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**Rules of  
Department of Insurance  
Division 500—Property and Casualty  
Chapter 1—Property and Casualty Insurance in  
General**

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**Title 20—DEPARTMENT OF  
INSURANCE**  
**Division 500—Property and Casualty**  
**Chapter 1—Property and Casualty**  
**Insurance in General**

**20 CSR 500-1.100 Standard Fire Policies**

*PURPOSE: This regulation establishes the standard fire insurance policy for Missouri. This regulation was adopted pursuant to the provision of sections 379.150, 379.160 and 379.840, RSMo 1986.*

*PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.*

(1) Policy Form Requirements.

(A) The standard fire insurance policy for use by any insuring organization in Missouri is declared to be the 1943 "Standard Fire Insurance Policy of the State of New York," which is incorporated herein by reference with those changes expressed in this regulation, having been so declared for use in Missouri effective July 1, 1944, with subsequent modification as approved in writing by the director. Any such policy must be clearly designated the "Standard Fire Insurance Policy for Missouri," although any other state or territory in which this form is standard may be listed before or after the word "Missouri" in this designation.

(B) In order to encourage readability in insurance policy forms, the director may approve fire insurance policy forms other than the standard fire insurance policy which otherwise meet all requirements of law and are at least as favorable to the insured as the standard fire insurance policy.

(2) Mandated Changes to Standard Fire Policy.

(A) These provisions shall apply to all fire insurance policies issued or renewed pursuant to sections 375.001–375.008, 379.160 and 379.810–379.880, RSMo after August 7, 1964:

1. That portion of the 1943 Standard Fire Insurance Policy for New York which gives "the insured five (5) days' written notice of cancellation" on line 62 of the policy form shall be given no effect where contained within a policy designated as the "Standard Fire Insurance Policy for Missouri" insuring property located in this state, except as stated in paragraph (2)(A)2. of this regulation.

2. The language in the 1943 Standard Fire Insurance Policy for New York contained in lines 60–67 shall be superseded with the following language printed anywhere on this policy or amendatory endorsement: "This policy may be canceled, not renewed, reduced in amount or adversely modified at any time by the company by giving to the insured thirty (30) days' written notice of such action with or without tender of the excess of paid premium above the *pro rata* premium for the expired time, which excess, if not tendered, shall be refunded on demand. Only ten (10) days notice is required where such action is based upon non-payment of premium or evidence of incendiarism by the insured."

3. The language in lines 141–147 of the 1943 Standard Fire Insurance Policy for New York relating to "company's options" shall be superseded by the following or equivalent language: "Upon partial destruction or damage to insured property, this company shall pay the insured a sum of money equal to the damage done or repair the same to the extent of such damage, not exceeding the amount written in the policy, so that said property shall be in as good condition as before the fire, at the option of the insured, pursuant to section 379.150, RSMo (1986)."

4. The language in lines 123–140 of the 1943 Standard Fire Insurance Policy of New York relating to "appraisal" shall be superseded by the following or equivalent language: "In case the insured and this company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon such umpire, then, on request of the insured or this company, such umpire shall be selected by a judge of a court of record in the state and county (or city if the city is not within a county) in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences,

only, to the umpire. The umpire shall make the award within thirty (30) days after the umpire receives the appraisers' submissions of their differences. An award in writing, so itemized, of any two (2) when filed with this company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting such appraiser and the expenses of appraisal and umpire shall be paid by the parties equally."

(B) The language required in section (2) must be printed upon any insurance policies filed for use in Missouri after July 1, 1999. All policy forms filed prior to July 1, 1999, may be amended by endorsement not later than January 1, 2000, to comply with this regulation.

(3) Cancellation.

(A) Any notice of cancellation, nonrenewal, reduction in amount or adverse modification must state the following:

1. That the insured may contact his/her insurance producer for coverage;

2. The name, address and telephone number of the Missouri Property Insurance Placement Facility;

3. The reason for cancellation, nonrenewal, reduction in amount or adverse modification; and

4. That any excess premium not tendered must be refunded within thirty (30) days of this notice. Exhibit A contains a model notice which may be varied if the required information is equally prominent in any substitute form of notice.

(4) Reciprocal or Interinsurance Exchanges.

(A) All fire insurance policies written by reciprocal and interinsurance exchanges shall be subject to the requirement of section (3) of this regulation.

