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**Rules of  
Department of Revenue  
Division 40—State Lottery  
Chapter 60—Payment of Prizes**

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## Title 12—DEPARTMENT OF REVENUE

### Division 40—State Lottery Chapter 60—Payment of Prizes

#### 12 CSR 40-60.010 Prizes Other than Cash or its Equivalent Authorized

*PURPOSE: The purpose of this rule is to authorize the awarding of prizes other than cash or its equivalent such as cars, trips and other merchandise.*

(1) The Missouri Lottery may award any of the following prizes: cash or its equivalent, when such goods are made in the United States and sold by a Missouri business.

(2) For purposes of this rule the term “goods made in the United States” is defined as a good, product or service where no less than the final stages of production occur in the United States and which is purchased from an individual, partnership, company or corporation licensed to do business in Missouri.

*AUTHORITY: section 313.220, RSMo Supp. 1999 and 313.270.1, RSMo 1994.\* Original rule filed Jan. 10, 1986, effective Jan. 20, 1986. Amended: Filed Aug. 11, 1995, effective April 30, 1996. Amended: Filed Aug. 23, 2000, effective March 30, 2001.*

*\*Original authority: 313.220, RSMo 1985, amended 1988, 1993, 1995 and 313.270, RSMo 1985, amended 1988, 2000.*

#### 12 CSR 40-60.020 Cash Prizes

*PURPOSE: The purpose of this rule is to authorize the payment of cash or its equivalent by cash, check, annuity or other investment vehicle.*

(1) The director shall have the authority to designate any game prize to be paid in periodic payments as set forth in this rule. Any prize not designated to be paid in periodic payments by the player or the director will be paid in a lump sum.

(2) Lump sum payments may be paid out as follows:

(A) Checks drawn upon the state treasury; or

(B) Cash payments by retailers up to a maximum of five hundred ninety-nine dollars (\$599) per prize.

(3) Periodic payments shall be made as follows:

(A) The director shall designate the length of periodic payment period;

(B) The first payment shall be in the first periodic payment period in which the prize is won; thereafter, there shall be one (1) payment per periodic payment period;

(C) The director may purchase annuities from annuity sellers to provide periodic prize payments under this section. Annuity sellers shall meet the requirements of 12 CSR 40-60.040. Funds held by an annuity seller under this section are the property of the prize winner or beneficiary and shall not be considered state funds; and

(D) The director may purchase U.S. government securities or other instruments provided for by law for the purpose of funding periodic prize payments. These instruments are held for the benefit of the prize winner or beneficiary and shall not be considered state funds.

*AUTHORITY: sections 313.220, RSMo Supp. 1999 and 313.230(2), RSMo 1994.\* Original rule filed Jan. 10, 1986, effective Jan. 20, 1986. Amended: Filed Jan. 23, 1986, effective Feb. 1, 1986. Amended: Filed April 27, 1987, effective July 11, 1987. Amended: Filed Jan. 12, 2000, effective Aug. 30, 2000.*

*\*Original authority: 313.220, RSMo 1985, amended 1988, 1993, 1995; 313.230, RSMo 1985, amended 1988, 1990, 1993.*

#### 12 CSR 40-60.030 Manner of Claiming Prizes from the Missouri Lottery

*PURPOSE: The purpose of this rule is to require claiming of prizes from the commission by the filing of forms designated by the director.*

(1) The claiming of any prize from the Missouri Lottery, which is subject to tax withholding or reporting requirements shall be on claim forms designated by the director for this purpose.

(2) The forms so designated shall request the information as may be necessary to validate the prize claimed and assure the authenticity of the winning ticket or share. The director may require the surrender of the ticket for some or all prizes claimed under this rule.

(3) The director shall place detailed rules for claiming prizes in brochures to be made generally available to the public and so much as may be practicable on the reverse side of instant game tickets.

*AUTHORITY: section 313.220, RSMo Supp. 1999.\* Original rule filed Jan. 10, 1986, effective Jan. 20, 1986. Amended: Filed Aug. 23, 2000, effective March 30, 2001.*

*\*Original authority: 313.220, RSMo 1985, amended 1988, 1993, 1995.*

#### 12 CSR 40-60.040 Requirements for Annuity Sellers

*PURPOSE: The purpose of this rule is to set out the requirements for annuity sellers and trustees who may bid to provide periodic prize payments to lottery winners.*

(1) To be eligible to contract with the director to provide periodic payments of a prize to a lottery winner through an annuity, the annuity company must meet the following requirements:

(A) A policyholder or general rating of A+ as rated by A.M. Best;

(B) A financial size rating of VIII or higher as rated by A.M. Best;

(C) A portfolio quality rating of Excellent as rated by A.M. Best;

(D) A minimum of seventy-five percent (75%) of the annuity company's gross revenues must be derived from the business of providing life, health and related products (not from the property and casualty business); and

(E) The company must be headquartered in the United States.

(F) The company must possess a current certificate of authority from the director of the Division of Insurance to transact the business of insurance which authorizes the company to issue annuities.

*AUTHORITY: section 313.230(2), RSMo 1986.\* Original rule filed Jan. 23, 1986, effective Feb. 1, 1986. Amended: Filed March 17, 1987, effective June 11, 1987.*

*\*Original authority: 313.230(2), RSMo 1985, amended 1988, 1990, 1993.*

#### 12 CSR 40-60.050 Requirements for Companies Providing Insurance for Annuity Contracts

*PURPOSE: The purpose of this rule is to set out the requirements for the annuity contracts making periodic prize payments to major Missouri Lottery prize winners.*

(1) To be eligible to contract with the executive director to provide insurance on periodic payments of prizes made to the Missouri



Lottery prize winner, the company must meet the following requirements:

(A) Have a policyholder or general rating of A+ as rated by the A.M. Best Company or a AAA claims paying ability rating from the Standard and Poor's Company;

(B) Have a financial size rating of X or higher from the A.M. Best Company;

(C) Has not been awarded any contracts providing annuities to prize winners of the Missouri Lottery; and

(D) Must be headquartered in the United States.

(E) The company must possess a current certificate of authority from the director of the Division of Insurance to transact the business of insurance which authorizes the company to become surety on bonds or obligations of persons or corporations.

*AUTHORITY: section 313.230(1)(l), RSMo 1994.\* Original rule filed March 17, 1987, effective June 11, 1987.*

*\*Original authority: 313.230(1), RSMo 1985, amended 1988, 1990, 1993.*