



**Rules of
Department of Commerce and
Insurance**

**Division 200—Insurance Solvency and Company Regulation
Chapter 12—Missouri and Extended Missouri
Mutual Companies**

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**Title 20—DEPARTMENT OF
COMMERCE AND INSURANCE**
**Division 200—Insurance Solvency and
Company Regulation**
**Chapter 12—Missouri and Extended
Missouri Mutual Companies**

**20 CSR 200-12.010 Custody of Corporate
Records of Extended Missouri Mutuals**

PURPOSE: Since the Department of Commerce and Insurance does not have the facilities to maintain the actual records of extended Missouri mutual insurance companies, this rule allows the secretary of state's office, which has this capability, to do so on behalf of the Department of Commerce and Insurance.

(1) The secretary of state is appointed as custodian of all the corporate records and papers of extended Missouri mutuals operating under the provisions of sections 380.201–380.591, RSMo (1986).

(2) Whenever any company operating under the provisions of sections 380.011–380.151, RSMo (1986) shall elect to come under the provisions of sections 380.201–380.591, RSMo (1986), the secretary of state shall transfer to the director of insurance all records and papers filed in the Office of the Secretary of State by the company so that the Department of Commerce and Insurance may make microfilm copies of the records and papers. Once they have been microfilmed, the director of insurance shall transfer the original records and papers back to the secretary of state so that they may be maintained in the same manner as for any other insurance company.

AUTHORITY: sections 374.045, 380.221 and 380.561, RSMo 1986. This rule was previously filed as 4 CSR 190-23.010. Original rule filed July 29, 1986, effective Dec. 11, 1986. Non-substantive change filed Sept. 11, 2019, published Oct. 31, 2019.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 380.221, RSMo 1984, amended 1992; and 380.561, RSMo 1984, amended 1993, 1995.*

**20 CSR 200-12.020 Extended Missouri
Mutual Companies' Approved Investments**

PURPOSE: This rule implements the provisions of section 380.471, RSMo (Cum. Supp. 1990) defining the approved investments available to extended Missouri mutual companies organized under the provisions of sections 380.201–380.591, RSMo.

(1) Approved Investments. In addition to the investments expressly permitted under section 380.471, RSMo, the following described investments shall be “approved by the director” under the provisions of section 380.471, RSMo:

(A) Corporate bonds or bonds of any state of the United States other than Missouri or of any county or other political subdivision thereof, with the following ratings:

1. A3 or higher by Moody's Investors Service;
2. A- or higher by Standard and Poor's Ratings Group; or
3. A- or higher by Fitch Ratings;

(B) Commercial paper with the following ratings:

1. P-1 by Moody's Investors Service;
2. A-1 or higher by Standard and Poor's Ratings Group; or
3. F1 or higher by Fitch Ratings;

(C) Home office real estate having an asset value of no more than twenty-five percent (25%) of the surplus in excess of the guaranty fund(s) required by section 380.271.1, RSMo, but an extended Missouri mutual company may invest in home office real estate having an asset value greater than such twenty-five percent (25%) with the prior approval of the director;

(D) Shares of mutual funds, if and to the extent that—

1. With respect to mutual funds other than money market mutual funds, such mutual fund:

- A. Is open-ended; and
- B. Invests by prospectus at least seventy percent (70%) of its funds in bonds described in section 380.471, RSMo, or in bonds described in subsection (1)(A) of this rule and paragraphs 1., 2., or 3. thereunder.