(B) Any policy issued by a reciprocal or interinsurance exchange shall state—

1. Whether or not the policy is assessable for contingent liabilities; and

2. The subscriber's rights, if any, to participation in the earnings or surplus of the exchange.

(C) A copy of the subscriber's agreement with the attorney-in-fact for the exchange shall be attached to the policy or application for coverage.

**EXHIBIT A**  
**COMPANY LETTERHEAD**

Policy Number(s) \_\_\_\_\_

Expiration Date \_\_\_\_\_

Insured Premises Location \_\_\_\_\_



This is our office notice that the coverages afforded by the above-numbered policies will be:

- Cancelled
- Not Renewed
- Reduced in Amount
- Adversely Modified as Follows:

EFFECTIVE: 12:01 A.M. ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_

SPECIFIC REASON FOR TAKING ACTION SHOWN ABOVE:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

If you wish to secure coverages from another insurance carrier, contact your insurance producer immediately. You or your insurance producer may also apply to the Missouri Property Insurance Placement Facility for insurance coverages. Application may be made by mail or in person to the following address:

MISSOURI PROPERTY INSURANCE  
 PLACEMENT FACILITY  
 906 Olive Street, Suite 1000  
 St. Louis, MO 63101  
 Phone (314) 421-0170  
 Any excess premium must be refunded within thirty (30) days.

Yours truly,

cc: Insurance Producer  
cc: Mortgagee

*AUTHORITY: sections 374.045, 379.150, 379.160 and 379.840, RSMo 2000.\* This rule was previously filed as 4 CSR 190-16.060. This version of rule filed July 27, 1964, effective Aug. 7, 1964. Amended: Filed June 12, 1970, effective July 1, 1970. Amended: Filed Dec. 23, 1975, effective Jan. 2, 1976. Amended: Filed Feb. 10, 1978, effective June 11, 1978. Amended: Filed March 16, 1988, effective June 13, 1988. Amended: Filed Dec. 15, 1998, effective July 30, 1999. Amended: Filed April 23, 1999, effective Nov. 30, 1999. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

*\*Original authority: 374.045, RSMo 1967, amended 1993, 1995; 379.150, RSMo 1939; 379.160, RSMo 1939, amended 1957, 1963; and 379.840, RSMo 1969.*

**20 CSR 500-1.150 Mandatory Disclosure of Excluded Coverages in General**

*Editor's Note: On January 31, 1995, a preliminary injunction enjoining the Missouri Department of Insurance from implementing the Order of Rulemaking printed in the September 30, 1994 Code of State Regulations or taking any action authorized under the rule was issued in the Circuit Court of Cole County.*

**20 CSR 500-1.200 Marine, Inland Marine, Definition With Scope of Coverage**

*PURPOSE: This regulation adopts and sets forth the 1976 Revision of the National Association of Insurance Commissioners' Nationwide Marine Definition with certain changes for Missouri use. Future interpretations will be made public by order or other notice. This regulation was adopted pursuant to the provisions of section 374.045, RSMo and implements section 279.316.2., RSMo.*

(1) Marine, transportation policies or both may cover under the following conditions:

(A) Imports may be covered wherever the property exists and without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation. An import as a proper subject of marine or transportation insurance shall be deemed to maintain its character as such, so long as the property remains segregated in a way that it can be identified and has not become incorporated and mixed with the general mass of property in the United States and shall be deemed to have been completed when that property has been—

1. Sold and delivered by the importer, factor or consignee;
2. Removed from place of storage and placed on sale as part of importer's stock in trade at a point of sale-distribution; or
3. Delivered for manufacture, processing or change in form to premises of the importer or of another used for any of these purposes;

(B) Exports may be covered wherever the property exists without restriction as to time, provided the coverage of the issuing companies includes hazards of transportation. An export, as a proper subject of marine or transportation insurance, shall be deemed to acquire its character as an export when designated or while being prepared for export and retain that character unless diverted for domestic trade and when so diverted the provisions of this ruling respecting domestic shipments shall apply, provided, however, that this provision shall not apply to long

established methods of insuring certain commodities, for example, cotton;

(C) Domestic Shipments.

1. Domestic shipments on consignment, (provided the coverage of the issuing companies includes hazards of transportation) for sale or distribution, exhibit or trial or approval or auction, while in transit, while in the custody of others and while being returned, provided that in no event shall the policy cover on premises owned, leased or operated by the consignor.

