those certificates.

379.1809. 1. No master policy or certificate of  
2 insurance shall be issued or delivered in this state unless  
3 the rating plan and amendments thereto used in the  
4 determination of the master policy premium have met the  
5 applicable filing requirements in this state.

6 2. Group insurance premium rates shall not be deemed  
7 unfairly discriminatory if adjusted to reflect past and  
8 prospective loss experience or group expense factors, or if  
9 averaged broadly among persons insured under the master  
10 policy. Nor shall such rates be deemed to be unfairly  
11 discriminatory if they do not reflect individual rating  
12 factors including surcharges and discounts required for  
13 individual personal lines property and casualty insurance  
14 policies.

15 3. Experience refunds or dividends may be paid to the  
16 policyholder of a group personal lines property and casualty  
17 insurance policy if the insurer's experience under that  
18 policy justifies experience refunds or dividends. However,

19 if an experience refund or dividend is declared, it shall be  
20 applied by the policyholder for the sole benefit of the  
21 insured employees or members to the extent that the  
22 experience refund or dividend exceeds the policyholder's  
23 contribution to premium for the period covered by such  
24 experience refund or dividend.

379.1812. 1. An insurer issuing or delivering group  
2 personal lines property and casualty insurance shall  
3 maintain separate statistics as to the loss and expense  
4 experience pertinent thereto.

5 2. No insurer shall issue or deliver a group personal  
6 lines property and casualty insurance policy if it is a  
7 condition of employment or of membership in a group that any  
8 employee or member purchase insurance pursuant to the  
9 policy, or if any employee or member shall be subject to any  
10 penalty by reason of his or her non-participation.

11 3. (1) No insurer shall issue or deliver a group  
12 personal lines property and casualty insurance policy if:

13 (a) The purchase of insurance available under the  
14 policy is contingent upon the purchase of any other  
15 insurance, product, or service; or

16 (b) The purchase or price of any other insurance,  
17 product, or service is contingent upon the purchase of  
18 insurance available under the group personal lines property  
19 and casualty insurance policy.

20 (2) Subdivision (1) of this subsection shall not be  
21 deemed to prohibit the reasonable requirement of safety  
22 devices, such as heat detectors, lightning rods, theft  
23 prevention equipment and the like. Neither shall  
24 subdivision (1) of this subsection be deemed to prohibit the  
25 marketing of "package" or "combination" policies.

26           4. The insurer's experience from its group personal  
27 lines property and casualty insurance policies shall be  
28 included in the determination of the insurer's participation  
29 in the applicable residual market plans.

30           5. For purposes of premium taxes, the insurer shall  
31 allocate premiums in accordance with the rules applicable to  
32 individual personal lines property and casualty insurance  
33 policies, except that any required allocation may be based  
34 on an annual survey of insureds. Premiums shall be  
35 apportioned among states without differentiation between  
36 policyholder or employee or member contributions.

          379.1815. 1. No person shall act in this state as an  
2 insurance agent or broker in connection with the  
3 solicitation, negotiation or sale of a group personal lines  
4 property and casualty insurance policy unless the person is  
5 duly licensed under sections 375.012 to 375.146 as an  
6 insurance producer for the applicable lines of insurance.  
7 However, none of the following activities engaged in by the  
8 insurer or its employees, or the policyholder or its  
9 employees, shall require the licensing of such entities or  
10 persons as insurance producers:

11           (1) Endorsement or recommendation of the master policy  
12 to employees or members;

13           (2) Distribution to employees or members, by mail or  
14 otherwise, of information pertaining to the master policy;

15           (3) Collection of contributions toward premium through  
16 payroll deductions or other appropriate means, and  
17 remittance of the premium to an insurer; or

18           (4) Receipt of reimbursement from an insurer for  
19 actual, reasonable expenses incurred for administrative  
20 services which would otherwise be performed by the insurer  
21 with respect to the master policy. However, nothing herein

22 shall supersede any applicable law or regulation that  
23 prohibits or regulates splitting of commissions with  
24 unlicensed persons, or rebating commissions or premiums.

