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BULLETIN

BULLETIN NO. 91-01

TO: TO ALL COMPANIES WRITING MEDICARE SUPPLEMENT POLICIES
FROM: LEWIS E. MELAHN, DIRECTOR *L. Melahn*
DATE: MARCH 14, 1991

The Missouri Court of Appeals, Eastern District, has stayed the permanent injunction issued against 4 CSR 190-14.625 (A), (B) and (E) relating to agent compensation, pending appeal. This means that the agent compensation standards are in effect and must be applied.

Under section 536.050, RSMo (1986), a declaratory judgement and injunction action was filed in the Cape Girardeau County Circuit Court, styled Brown, et al., v. Melahn, Director of the Division of Insurance, and assigned docket number CV690-2746CC.

After a hearing conducted January 2, 1991, the circuit court issued a decision on January 7, 1991, finding that subsections (A), (B) and (E) of section (10) of 4 CSR 190-14.625 were void, since they exceeded the statutory rulemaking authority granted in section 376.869, RSMo (Supp. 1990). The Director of the Division of Insurance was permanently enjoined from enforcing subsections (A), (B) and (E) of section (10) of 4 CSR 190-14.625.

The Director has decided to appeal the decision of the circuit court. The appeal is currently pending in the Missouri Court of Appeals, Eastern District, appeal number 59581. The Court of Appeals stayed the circuit court's permanent injunction pending the appeal by order dated February 20, 1991. Therefore, the entire rule, including the parts on compensation arrangements, is in full force and effect until further notice.

For further information regarding this action, please contact Suzanne P. Bell, Counsel, Missouri Division of Insurance, P. O. Box 690, Jefferson City, MO 65102. Telephone (314) 751-2619.