2. Domestic shipments not on consignment, provided the coverage of the issuing companies includes hazards of transportation, beginning and ending within the United States, provided that these shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by assured or purchaser;

(D) Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their improvements and betterments, furniture and furnishings, fixed contents and supplies held in storage). The previously mentioned include:

1. Bridges, tunnels, other similar instrumentalities, including auxiliary facilities and equipment attendants;
2. Piers, wharves, docks, slips, dry docks and marine railways;
3. Pipelines, including on-line propulsion, regulating and other equipment appurtenant to those pipelines, but excluding all property at manufacturing, producing, refining, converting, treating or conditioning plants;
4. Power transmission and telephone and telegraph lines, excluding all property at generating, converting or transforming stations, substations and exchanges;
5. Radio and television communication equipment in commercial use as such including towers and an antennae with auxiliary equipment and appurtenant electrical operating and control apparatus;
6. Outdoor cranes, loading bridges and similar equipment used to load, unload and transport; and
7. Outdoor theatre equipment, except buildings;

(E) Personal property floater risks covering individuals generally—

1. Personal effects floater policies;
2. The personal property floater;
3. Government service floaters;
4. Personal fur floaters;
5. Personal jewelry floaters;
6. Wedding present floaters for not exceeding ninety (90) days after the day of the wedding;
7. Silverware floaters;



8. Fine arts floaters covering paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit;

9. Stamp and coin floaters;

10. Musical instrument floaters. Radios, televisions, record players and combinations are not deemed musical instruments. These policies shall not be written on pianos and organs not customarily moved from the assured's premises;

11. Mobile articles, machinery and equipment floaters (excluding motor vehicles designed for highway use and auto homes, trailers and semi-trailers except when hauled by tractors not designed for highway use) covering identified property of a mobile or floating nature pertaining to or usual to a household. These policies shall not cover furniture and fixtures not customarily used away from premises where that property is usually kept;

12. Installment sales and leased property policies covering property pertaining to a household and sold under conditional contract of sale, partial payment contract or installment sales contract or leased, but excluding motor vehicles designed for highway use. These policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest; and

13. Live animal floaters; and

(F) Commercial property floater risks covering property pertaining to a business, profession or occupation.

1. Radium floaters.

2. Physicians' and surgeons' instrument floaters. These policies may include coverage of furniture, fixtures and tenant assured's interest in the improvements and betterments of buildings as are located in that portion of the premises occupied by the assured in the practice of his/her profession.

3. Pattern and die floaters.

4. Theatrical floaters, excluding buildings and their improvements and betterments and furniture and fixtures that do not travel about with theatrical troupes.

5. Film floaters, including builders' risk during the production and coverage on completed negatives and positives and sound records.

6. Salesmen's samples floaters.

7. Exhibition policies on property while on exhibitions and in transit to or from the exhibitions.

8. Live animal floaters.

9. Builders' risks, installation risks, or both, covering interest of owner, seller or contractor, against loss or damage to machinery, equipment, building material or supplies, being used with and during the course of installation, testing, building, renovating or

repairing. These policies may cover at points or places where work is being performed, while in transit and during temporary storage or deposit, of property designated for and awaiting specific installation, building, renovating or repairing. Coverage shall be limited to builders' risks or installation risks where perils in addition to fire and extended coverage are to be insured. If written for account of an owner, the coverage shall cease upon completion and acceptance by the owner; if written for account of a seller or contractor, the coverage shall terminate when the interest of the seller or contractor ceases.

10. Mobile articles, machinery and equipment floaters (excluding motor vehicles designed for highway use and auto homes, trailers and semitrailers except when hauled by tractors not designed for highway use and snow plows constructed exclusively for highway use), covering identified property of a mobile or floating nature, not on sale or consignment or in course of manufacture, which has come into custody or control of parties who intend to use that property for the purpose of which it was manufactured or created. These policies shall not cover furniture and fixtures not customarily used away from premises where that property is usually kept.

11. Property in transit to or from and in the custody of bailees (not owned, controlled or operated by the bailor). These policies shall not cover bailee's property at his/her premises.

12. Installment sales and leased property. Policies covering property sold under conditional contract of sale, partial payment contract, installment sales contract or leased but excluding motor vehicles designed for highway use. These policies must cover in transit but shall not extend beyond the termination of the seller's or lessor's interest. This section is not intended to include machinery and equipment under certain lease-back contract.

13. Garment contractors floaters.

14. Furrier's or fur storer's customers' policies (that is, policies under which certificates or receipts are issued by furriers or fur storer's) covering specified articles the property of customers.

