

INSURANCE: Farmers' mutual insurance companies subject to Sections 380.480 to 380.570, RSMo 1949, may not write "full coverage" policy on motor vehicles covering member's liability for personal injury or property damage to third persons.



November 16, 1953

Honorable C. Lawrence Leggett  
Superintendent of the Division of Insurance  
Department of Business and Administration  
Jefferson City, Missouri

Dear Mr. Leggett:

The following opinion is rendered in reply to your recent inquiry reading as follows:

"This is to respectfully ask for an official opinion of your office as to whether or not farmers mutual insurance companies operating under Sections 380.480 to 380.570, R. S. Mo., 1949, are entitled to write bodily injury or property damage liability automobile insurance under the applicable laws of this state."

A farmers mutual insurance company operating under the provisions of Sections 380.480 to 380.570, RSMo 1949, is subject to the following general rule found at 44 C.J.S., Insurance, Sec. 110:

"An incorporated mutual insurance company has, like any other private corporation, such powers, and only such, as are conferred by its charter or by the act under which it is incorporated, including the powers expressly granted and such incidental powers as are necessary to carry into effect those specifically conferred, and those which may have been added under provision for reincorporation or extension of charter. \*\*\*\*"

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Three distinct types of farmers mutual insurance companies are contemplated by Sections 380.480 to 380.570, RSMo 1949, namely, (1) farmers' mutual fire and lightning insurance companies, (2) farmers' mutual tornado, windstorm and cyclone insurance companies, and (3) farmers' mutual hail insurance companies. Although farmers' mutual insurance companies organized under the law above cited are, under the provisions of Section 380.520, RSMo 1949, permitted to issue an extended coverage endorsement to their policies, the language of the statute does not disclose that such extended coverage will embrace any coverage other than direct property damage resulting from the risks named. Section 380.520, RSMo 1949, provides:

"Farmers' mutual insurance companies organized in accordance with the provisions of sections 380.480 to 380.570 are hereby authorized to issue extended coverage endorsements to their policies to insure the property of members against loss from windstorm, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and smoke."

This office construes the opinion request as posing a question as to whether a farmers' mutual insurance company, incorporated under the law heretofore alluded to, may write what is commonly known as a "full coverage" policy on a motor vehicle as such coverage is referred to in the following language found at 44 C.J.S., Insurance, Sec. 38:

"\* \* \* A full coverage policy, as respects insurance on a motor vehicle, means a policy which insures against risks of fire, theft, collision, property damage, and indemnity on the owner's liability."

In a well reasoned opinion rendered by this office under date of November 17, 1947, it was concluded that a farmers' mutual fire and lightning insurance company formed under the law now being reviewed, was not authorized by such law to mutually insure personal property of its members against theft, for the reason that such a risk was not contemplated in the language of statutes governing such companies.

While this opinion concludes that a farmers mutual insurance company subject to the provisions of Sections 380.480 to 380.570, RSMo 1949, may not write a "full coverage" policy on motor vehicles

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so as to cover the members liability for personal injury or property damage to third persons, it is deemed necessary to refer to House Bill No. 249, passed by the 67th General Assembly of Missouri, and effective as of August 29, 1953, which prohibits formation in the future of farmers mutual insurance companies under Sections 380.480 to 380.570, RSMo 1949, but allows such companies already formed to accept the provisions of the new law of incorporation of farmers mutual insurance companies found in House Bill No. 249, mentioned above.

CONCLUSION

It is the opinion of this office that farmers' mutual insurance companies operating under the provisions of Sections 380.480 to 380.570, RSMo 1949, may not write a "full coverage" policy on motor vehicles so as to cover the member's liability for personal injury or property damage to third persons. However, it is our opinion that should these companies elect to comply with the provisions of the new law found in House Bill No. 249 of the 67th General Assembly, they may do so.

The foregoing opinion, which I hereby approve, was prepared by my Assistant, Mr. Julian L. O'Malley.

Yours very truly,

JOHN M. DALTON  
Attorney General

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