

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

PROPOSED AMENDMENT

20 CSR 200-12.020 Extended Missouri Mutual Companies' Approved Investments. The director is adding new sections (1), (3), and (7), amending existing sections (1)-(4) and amending the PURPOSE Statement.

PURPOSE: This amendment modernizes and simplifies the regulation approving additional types of investments for extended Missouri mutual companies.

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) Definitions.

(A) Investment grade shall mean an investment rated an equivalent of a Standard & Poor's rating of A- or greater by an NRSRO;

(B) Investment guidelines shall mean guidelines approved annually by the board of directors of an extended Missouri mutual company setting forth the framework for implementing investment strategies and limits allowed as a percentage of total surplus for each asset class to limit risk and provide diversification in accordance with the limitations of section 380.471, RSMo, and this rule;

(C) Mutual fund shall include exchange-traded funds (ETFs) which otherwise comply with the requirements of this rule applicable to comparable types of mutual funds;

(D) Nationally Recognized Statistical Rating Organization or NRSRO shall mean a credit rating agency that provides an assessment of the creditworthiness of a firm or financial instrument(s) that is registered with and approved by the Securities and Exchange Commission; and

(E) Total surplus shall mean surplus as regards policyholders including the guaranty fund required by section 380.271, RSMo.

(2) 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, **subject to the limitations in section (4) of this rule:**

(A) Investment grade [C]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 rated an equivalent of a Standard & Poor's rating of A-1 or greater by an NRSRO [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)] (2)(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)] (2)(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]* **insured as described in subparagraph (2)(D)2.A. of this rule; 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)] (2)(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.

(3) Conditionally Approved Investments. The following described investments shall be “approved by the director” for an extended Missouri mutual company under the provisions of section 380.471, RSMo, subject to the limitations in section (4) of this rule, but only if the board of directors (board) of the extended Missouri mutual company annually approves investment guidelines and files such investment guidelines and board approval with the director no later than March first of each calendar year:

(A) Utility mutual funds that are publicly traded and investment grade;

(B) Preferred stock mutual funds that are publicly traded and investment grade;

(C) Common stock;

(D) Preferred stock;

(E) Publicly traded real estate investments trusts (REITs);

(F) Precious metal mutual funds that are publicly traded and securitized by physical metals stored in North America or the United Kingdom; and

(G) Structured notes that are principal protected and investment grade.

[(2)] (4) Limitations. Compliance with the limitations of this section shall be calculated using the total surplus reported in the annual statement of the extended Missouri mutual company most recently filed pursuant to section 380.482, RSMo. The approved investments described in section [(1)] (2) of this rule and conditionally approved investments described in section (3) of this rule shall be subject to the following limitations:

(A) No more than [seven] ten percent [(7%)] (10%) of an extended Missouri mutual company's total surplus may be invested in the bonds or commercial paper described in subsections [(1)(A)] (2)(A) and (B) in any one (1) issuer;

(B) No more than fifty percent (50%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in all bonds or commercial paper described in subsections [(1)(A)] (2)(A) and (B);

(C) No more than twenty-five percent (25%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in home office real estate described in subsection (2)(C) of this rule;

(D) No more than ten percent (10%) of an extended Missouri mutual company's total surplus may be invested in any one (1) mutual fund described in paragraph [(1)(D)1.] (2)(D)1. of this rule;

[(D)] (E) No more than twenty percent (20%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in all mutual funds described in paragraph [(1)(D)1.] (2)(D)1. of this rule;

[(E)] (F) No more than fifty percent (50%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in all money market mutual funds described in subparagraph [(1)(D)2.] (2)(D)2.B. 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.];

(G) No more than ten percent (10%) of an extended Missouri mutual company's total surplus may be invested in any single issuer of investments described in section (3) of this rule;

(H) No more than twenty percent (20%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in all investments described in section (3) of this rule;

(I) No more than five percent (5%) of an extended Missouri mutual company's total surplus may be invested in any single investment not described in section 380.471, RSMo or this rule without the prior approval of the director; and

(J) No more than ten percent (10%) of an extended Missouri mutual company's total surplus may be invested in the aggregate in investments not described in section 380.471, RSMo or this rule without the prior approval of the director.

[(3)] (5) If an extended Missouri mutual company makes an investment which was approved under section [(1)] (2) or (3) of this rule when made, but such investment subsequently no longer qualifies as an approved investment under section [(1)] (2) or (3) of this rule, or if an extended Missouri mutual company inadvertently acquires an approved or conditionally approved investment in excess of the applicable investment limitation, the extended Missouri mutual company may request the director's approval of the amount of the investment that exceeds the applicable investment limitation and 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.] have a period of no more than twenty-three (23) months to regain compliance with the applicable investment limitation before it must non-admit the amount of the investment in excess of the limitation subject to the following:

(A) The period of time in which the extended Missouri mutual company may regain compliance with the applicable investment limitation begins on the effective date of the annual statement on which the non-compliant investment was first reported or should first have been reported, regardless of when it is discovered;

(B) Any newly-purchased investments of a type for which the extended Missouri mutual company already exceeds the applicable investment limitation shall be immediately non-admitted;

(C) Notwithstanding the first sentence of this section, investments in excess of the limitations of subsections (4)(I) and (J) shall be immediately non-admitted; and

(D) Notwithstanding the first sentence of this section, any extended Missouri mutual company that would be insolvent under section 380.631, RSMo, but for the admission of unapproved investments in excess of the applicable investment limitations must immediately non-admit the amount in excess of the limitation.

[(4)] (6) All extended Missouri mutual companies shall provide at least [sixty (60)-] **thirty (30)**-days' prior notice to the director of their intent to invest other than in accordance with the provisions of sections (1) through [(3)] (5) of this rule or section 380.471, RSMo, and obtain the prior approval of the director prior to so investing.

(7) Any investment that does not comply with section 380.471, RSMo or the provisions of this rule shall be non-admitted except to the limited extent provided in section (5).

AUTHORITY: sections 374.045, [RSMo Supp. 2014, and sections] 380.471, and 380.561, RSMo [2000] 2016. 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. Amended: Filed _____, 2026, effective _____.

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.

NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed amendment with the Department of Commerce and Insurance, Attention: Shelley A. Woods, P.O. Box 690, Jefferson City, Missouri 65102. To be considered, comments must be received within thirty (30) days after publication of this notice in the **Missouri Register**. A public

hearing is scheduled for June 16, 2026, at 1:00 p.m. The hearing will be held at the Harry S Truman State Office Building, 301 W. High Street, Suite. 530 Jefferson City, MO 65101.

**DECLARATION
OF PUBLIC COST**

I, Shelley A. Woods, Senior Counsel, Insurance Divisions, Department of Commerce and Insurance, do declare that it is my opinion that the cost of proposed amendment to rule 20 CSR 200-12.020, is less than five hundred dollars in the aggregate to this agency, any other agency of state government or any political subdivision thereof.



Shelley A. Woods
Senior Counsel

Department of Commerce and Insurance