A. Certificates must contain all of the provisions under which the coverage is accepted without reference to the underlying policy; and show the rate and premium charges and the amount of insurance.

B. The basic policy contracts between the insurer and furrier, the fur storer or both, shall specifically provide—

(I) That certificates shall be issued only to individuals covering personal furs or garments trimmed with furs being the property of storage customers;

(II) The rate at which the customers' certificates shall be issued; and

(III) The furrier, the fur storer, or both, shall not receive any money or commission or brokerage or anything of value for services rendered in connection with the placing of or furnishing insurance for customers and amounts of insurance under the customers' certificates shall not be deducted from reports of storage values otherwise required of the furrier.

15. Accounts receivable policies, valuable papers and record's policies.

16. Floor plan policies, covering property for sale while in possession of dealers under a floor plan or any similar plan under which the dealer borrows money from a bank or lending institution with which to pay the manufacturer, provided—

A. The merchandise is specifically identifiable as encumbered to the bank or lending institution;

B. The dealer's right to sell or otherwise dispose of the merchandise is conditioned upon its being released from encumbrance by the bank or lending institution; and

C. That the policies cover in transit and do not extend beyond the termination of the dealer's interest. Provided that the policies shall not cover automobiles or motor vehicles, merchandise for which the dealer's collateral is the stock or inventory as distinguished from merchandise specifically identifiable as encumbered to the lending institution.

17. Sign and street clock policies, including neon signs, automatic or mechanical signs, street clocks, while in use as such.

18. Fine art policies covering paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit, for account of museums, galleries, universities, businesses, municipalities and other similar interests.

19. Policies covering personal property which, when sold to the ultimate purchaser, may be covered specifically, by the owner, under inland marine policies including:

A. Musical instrument dealers' policies, covering property consisting principally of musical instruments and their accessories. Radios, televisions, record players and combinations are not deemed musical instruments;

B. Camera dealers' policies, covering property consisting principally of cameras and their accessories;

C. Furrier's dealers' policies, covering property consisting principally of furs and fur garments;



D. Equipment dealers' policies, covering mobile equipment consisting of binders, reapers, tractors, harvesters; harrows, tedders and other similar agricultural equipment and accessories; construction equipment, consisting of bulldozers, road scrapers, tractors, compressors, pneumatic tools and similar equipment and accessories, but excluding motor vehicles designed for highway use;

E. Stamp and coin dealers covering property of philatelic and numismatic nature;

F. Jewelers' block policies; and

G. Fine arts dealers. These policies may include coverage of money in locked safes or vaults on the assured's premises. These policies also may include coverage of furniture, fixtures, tools, machinery, patterns, molds, dies and tenant insureds' interest in improvements of buildings.

20. Wool growers' floaters.

21. Domestic bulk liquids policies, covering tanks and domestic bulk liquids stored in them.

22. Difference in conditions coverage excluding fire and extended coverage perils, except buildings.

23. Electronic data processing policies, except buildings.

(2) Unless otherwise permitted, nothing in the foregoing shall be construed to permit marine or transportation policies to cover—

(A) Storage of assured's merchandise, except as provided;

(B) Merchandise in course of manufacture, the property of and on the premises of the manufacturer;

(C) Furniture and fixtures and improvements and betterments to buildings; and

(D) Monies, securities, or both, in safes, vaults, safety deposit vaults, bank or assured's premises, except while in the course of transportation.

(3) Nonrecording or Chattel Mortgage Non-filing Insurance. The following types of coverage may not be written as inland marine: Loss sustained by the assured named in this regulation in retail finance transactions and direct retail loans secured by conditional sales contracts, or chattel mortgages, or certificates of title (either or both referred to in the following as security instruments) when caused by the inability of the assured to realize upon the security of them or to repossess or recover personal property described in the security instruments covered in this regulation—which has been traded, sold, removed or otherwise disposed of and subsequently located by the assured or because of the institution of bankruptcy, receivership or attachment proceedings, levy or execution, death of

mortgagor or conditional vendee or the creation or execution of any additional lien or encumbrance upon the same property due solely to the fact that the security instrument has not been filed or recorded with the proper public authorities to give constructive notice of it to all persons.

(4) Combination Coverages. Inland marine coverage may be combined with fire casualty, fidelity and surety coverages as a combination policy, provided the insurer is properly licensed for all the multiple lines and the combination or package has been approved by the Department of Insurance.

