



State of Missouri

Department of Economic Development

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Director

Bulletin #86-01

TO: All Property and Casualty Insurers Licensed to Write
Business in Missouri

FROM: Lewis R. Crist, Director

SUBJECT: Missouri Market Assistance Plan

DATE: January 24, 1986

Due to the market availability problems in the state of Missouri, a voluntary commercial market assistance plan has been created to assist applicants who are unable to obtain needed protection. Insurance company representatives and producers cooperated with the Division of Insurance in constructing this program. A copy of the by-laws is enclosed for your review.

All companies, including surplus line writers, are expected to participate. Participation is not statutorily mandated, but it is necessary. Reasonable underwriting standards will be permitted by your company. Waiver of participation is reserved to the Director. This program is temporary and will become effective March 1. With industry commitment, your individual company participation will be minimal.

You are requested to confirm your participation by replying to this bulletin within fifteen days from the date above.

LRC/mag

Enclosure

BY-LAWS

MISSOURI MARKET ASSISTANCE PLAN

SECTION 1. Purpose and Authority

- 1.1 The purpose of the Missouri Market Assistance Plan (hereinafter referred to as MAP) is to establish a program to assist in the placement of defined commercial insurance coverages for residents and/or risk exposures of this state that are not otherwise eligible for submission to an established involuntary insurance facility.
- 1.2 The MAP shall not assist in the placement of coverages available through involuntary market mechanisms.
- 1.3 The MAP is a temporary, voluntary mechanism created to respond to a perceived need to assist commercial insurance buyers in defined classes in Missouri in obtaining difficult to place commercial lines of coverages.
- 1.4 The MAP shall terminate no later than March 1, 1988, unless specifically extended in writing to all company participants by the Director of Insurance.
- 1.5 The MAP is not an insurer capable of assuming insurance risks. While it is believed that the MAP will be able to solve, or at least reduce, problems of commercial lines availability in Missouri, it has no power to guarantee successful placement of all insurance needs. It is assumed that some risks may, for differing reasons, be unable to obtain coverage. The MAP shall assist in the individual placement of commercial insurance coverages that meet the eligibility criteria defined in the eligibility section of these By-Laws.

SECTION 2. Committee Structure

- 2.1 The MAP is composed of three (3) committees. Each participant may be represented by more than one representative but will be entitled to only one (1) vote in any business proceedings.
- 2.2 The Director of Insurance shall appoint members of the Executive Committee. Each committee person on any standing committee shall serve an initial term of one (1) year commencing on February 1, 1986. Each member shall automatically succeed to additional terms of one (1) year each unless replaced by the Director of Insurance, or the Executive Committee if appointed thereby, with written notification to the member and the chairman of each committee.

- 2.3 Executive Committee
- 2.3.2 The Executive Committee shall consist of eight (8) members and the director of Insurance or his representative serving as an ex officio member.
- 2.3.2 The Executive Committee shall be composed of members representing each of the following:
- a. Insurance Companies - five (5) representatives. The initial members are:
 - 1. Aetna Life and Casualty Insurance Company
 - 2. CIGNA
 - 3. Fireman's Fund Insurance Company
 - 4. Kemper Insurance Company
 - 5. Liberty Mutual Insurance Company
 - b. Insurance Agents - two (2) representatives. The initial members are:
 - 1. Executive Director, Independent Insurance Agents of Missouri
 - 2. President, Independent Insurance Agents of Missouri
 - c. Surplus Line Broker - one (1) representative. The initial member is:
 - 1. Bohrer, Croxdale and McAdoo, Inc.
- 2.3.3 The Executive Committee shall appoint a chairman and a vice chairman from among its members.
- 2.3.4 Each member of the Executive Committee shall serve as a representative of and be designated by, their respective employers. The member's employer shall have the right to designate a replacement representative or to withdraw entirely from participation on the Executive Committee.
- 2.4 Producer Committee
- 2.4.1 The Producer Committee shall consist of at least eight (8) members who are licensed insurance agents or brokers by the state of Missouri, two of whom will be surplus line brokers.
- 2.4.2 The Producer Committee shall appoint a chairman and a vice chairman from among the members.
- 2.4.3 Each member of the Producer Committee shall serve as a representative of, and be designated by, their respective employers. The member's employer shall have the right to designate a replacement representative or to withdraw entirely from participation on the Producer Committee.

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2.4.4 The initial members of the Producer Committee are:

- 1.
- 2.
- 3.
4. (To be determined)
- 5.
- 6.
- 7.
- 8.

2.5 Underwriting Committee

2.5.1 The Underwriting Committee shall consist of representatives of at least seven (7) insurers licensed to do business within the state of Missouri.

2.5.2 The Underwriting Committee shall appoint a chairman and vice chairman from among the members.

2.5.3 Each member of the Underwriting Committee shall serve as representative of, and be designated by, their respective employers. The member's employer shall have the right to designate a replacement representative or to withdraw from participation on the Underwriting Committee.

