



DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 11-03

Executive Order 11-12 implementation May 27, 2011

To: All individuals and entities regulated by the Department
From: John M. Huff, Director
Re: Executive Order 11-12 implementation

The tornado and severe storms that occurred on May 22, 2011, in the City of Joplin have produced a disruption in the insurance industry, resulting in many people in Jasper and Newton counties being unable to timely act or respond to their insurance needs and make timely premium payments on their insurance policies. They also caused disruptions in the notification process required by insurance statutes and regulations relating to cancellations, nonrenewals, reinstatements, and claims adjudication.

Pursuant to [Executive Order 11-12](#), signed by Governor Jeremiah W. (Jay) Nixon on May 26, 2011, the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (Department) has the authority to temporarily waive, suspend and/or modify the operation of statutes and regulations under his purview in order to best serve the interests of the public health, safety and welfare to effectuate Executive Order 11-12. The Department is issuing this Bulletin to assist individuals and entities regulated by the Department as they implement the Executive Order for insureds in Jasper and Newton counties.

The following applies to all public adjusters and all insurers, including, but not limited to, health maintenance organizations (HMOs), health service corporations (HSCs), utilization review agents, health and accident insurers, long-term care carriers, third party administrators (TPAs), discount medical plan organizations, property and casualty insurers, surplus lines insurers, county, town and farmers' mutual property insurance companies, and any and all other entities doing business in Missouri and/or regulated by the Department, regarding any and all types of insurance, including, but not limited to,

homeowners insurance, life insurance, health and accident insurance, limited benefit insurance, individual and group disability insurance, Medicare Supplement insurance, property and casualty insurance, HMO policies, discount medical plans, excess loss insurance, stop loss insurance, long-term care insurance, personal property insurance, commercial liability insurance, general liability insurance, workers' compensation insurance, fire and extended coverage insurance, title insurance, marine and transportation insurance, credit life insurance, medical supplement insurance, credit property and casualty insurance, annuity insurance, professional and medical malpractice insurance, and any and all other insurance-related entities regulated by the Department.

- 1. Coverage for insureds in Jasper and Newton counties shall continue under all insurance policies in effect immediately preceding the severe storms occurring on May 22, 2011, and shall remain in effect until such time as Executive Order 11-12 is terminated.**

Insurers cannot cancel, nonrenew, or terminate coverage while this Bulletin is in effect. This period of time is a grace period during which consumers can take those actions necessary to keep their policies in force.

- 2. Insureds in Jasper and Newton counties may request and obtain a copy of any of their insurance policies free of charge**

This provision is self-explanatory.

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- 3. Any rate increase for insurance policies in Jasper and Newton counties with an effective date on or after May 22, 2011, shall be deferred during the pendency of this emergency. The coverage shall remain in effect at the previously established rate.**

Rate increases filed with the Department with an effective date on or after May 22, 2011, shall be ineffective until the emergency terminates.

The Department recognizes that rating territories and counties are not necessarily aligned and that insurers may have difficulty identifying and extracting policies in Jasper and Newton counties. Additionally, some insureds may have already received a notification or a policy containing a rate increase with an effective date on or after May 22, 2011, or some insureds may have already made a payment based on the increased rate. Pursuant to the Executive Order, insurers may not collect, and if collected must refund, rate increases effective on or after May 22, 2011.

If an insurer has concerns with renewals issued prior to May 22, 2011, with an effective date falling within the emergency period, please contact the Department to discuss a proposed compliance plan of action.

- 4. When prescription drug coverage exists for insureds of Jasper and Newton county, insurers shall allow insureds to obtain refills of their prescriptions even if the prescription was recently filled.**

Consumers may not have access to their prescription medications as a result of storm damage. Insurers should work with consumers to provide coverage for replacement medications.

- 5. Any licensed public adjuster performing services in Jasper or Newton counties shall exhibit their adjuster license to any prospective client before entering into any contract for the performance of or before performing adjustment or settlement services.**

This provision protects consumers from unlicensed adjustment activity. In Missouri, public adjusters must pass a competency test, pay a bond, and pay an application fee before being licensed by the Department. Application information is available on the [Department website](#).

- 6. No licensed public adjuster performing adjustment or settlement services in Jasper or Newton counties may contact any insured for fourteen (14) days from the date of Executive Order 11-12.**

Consumers are understandably distraught over personal or property losses related to the Joplin tornado. This provision provides consumers a period of time during which they will not be subjected to the risk of undue influence, intimidation or over-reaching and after which they will have an opportunity to evaluate available alternatives with reasoned judgment and appropriate self-interest. If a consumer is solicited by a public adjuster before June 9, 2011, or if you have questions, please call the Department's Insurance Consumer Hotline at 800-726-7390 or [file a complaint](#) at www.insurance.mo.gov.

- 7. No person required to be licensed as a public adjuster by the Department shall receive as consideration for such adjusting or settling in Jasper or Newton counties more than five percent (5%) of any amounts paid by an insurance company with respect to such property claim.**

Some public adjusters charge an hourly or flat fee. Other public adjusters are paid a percentage of the amount an insurance company pays the insured with respect to an insurance claim. This provision caps public adjuster compensation at 5 percent of the claim payment.

8. **No person required to be licensed as a public adjuster by the Department shall require the insured to pay a fee in advance of the payment of the insurance company with respect to a claim in Jasper or Newton counties.**

This provision is self-explanatory.

9. **The insured has the right to cancel any contract with a licensed public adjuster performing adjustment or settlement services in Jasper or Newton counties up to fourteen (14) days from the date the insured signed any contract.**

Consumers have the right to cancel any contract with a public adjuster without providing an explanation. If a consumer changes his or her mind about a public adjuster contract, the consumer should notify the public adjuster as soon as possible.

Failure to comply with the requirements of Executive Order 11-12 may subject an individual or entity to penalties set forth in §44.130, and those penalties authorized in Chapters 287, 325, 354, and 374 through 385, RSMo.

If you have questions or concerns, please call Carolyn Kerr at 573-751-2619 or [e-mail](mailto:Carolyn.Kerr@insurance.mo.gov) her at Carolyn.Kerr@insurance.mo.gov.

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This Bulletin is effective until June 20, 2011, unless relevant portions of Executive Order 11-12 are extended by the Governor.