*AUTHORITY: sections 374.045 and 379.316.2, RSMo 1994. \* This rule was previously filed as 4 CSR 190-16.020. Original rule filed July 27, 1964, effective Aug. 7, 1964. Amended: Filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Dec. 20, 1974, effective Dec. 30, 1974. Rescinded and readopted: Filed Feb. 13, 1978, effective June 11, 1978. Amended: Filed Jan. 15, 1979, effective June 11, 1979.*

*\*Original authority: 374.045, RSMo 1967, amended 1993 and 379.316.2., RSMo 1972.*

**20 CSR 500-1.300 Use of Binders**

*PURPOSE: This regulation prohibits insurance producers from binding insurance to provide rate advantages. This regulation was adopted pursuant to the provisions of section 374.045, RSMo and implements sections 379.318 and 379.470, RSMo.*

(1) Policy Coverage Concurrent. Any policy of property and casualty insurance replacing a binder must provide coverage from the date of coverage under the binder.

(2) Rate Advantage Prohibited. The use of binders written to cover property or casualty risks may not result in a rate advantage to any party.

(3) Binder Premium Charge Required. If a binder is not replaced by an insurance policy, a binder premium charge must be made which does not exceed the *pro rata* amount of premium which would have been applicable for that coverage had the policy been issued.

(4) The requirement as stated in section (3) of this regulation is not applicable if the binder premium charge is twenty dollars (\$20) or less. A binder premium charge of twenty dollars (\$20) or less may be made at the option of the insurer.

*AUTHORITY: sections 374.045, 379.318 and 379.470, RSMo 2000. \* This rule was previously filed as 4 CSR 190-16.030. This version of rule filed July 27, 1964, effective Aug. 7, 1964. Amended: Filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Dec. 20, 1974, effective Dec. 30, 1974. Amended: Filed Jan. 28, 1975, effective Feb. 20, 1975. Amended: Filed Jan. 9, 1990, effective May 1, 1990. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

*\*Original authority: 374.045, RSMo 1967, amended 1993, 1995; 379.318, RSMo 1972; and 379.470, RSMo 1947.*

**20 CSR 500-1.400 Policyholder and Mutual Members Participation**

*PURPOSE: This regulation specifies requirements for issuance of participating policies of property and casualty insurance and required provisions in all mutual policies other than life. This regulation was adopted pursuant to the provisions of section 374.045, RSMo and implements sections 379.160 and 379.265, RSMo.*

(1) Prerequisites for Issuance of Participating Policies.

(A) Any stock insurance company licensed to do business in Missouri may issue participating property and casualty policies, provided that the company shall first—

1. Submit to the director of insurance evidence of proper specific charter authority; and

2. File with the director of insurance for approval the form of all participating property and casualty policies proposed to be issued in Missouri.

(B) No company shall issue both participating and nonparticipating plans for the same class of risk, that is, multiperil, mercantile, dwelling, homeowners, etc.

(2) Provisions Required in All Mutual Policies Other Than Life.

(A) Each policy issued by any mutual insurance company to insure property located in Missouri shall include the following or words meaning substantially the same:

1. "By acceptance of this policy, the named insured becomes a member of the company and shall be entitled to vote at all meetings of the members and, upon termination of this policy, shall participate in the distribution of dividends as fixed and determined by the directors in accordance with the law";

2. If not assessable, "This policy is not assessable. Your liability as a policyholder



and member of the company under this policy is limited to payment of premium”;

3. If assessable, “This policy is assessable under the provisions of section \_\_\_\_\_ RSMo. As a policyholder and member of the company, you may be required to make additional contributions to help meet excessive losses.” (Note that the proper statute must be inserted.); and

4. Notice of the time, date and place of the regular annual meetings of the members, unless notified otherwise.

*AUTHORITY: sections 374.045, 379.160 and 379.265, RSMo 1994.\* This rule was previously filed as 4 CSR 190-16.070. This version of rule filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Dec. 20, 1974, effective Dec. 30, 1974.*

*\*Original authority: 374.045, RSMo 1967, amended 1993; 379.160, RSMo 1939, amended 1957, 1963; and 379.225, RSMo 1939.*

#### **20 CSR 500-1.500 Mortgage Guaranty** (Rescinded November 30, 1996)

*AUTHORITY: sections 374.045 and 379.010, RSMo 1994. This rule was previously filed as 4 CSR 190-16.100. Original rule filed Dec. 20, 1974, effective Dec. 30, 1974. Rescinded: Filed April 11, 1996, effective Nov. 30, 1996.*