2.5.4 The initial members of the Underwriting Committee are:

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- 1.
 - 2.
 - 3.
 4. (To be determined)
 - 5.
 - 6.
 - 7.

SECTION 3. Participants and Committee Operations

3.1 Participating Insurers

3.1.1 All companies licensed to write commercial property and casualty insurance in the state of Missouri shall participate in at least three classes of business identified in the MAP program.

3.1.2 A company may be excused only upon the approval of a petition to the Director of Insurance stating the reasons for non-participation.

3.1.3 A listing of participating insurers shall be developed in the following manner:

- A. Each insurer admitted to do business in Missouri, and every approved non-admitted company, shall be solicited by the Director of Insurance to participate in the MAP plan.
- B. From this solicitation, the Director of Insurance will develop and maintain a master list of participants, by class of business written. To enable the activation of the MAP process no fewer than twenty-five insurers must be listed for each class of business, unless upon determination by the Director that there are fewer companies available for a stated class, in which case no fewer than five insurers must be listed for such classes.
- C. The list of participating insurers, by class of business, shall be forwarded to the Executive Committee, the Producer Committee and the Underwriting Committee for use by the plan.

3.2 Executive Committee

- 3.2.1 The Executive Committee is responsible for the overall direction of the plan.
- 3.2.2 The Executive Committee shall appoint the Producer Committee and the Underwriting Committee.
- 3.2.3 The Executive Committee shall meet as necessary to review the activities of both the Producer and Underwriting Committees and the operation of the program. It shall approve all letters stating that the plan is unable to be of assistance. It shall also establish rules and procedures for the operation of the committees. It shall prepare a monthly status report to be submitted to the Director of Insurance and the participating insurers in the plan. The report shall include a statistical display showing the number of applications received, the disposition of those applications, and the distribution and participation of the members to ensure the equitable participation in the plan.

3.3 Producer Committee

- 3.3.1 The Producer Committee shall meet as needed to review and act upon all received properly executed applications requesting market assistance.
- 3.3.2 The Producer Committee shall perform its functions as follows:
 - A. Applications will be accepted only from producers duly licensed by the Missouri Division of Insurance and covering risks located in the state of Missouri;
 - B. Applications from all other sources will be returned for referral to a duly licensed producer of the applicant's choice;

- C. Applications shall be submitted to the Missouri Division of Insurance. Each application shall be accompanied by the appropriate non-refundable fee of \$250.00 and three (3) declination letters, at least one from an excess and surplus line carrier;
- D. The Producer Committee processing of all properly executed applications may include:
1. A discussion with the applicant's most recent carrier, if any, to determine if the applicant's coverage can be maintained;
 2. A discussion with other known available insurance markets, including surplus line carriers, to determine if any other carrier will accept the applicant;
 3. Negotiating extensions of coverage with the most recent carrier or temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data;
 4. Referral to the appropriate residual market mechanism;
 5. If all of the above fail, or, if technical assistance is required in such areas as underwriting, forms, pricing structures, etc., refer the application to the Underwriting Committee with the appropriate documentation of the marketing efforts of the Producer Committee.

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3.4 Underwriting Committee

- 3.4.1 The Underwriting Committee shall provide technical assistance on those classes of business for which participating companies have agreed to provide assistance.
- 3.4.2 The Underwriting Committee shall consider and act upon only such applications as are referred by the Producer Committee.
- 3.4.3 The Underwriting Committee shall design a rotation referral system to companies for quoting only those classes of risk for which they have subscribed under this MAP program. This system may include separate rotation schedules for separate classes of business. The referral system shall contain the following:
- A. Referral to the first five of participating companies in the plan. The initial order on the participating insurers list shall be determined by random selection. Each subsequent application received will be sent to the next five participants on a rotating basis. A single risk will not be sent to more than ten participating companies;

- B. Any existing requirements for an insurer agency appointment to provide a market for applicants to the MAP are waived;
- C. Each participant will have the right to individually evaluate the risk and develop a price commensurate with that risk;
- D. Participating companies reviewing the risk for possible quotation will utilize their own underwriting standards and pricing schedules applicable in the state of Missouri;
- E. Participants shall quote on one out of every ten applications submitted to them. Participants will return their intent or refusal to quote to the chairperson of the Underwriting Committee within ten working days. Their quote, if they agree to quote, will be delivered to the chairperson within thirty (30) calendar days from the date the application was received;
- F. The Underwriting Committee chairperson will notify the applicant's producer of a participating company's quotation. The producer will then complete the placement of the insurance directly with the participant quoting if the applicant accepts the quotation of coverage at the price quoted. Coverage will not be bound until a written acceptance is made by the applicant and coverage is bound in writing by the participating company. An applicant will not be entitled to again apply to the plan for the same coverage for the same risk unless the insurer previously selected cancels or non-renews coverage for a reason other than non-payment of premium;
- G. If the Underwriting Committee finds it cannot assist a Missouri risk, it shall draft a letter to the submitting producer with an explanation of efforts made to obtain coverage and the results thereof, along with any appropriate suggestions it may have for improving the overall quality and insurability of the risk submitted. Such letter shall be transmitted to the Executive Committee for review, authorization and mailing to the submitting producer with a copy to the Missouri Division of Insurance and the Producer Committee;
- H. The participating company will pay a commission to the agent, not to exceed 10% of the policy premium, or the participating company can request the broker to negotiate a fee with the insured, not to exceed 10% of the policy premium.

