

MISSOURI LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT - This act updates various provisions of the "Missouri Life and Health Insurance Guaranty Association Act".

The act clarifies that structured settlement annuities are covered by the guaranty association. The act also provides rules for determining how the responsibility for coverage of these types of annuities is allocated among state guaranty associations (Section 376.717.1(3)).

The act expands the list of areas in which the guaranty association will not provide coverage. Under the act, the guaranty association will not provide coverage for:

- 1) An obligation that does not arise under the express written terms of the policy or contract issued by the insolvent insurer;
- 2) Any portion of a policy or contract to the extent that required assessments are preempted by federal or state law;
- 3) Certain contracts which establish benefits by reference to a portfolio of assets not owned by the insurer;
- 4) Certain types of indexed policies;
- 5) A policy providing any hospital, medical, prescription drug or other health care benefits pursuant to Part C or Part D of Subchapter XVIII, Chapter 7 of Title 42 of the United States Code (commonly known as Medicare Part C & D) or any regulations issued thereunder (Section 376.717.3(7)-(12)).

The act adds several clarifying definitions, including the definition of an "owner" of a policy, and the standard for determining the "principal place of business" of a corporation (for the purpose of applying the residency test that determines which state guaranty association has coverage responsibility)(Section 376.718).

The act makes a number of technical changes clarifying the guaranty association's options in providing coverage (Section 376.724); how terminated policies are handled (Section 376.725); the guaranty association's standing to appear or intervene in litigation (Section 376.732); the guaranty association's assignment and subrogation rights (Section 376.733); the guaranty association's general powers and how reinsurance contracts are handled (Section 376.734); how assessments of insurers to fund the guaranty association's operations are handled (Section 376.735 and 376.737); requirements for the association's plan of operation (Section 376.740); and clarifying that the amendments made by the act are prospective only and shall not apply to member insurers that are impaired or insolvent prior to August 28, 2010 (Section 376.758).