#### **20 CSR 500-1.600 Arbitration Provision**

*PURPOSE: This regulation precludes insurers from issuing property and casualty insurance policies containing compulsory arbitration provisions. This regulation was adopted pursuant to the provisions of sections 374.045, 379.203 and 435.010, RSMo.*

(1) Any contract or agreement entered into containing any clause or provision providing for an adjustment by arbitration shall not preclude any party or beneficiary under the contract or agreement from instituting suit or legal action on the contract at any time and the compliance with the clause or provision shall not be a condition precedent to the right to bring or recover in the action. A party is bound by an arbitration provision only when s/he elects to arbitrate and a lawful and binding arbitration follows.

(2) No automobile policy written shall contain an arbitration clause applicable to disputed claims under uninsured motorist coverage and any provision to the contrary shall be void and of no effect as of August 22, 1974.

*AUTHORITY: sections 374.045, 379.203 and 435.010, RSMo 1994.\* This rule was previously filed as 4 CSR 190-16.120. Original rule filed Aug. 12, 1974, effective Aug. 22, 1974.*

*\*Original authority: 374.045, RSMo 1967, amended 1993 and 379.203, RSMo 1967, amended 1971, 1972, 1982, 1991.*

*Kisling v. MFA Mutual Ins. Co., 399 SW2d 245 (Mo. App. 1966). Policy exclusion making uninsured motorist coverage inapplicable to bodily injury where insured, without consent of insurance company, makes settlement with party who may be legally liable, therefore, held against public policy and invalid.*

#### **20 CSR 500-1.700 Motor Vehicles and Goods as Collateral**

*PURPOSE: This regulation prevents consumers being subjected to duress and charged excessive premiums for relatively insignificant coverage on articles used as collateral for loans. It is designed to stimulate competition for the benefit of the public and the insurance industry. This regulation was adopted pursuant to section 374.045, RSMo and implements sections 303.200, 365.080, 367.170, 375.936, 379.318, 379.351, 379.470 and 408.280, RSMo.*

(1) Scope. This regulation covers the stated insurance aspects of goods and of physical damage to motor vehicles subjected to liens under Chapter 365 (Motor Vehicle Time Sales), section 408.100 (Small Loans) and sections 408.250—408.280 (Retail Credit Sales), RSMo. It does not include mobile homes as defined in 20 CSR 500-2.500 nor does it include lenders’/vendors’ single interest subject to 20 CSR 500-2.500 except where incorporated by reference. Payment of premium by the lender without charge to the consumer shall exempt any such insurance from this regulation.

(2) Definitions.

(A) Consumer shall include the purchaser in a credit transaction, the mortgagor of newly acquired or previously owned property and the equitable owner of any property subject to a lien within the scope of this regulation.

(B) Goods, as used, shall mean all tangible chattels, personal and merchandise certificates or coupons exchangeable for this tangible personal property, but shall not include motor vehicles, nonprocessed farm products, livestock, money, things in action or intangi-

ble personal property. This term includes personal property which can be or is attached to realty so as to become a fixture whether or not severed or severable.

(C) Loss payable clause shall mean any clause duly filed by the insurer with the Missouri Department of Insurance (MDI) as added to a policy affording substantial protection.

(D) Motor vehicle shall include any new or used automobile, motorcycle, truck, trailer, semi-trailer, truck tractor or bus.

(E) Substantial protection as used is afforded a consumer when the goods are covered by a standard fire policy with extended coverage endorsement or when the motor vehicle is covered by a policy providing collision and comprehensive insurance and both are duly filed with the MDI. In these policies, the owner of the property must be protected from his/her risk of casualty loss for the causes covered by these policies and must be sole loss payee absent a loss payable clause. The amount payable to the consumer shall be no less than the actual cash value of the goods or motor vehicle insured.

(3) Substantial Protection Required.

(A) Lienholders’, sellers’, interests of both, may be protected only by a standard loss payable clause attached to a policy which substantially protects the consumer’s interest in the motor vehicle or goods. No additional premium may be charged for a loss payable clause. Lienholders, sellers of motor vehicles or goods, or both, may not be listed as additional insureds or appear in any other manner as insureds on an automobile or fire insurance policy where the policy is purchased by the owner of the property insured. These policies may not be written in Missouri.