SECTION 4. Forms and Rates

- 4.1 Policies, endorsements or riders concerning Missouri Market Assistance Plan insurance, together with any rate schedules, will be those filed with the Missouri Division of Insurance for the participating company. Consent to rate premiums may also be applied.

SECTION 5. Termination of Participants and New Participants

- 5.1 A participant may terminate its participation in the Missouri Market Assistance Plan at any time by providing written petition stating the reasons for termination to the Director of Insurance and to the Executive Committee chairperson not less than thirty (30) days in advance of such intent to terminate. Such termination must be approved by the Director of Insurance and a copy sent to the Executive Committee.
- 5.2 New participants may join the Missouri Market Assistance Plan at any time by submission of written request to the Missouri Director of Insurance and to the chairperson of the Executive Committee.
- 5.3 The Missouri Director of Insurance shall annually, on or before January 1st of each calendar year, solicit additional participants in accordance with Section 3.1.

SECTION 6. Application Procedure

- 6.1 All properly executed applications must be addressed to:

Missouri Market Assistance Plan
Missouri Division of Insurance
301 West High Street (P O Box 690)
Jefferson City, MO 65102

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- 6.2 Application blanks and outline of procedures will be available from the following application locations:

Missouri Market Assistance Plan
Missouri Division of Insurance
301 West High Street (P O Box 690)
Jefferson City, MO 65102
Telephone: 314-751-4126

Missouri Market Assistance Plan
Independent Insurance Agents of Missouri
2701 Industrial Drive (P O Box 1785)
Jefferson City, MO 65102
Telephone: 314-893-4301

- 6.3 All Missouri Market Assistance Plan application locations shall maintain a log of telephone inquiries and/or requests for application blanks.
- 6.4 All applications must be completed in their entirety, including producer designation. Incomplete applications will be returned for completion with an explanation of what is needed.

SECTION 7. Eligibility

- 7.1 The classes of risks that are eligible for assistance by the Missouri Market Assistance Plan are:
1. Political subdivisions
 2. School districts
 3. Daycare centers
 4. Long haul trucks
 5. Automobile dealers (new and used)
 6. Water and sewer districts
 7. Bars and taverns
 8. Additional classes may be added at the discretion of the Director

SECTION 8. Fiscal Arrangements

- 8.1 The Executive Committee chairperson shall designate a fiscal agent for the Missouri Market Assistance Plan. The fiscal agent is authorized to receive and hold funds submitted to the Missouri Market Assistance Plan and to dispense funds upon authorization by the fiscal agent and at least one other predesignated committee member. The fund may be used to pay for the necessary expenses of the committee, including printing, mailing, etc.
- 8.2 The fiscal agent, who shall be bonded, shall maintain books and records of all receipts and disbursements and shall submit a quarterly financial statement to the Executive Committee or Missouri Market Assistance Plan. The Director, or designated representative, or any committee member, shall have access to said books and records during normal business hours.
- 8.3 The fiscal agent shall maintain a bank account in the name of the Missouri Market Assistance Plan. All checks drawn upon the account of Missouri Market Assistance Plan shall bear the signature of the Executive Committee chairperson and one other committee member duly authorized by the full committee.
- 8.4 It is the policy of the Missouri Market Assistance Plan to make its operation self-supporting. It is anticipated that revenues received from application fees will achieve this objective. The application fee may be adjusted annually in order to defray the costs of operations.

SECTION 9. Limit of Term of Operations

- 9.1 The Missouri Market Availability Plan is established solely as a temporary market assistance program. It will perform only so long as its services are deemed necessary by the Director of Insurance to assist in making available insurance coverage only for those classes of risk included in the Missouri Market Assistance Plan but in no event beyond the date stated in Section 1.4

9.2 The Executive Committee shall annually review the necessity for continuation of the plan and submit its recommendation to the Director of Insurance. The Director may order discontinuation of the Missouri Market Assistance Plan at any time upon determination that the need for market assistance for the classes of risk made part of the Missouri Market Assistance Plan no longer exists. Upon discontinuation of the program any unencumbered funds shall be disbursed in a manner consistent with applicable Missouri laws.

SECTION 10. Coverage Intent

10.1 It is agreed that coverage is not bound or in force until a quotation prepared by a participating company is accepted in writing by the applicant and the participating company has bound the risk in writing.

Activated on this _____ day of _____, 1986

By _____

Director of Insurance
Missouri Division of Insurance
State of Missouri

At Jefferson City, Missouri.

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