2. With respect to money market mutual funds, including money market deposit accounts of financial institutions:

A. The shares of such money market mutual fund are insured as to principal and accrued interest by the Federal Deposit Insurance Corporation (FDIC) or an insurance company which is providing coverage for such fund that is substantially the same (other than as to dollar amount) as that provided by the FDIC and is authorized to underwrite financial guarantee insurance in this state; or

B. Such money market mutual fund is rated as provided in paragraph 1., 2., or 3. of subsection (1)(A) of this rule;

(E) Certificates of deposit and other deposit accounts, if and to the extent that such certificate or deposit account is:

1. Insured as to principal and accrued interest by the FDIC; or
2. Not insured by the FDIC, but only to

the extent that the principal and accrued interest of such certificates are insured by an insurance company which is providing coverage for such certificates that is substantially the same (other than as to dollar amount) as that provided by the FDIC and is authorized to underwrite financial guarantee insurance in this state; and

(F) Repurchase agreements from a United States depository secured by such depository's pledge of securities consisting of bonds qualifying under subsection (1)(A) of this rule or section 380.471, RSMo, with a fair market value of at least one hundred two percent (102%) of the value of the repurchase agreement.

(2) Limitations. The approved investments described in section (1) of this rule shall be subject to the following limitations:

(A) No more than seven percent (7%) of an extended Missouri mutual's total surplus may be invested in the bonds or commercial paper described in subsections (1)(A) and (B) in any one (1) issuer;

(B) No more than fifty percent (50%) of an extended Missouri mutual's total surplus may be invested in the aggregate in all bonds or commercial paper described in subsections (1)(A) and (B);

(C) No more than ten percent (10%) of an extended Missouri mutual's total surplus may be invested in any one (1) mutual fund described in paragraph (1)(D)1. of this rule;

(D) No more than twenty percent (20%) of an extended Missouri mutual's total surplus may be invested in the aggregate in all mutual funds described in paragraph (1)(D)1. of this rule;

(E) No more than fifty percent (50%) of an extended Missouri mutual's total surplus may be invested in the aggregate in all money market mutual funds described in paragraph (1)(D)2. of this rule, except that in computing such aggregate amount an extended Missouri mutual may exclude amounts it has invested in any money market mutual fund described in subparagraph (1)(D)2.A.

(3) If an extended Missouri mutual makes an investment which was approved under section (1) of this rule when made, but such investment subsequently no longer qualifies as an approved investment under section (1) of this rule, the extended Missouri mutual shall either consider such investment as disapproved or make a request in writing to the director for approval within thirty (30) days after the end of the month in which such investment first no longer qualifies as an approved investment. The director shall approve or disapprove in writing, with or



without conditions, such request within thirty (30) days of receipt. If the extended Missouri mutual makes a request for approval, such investment shall be considered an approved investment pending the director’s written approval or disapproval.

(4) All extended Missouri mutual companies shall provide at least sixty (60)-days’ prior notice to the director of their intent to invest other than in accordance with the provisions of sections (1) through (3) of this rule or section 380.471, RSMo, and obtain the prior approval of the director prior to so investing.

AUTHORITY: section 374.045, RSMo Supp. 2014, and sections 380.471 and 380.561, RSMo 2000. Original rule filed Oct. 24, 1991, effective March 9, 1992. Amended: Filed June 14, 2001, effective Dec. 30, 2001. Amended: Filed Oct. 15, 2008, effective June 30, 2009. Amended: Filed Nov. 12, 2014, effective May 30, 2015.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995, 2008; 380.471, RSMo 1984, amended 1990; and 380.561, RSMo 1984, amended 1993, 1995.*

20 CSR 200-12.030 Extended Missouri and Missouri Mutual Companies’ Financial Reinsurance Requirements

PURPOSE: This rule effectuates and aids in the interpretation of sections 380.021.2. and 380.271, RSMo, relating to the financial reinsurance requirements applicable to extended Missouri mutual companies organized under the provisions of sections 380.201–380.591, RSMo, and to Missouri mutual companies organized under the provisions of sections 380.011–380.151, RSMo.

(1) The director deems that to protect the policyholders of extended Missouri mutual companies and Missouri mutual companies, such companies shall acquire annual aggregate reinsurance to cover one hundred percent (100%) of losses in excess of the attachment point, with an attachment point calculated annually in accordance with the Extended Missouri and Missouri Mutual Exposure Calculation form, which is included herein, so as to prevent an annual loss from coverages written of not greater than twenty percent (20%) of the company’s surplus as of the immediately preceding December 31. The director may require additional reinsurance if necessary to protect the policyholders of any such company.