(B) A motor vehicle is substantially protected only when it is insured for at least its actual cash value and not when it is insured only for a lesser loan amount outstanding upon it or the payoff value of that loan. If both the actual cash value and the payoff amount of the loan are to be used as measures of the benefits payable under a policy, then that policy must pay the greater of these two (2) amounts in case of a total loss. The use of any policy provision which limits the benefits payable under motor vehicle insurance to the declining loan balance payable only is prohibited except as provided in 20 CSR 500-2.400.

(C) No insurance carrier shall write the following coverages upon vehicles insured by coverage subject to this regulation unless included as part of an insurance policy substantially protecting the interests of the consumer, subject to the provisions of the

Department of Economic Development, Missouri Division of Finance insurance regulations: fire, theft and collision and comprehensive (except on vehicles ten (10) years old); towing and labor; and medical payments.

(4) Consumers' Rights.

(A) The consumer shall not be required to obtain insurance from any particular insurer nor through any particular insurance producer or representative of a company as a condition precedent to the granting of a loan. No insurer shall participate or knowingly allow its insurance producers to participate in a scheme of requirements.

(B) If the consumer does voluntarily elect to obtain insurance through the lienholder or seller and files no claim against this coverage, s/he shall have thirty (30) days after the date of the loan an unconditioned right to substitute a valid and collectible policy with a loss payable clause in favor of the lienholder or seller for this coverage, if the substitute was in effect on the date of the loan. If s/he elects to make this substitution, the consumer shall receive a full refund of all premiums paid on the policy purchased from the creditor. A consumer shall not be enticed, induced or compelled to cancel a valid existing policy insurance s/he has previously purchased on any motor vehicle or goods later included as collateral in a loan.

(C) The consumer shall have the unconditional right to cancel the insurance at any time upon prepayment of the indebtedness or submission of a valid and collectible loss payable endorsement in favor of the lienholder or seller. The insurer shall then refund the premium to the consumer on a *pro rata* basis, except when coverage is substituted under subsection (4)(B) of this regulation.

(5) Rates.

(A) No insurance carrier writing insurance in connection with consumer loans shall charge a rate in excess of the standard rate for this coverage. The standard rate means the rate(s) on file with the MDI.

(B) No rate charged for any policy written within the scope of this regulation shall be discriminatory against credit insureds as members of a class compared with insureds having the same hazard who may purchase equivalent coverage independent of the credit transaction. These rates shall not be excessive when viewed in conjunction with any restrictions upon effective competition imposed by any creditor and insurance producer.

(C) No insurance carrier shall write coverage in connection with consumer loans when the premium to be charged for physical dam-

age or property coverage plus the deductible amount set out in the policy exceeds fifty percent (50%) of the value of the collateral so insured.

(D) All premium rates and all schedules of premium rates pertaining to policies of insurance delivered or issued for delivery in this state shall be filed with the director prior to their use in this state. The director shall approve any rate or schedules of premium rates if s/he finds that the rates or schedule of premium rates are reasonable in relation to the benefits provided under the policies of insurance. A premium rate or schedule of premium rates shall be presumed to be reasonable for purposes of this section if the rate or schedule of rates produces or may reasonably be expected to produce a loss ratio of sixty percent (60%) or greater.

(6) Statement Required. No insurer shall write credit-connected insurance within the scope of this regulation unless the consumer executes as part of his/her application for coverage the following statement or similar statement approved by the director of the Department of Insurance: "I understand that I am free to insure my \_\_\_\_\_ (auto, motorcycle or furniture) with whatever licensed company or insurance producer I may choose; that I may do so at any time after the date of this loan; that I have not cancelled existing insurance on my \_\_\_\_\_ if I owned it before this loan; and that this loan cannot be denied me simply because I did not purchase my insurance through the lender or seller."

(7) Training Required. Any insurance company engaging in coverage subject to this regulation shall be responsible for the education and training of its insurance producers operating in connection with credit institutions to insure that they are fully knowledgeable of the contents of this regulation and any other pertinent insurance laws and regulations. Each company shall be responsible for the continuing training and supervision of the activities of its insurance producers placing that business.

(8) Severability Clause. If any section or portion of a section of these regulations or their applicability to any person or circumstances is held invalid by a court, the remainder of the regulations and the applicability of the provision to other persons or circumstances shall not be affected by it.