25 2. No countersignature requirements shall apply to a  
26 group personal lines property and casualty insurance policy  
27 that is issued or delivered in this state pursuant to the  
28 provisions of sections 379.1800 to 379.1824.

379.1818. 1. Each employee or member covered under  
2 the master policy whose coverage thereunder terminates for  
3 any reason other than the failure to make required  
4 contributions toward premiums or at the request of the  
5 employee or member, shall receive from the insurer thirty  
6 days prior written notice of termination or ineligibility.  
7 The notice shall state the reasons for discontinuance of  
8 coverage under the master policy, and shall explain the  
9 employee's or member's options for conversion to an  
10 individual policy.

11 2. If, within thirty days after receipt of notice of  
12 termination or ineligibility, application is made and the  
13 first premium is paid to the insurer, the employee or member  
14 shall be entitled to have issued to him or her by the  
15 insurer, or an affiliate within the same group of insurers,  
16 an individual policy, effective upon termination or  
17 ineligibility, with coverages and limits at least equal to  
18 the minimum coverages and limits of insurance as required by  
19 the applicable state law.

20 3. No individual notice of termination as provided in  
21 subsection 1 of this section and no conversion privilege as  
22 provided in subsection 2 of this section shall be required  
23 if the master policy is replaced by another master policy  
24 within thirty days. Coverage under the prior master policy

25 shall terminate when the replacement master policy becomes  
26 effective.

379.1821. 1. No master policy or certificate of  
2 insurance shall be issued or delivered in this state unless  
3 issued or delivered by an insurer which is duly licensed in  
4 this state to write the lines of insurance covered by the  
5 master policy.

6 2. The provisions of sections 379.1800 to 379.1824  
7 shall not apply to the mass marketing or any other type of  
8 marketing of individual personal lines property and casualty  
9 insurance policies.

10 3. Sections 379.1800 to 379.1824 shall not apply to  
11 policies of credit property or credit casualty insurance  
12 which insure the debtors of a creditor or creditors with  
13 respect to their indebtedness.

14 4. Sections 379.1800 to 379.1824 shall not apply to  
15 policies of personal automobile insurance or personal motor  
16 vehicle liability insurance, nor shall such sections be  
17 construed as authorizing the sale or issuance of personal  
18 automobile insurance or personal motor vehicle liability  
19 insurance under a group or master policy within this state.

20 5. Nothing in sections 379.1800 to 379.1824 shall  
21 limit the authority of the director with respect to  
22 complaints or disputes involving residents of this state  
23 arising out of a master policy that has been issued or  
24 delivered in another state.

25 6. The director may promulgate rules as necessary to  
26 implement and administer the provisions of sections 379.1800  
27 to 379.1824. Any rule or portion of a rule, as that term is  
28 defined in section 536.010, that is created under the  
29 authority delegated in this section shall become effective  
30 only if it complies with and is subject to all of the

31 provisions of chapter 536 and, if applicable, section  
32 536.028. This section and chapter 536 are nonseverable and  
33 if any of the powers vested with the general assembly  
34 pursuant to chapter 536 to review, to delay the effective  
35 date, or to disapprove and annul a rule are subsequently  
36 held unconstitutional, then the grant of rulemaking  
37 authority and any rule proposed or adopted after August 28,  
38 2021, shall be invalid and void.

379.1824. The provisions of sections 379.1800 to  
2 379.1824 shall become effective January 1, 2022. No master  
3 policy or certificate of insurance shall be issued or  
4 delivered in this state after the effective date unless  
5 issued or delivered in compliance with sections 379.1800 to  
6 379.1824. A master policy or certificate that is lawfully  
7 in effect on January 1, 2022, shall comply with the  
8 provisions of sections 379.1800 to 379.1824 within twelve  
9 months of such date.

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