(2) Surplus, as used in section (1) of this rule, means admitted assets minus liabilities in the

amounts reported in the company’s annual statement filed with the director each year.

(3) The director may—

(A) Upon application to the director by a Missouri mutual or extended Missouri mutual insurance company, approve an exception to the requirements of section (1) based upon the director’s consideration of the following factors:

- 1. Whether the cost of reinsurance complying with section (1) is prohibitive for the company;
- 2. The company’s annual written premium relative to the company’s policyholders’ surplus;
- 3. The company’s overall financial strength; and
- 4. Any other factors relevant to the company’s financial condition; and

(B) Condition any exception granted under subsection (3)(A) of this rule on the company’s compliance with other financial requirements, including but not limited to restricting the company’s written premiums or requiring other types of reinsurance.

(4) This rule becomes effective January 1, 2013.



Extended Missouri and Missouri Mutual Exposure Calculation

NAIC Number _____	Company Name _____	
Address _____		
Filing is due 3/1 annually. Attach to annual statement (email address: momutual@insurance.mo.gov)		
1a)	Estimated Gross Written Premiums (equal to estimate provided to reinsurer, if applicable)	\$
1b)	Estimated Assumed Written Premiums (not to exceed prior year assumed premium)	\$
1c)	Total Estimated Gross Written Premium (add lines 1a and 1b)	\$
2)	Estimated Reinsurance Cost	
2a)	Prior year total reinsurance cost (annual statement page 2, line 1, column 2, plus line 2, column 2, plus line 3)	2a) \$
2b)	Prior year gross written premium (annual statement page 2, line 1, column 1)	2b) \$
2c)	Prior year reinsurance premiums assumed (annual statement page 2, line 2, column 1)	2c) \$
2d)	Current year percentage of gross written and reinsurance premiums provided by reinsurer, if applicable, but if not applicable: Divide prior year total reinsurance cost by (prior year gross written premium plus assumed premium) (divide line 2a by (2b + 2c))	2d) %
	Estimated Reinsurance Cost (multiply line 1c by line 2d)	\$
3)	Estimated Net Written Premium (subtract line 2 from line 1c)	\$
4)	Estimated Attachment Point for current year as provided by the reinsurer	\$
5)	Estimated Operating Expense	
5a)	Prior year total operating expenses (annual statement page 5, line 4)	5a) \$
5b)	Divide prior year total operating expenses by prior year gross written premium (divide line 5a by 2b)	5b) %
	Estimated Operating Expense (multiply line 1a by line 5b)	\$
6)	Prior year other insurance income, net income, and other income (annual statement page 5, line 2, plus line 9, plus line 10)	\$
7)	Estimated Net Profit/(Loss) (from line 3 subtract lines 4 and 5, add line 6)	\$
8)	Surplus Prior Year End	\$
9)	Estimated Profit/(Loss) Percentage (line 7 divided by line 8) (Estimated maximum net loss may not exceed 20%)	%

Any material modifications subsequent to filing must be timely reported to the Missouri Insurance Company Regulation Division.

I, _____,

of the named Company hereby attest the above information is a reasonable estimation based on trends experienced by the Company, and that I have underlying data to support the estimations made.



(signature of responsible Company officer)

(Title)

(Date)

AUTHORITY: sections 374.045, 380.021, 380.271, and 380.561, RSMo 2016. Original rule filed Oct. 24, 1991, effective March 9, 1992. Amended: Filed Jan. 17, 2012, effective Jan. 1, 2013. Amended: Filed Dec. 13, 2018, effective July 30, 2019.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995, 2008; 380.021, RSMo 1984; 380.271, RSMo 1984, amended 1991; and 380.561, RSMo 1984, amended 1993, 1995.*