*AUTHORITY: sections 303.200, 365.080, 367.170, 374.045, 375.936, 379.318, 379.351, 379.470 and 408.280, RSMo 2000.\* This rule was previously filed as 4*

*CSR 190-16.140. Original rule filed Aug. 12, 1974, effective Aug. 22, 1974 as Regulation 10.9. Amended: Filed Aug. 4, 1989, effective Dec. 1, 1989. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

*\*Original authority: 303.200, RSMo 1953; 365.080, RSMo 1963, amended 1989; 367.170, RSMo 1951, amended 1984; 374.045, RSMo 1967, amended 1993, 1995; 375.936, RSMo 1959, amended 1967, 1969, 1971, 1976, 1978, 1983, 1991; 379.318, RSMo 1972; 379.351, RSMo 1972; 379.470, RSMo 1947; and 408.280, RSMo 1961, amended 1989.*

*Op. Atty. Gen. No. 285, Manford, 10-17-67. Insurance upon the lives of installment credit account holders must be made pursuant to section 408.260, RSMo (Supp. 1965). Companies issuing this insurance must be authorized to do business in Missouri.*

**20 CSR 500-1.800 Retroactive Modification Dates on Claims-Made Policies**

*PURPOSE: This rule sets standards for the use of retroactive dates for determining the date of liability or coverage under claims-made policies.*

(1) Unless otherwise requested by or agreed to by the policyholder, any insurance company issuing an insurance policy in this state on a claims-made basis shall maintain the original retroactive date, date of liability or coverage stated on the initial policy issued by the insurance company for the duration of the policy, unless otherwise required by or agreed to by the policyholder, renewed or reissued policies must have a retroactive date equal to that of the original policy, provided however, that original retroactive date need not be maintained where the policy has lapsed due to nonpayment of premium. Any replacement of one (1) such policy, issued by one (1) insurer, with another such policy, issued by a second insurer, shall be considered as if issued by a single insurer for the purposes of this rule where both insurers are within the same holding company system.

(2) For purposes of this rule, an insurance policy issued on a claims-made basis is a policy which provides coverage only in cases where a written claim is made to the insurer during the stated policy period.

*AUTHORITY: sections 374.040 and 374.045, RSMo 1994.\* Original rule filed Nov. 14, 1991, effective June 25, 1992.*

*\*Original authority: 374.040, RSMo 1939, amended 1967 and 374.045, RSMo 1967, amended 1993.*

**20 CSR 500-1.900 Minimum Standards for Claims-Paid Policies**

*PURPOSE: This rule sets minimum requirements for loss reserves, loss adjustment expense reserves and policy provisions for claims-paid policies.*

*PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.*

(1) Any insurer issuing an insurance policy in this state on a claims-paid basis shall maintain as a liability, reserves for losses and loss adjustment expenses in amounts at least equal to the amounts required under the standards of the National Association of Insurance Commissioners (NAIC) for minimum loss and loss adjustment expenses reserves. Those reserves shall be maintained for a period of at least ten (10) years from the date on which the reserves are posted.

(2) Nothing contained in section (1) of this regulation shall preclude an insurer from setting reserves for losses and loss adjustment expenses at a level higher than the minimums contained in that section.

(3) No insurer shall issue a claims-paid policy in this state unless the policy displays the following notice, or upon the approval of the director, its substantial equivalent. The notice shall be in bold type in a type size at least equal to that used in the rest of the policy.

**“NOTICE: THE FOLLOWING TYPE OF LIABILITY POLICY IS KNOWN AS A ‘CLAIMS-PAID’ POLICY. THE CONDITIONS WHICH MUST BE MET BEFORE COVERAGE IS AVAILABLE UNDER THIS POLICY ARE SIGNIFICANTLY DIFFERENT THAN THOSE UNDER AN ‘OCCURRENCE’ POLICY OR A ‘CLAIMS-MADE’ POLICY. PLEASE READ THE POLICY CAREFULLY AND PLEASE UNDERSTAND THESE CONDITIONS THOROUGHLY PRIOR TO PURCHASING COVERAGE.”**

(4) For purposes of this regulation, an insurance policy issued on a claims-paid basis is a policy which provides coverage only in cases where the policyholder is insured at the time of the occurrence, where a written claim for the occurrence is made to the insurer during the stated policy period, and where the claim is actually paid by the insurer during the stated policy period.

(5) For purposes of this regulation, an insurer is as defined by section 375.932(3), RSMo.

*AUTHORITY: sections 374.040, 374.045, 375.930–375.948 and 379.102, RSMo 1994.\* Original rule filed Nov. 14, 1991, effective June 25, 1992.*

*\*Original authority: Please consult the Revised Statutes of Missouri.*