

By: Representatives Guice, Broomfield,
Dedeaux, McInnis, Maples, Hamilton,
Compretta, Ryan, Janus, Ishee, Fredericks,
Peranich, Simpson, Barnett (116th),
Wells-Smith, Read, Endt, Frierson, Formby

To: Insurance

HOUSE BILL NO. 221

1 AN ACT TO AMEND SECTION 83-2-3, MISSISSIPPI CODE OF 1972, TO
2 PROVIDE THAT CERTAIN PROPERTY INSURANCE PLANS SHALL OFFER BUY-BACK
3 PROVISIONS FOR DEDUCTIBLES WHICH ARE ACTUARIALLY SOUND; AND FOR
4 RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 SECTION 1. Section 83-2-3, Mississippi Code of 1972, is
7 amended as follows:

8 83-2-3. (1) Rates shall comply with the following
9 standards:

10 (a) Rates shall not be excessive, inadequate or
11 unfairly discriminatory.

12 (b) A rate is excessive if it is likely to produce a
13 profit that is unreasonably high for the insurance provided or if
14 the expense provision included therein is unreasonably high in
15 relation to the services rendered.

16 (c) A rate is inadequate if it threatens the solvency
17 of the insurance company or tends to create a monopoly.

18 (d) Unfair discrimination exists if, after allowing for
19 practical limitations, price differentials fail to reflect
20 equitably the differences in expected losses and expenses. A rate
21 is not unfairly discriminatory because different premiums result
22 for policyholders with like loss exposures with different
23 expenses, or like expenses but different loss exposures, so long
24 as the rate reflects the differences with reasonable accuracy.

25 (2) In determining whether rates comply with the standards
26 set forth in subsection (1), the following criteria shall apply:

27 (a) Due consideration shall be given to past and

28 prospective loss and expense experience within and outside this
29 state; to catastrophe hazards; to any residual market loss
30 redistributions and other similar obligations; to a reasonable
31 provision for profit and contingencies; to trends within and
32 outside this state; to loadings for leveling premium rates over a
33 reasonable period of time or for dividends or savings to be
34 allowed or returned by insurers to their policyholders, members or
35 subscribers; and to all other relevant factors, including the
36 judgment of the filer.

37 (b) Risks may be classified in any reasonable way for
38 the establishment of rates except that no risks may be grouped by
39 classifications based in whole or in part on race, color, creed,
40 or national origin of the risk. Rates may be modified for
41 individual risks in accordance with rating plans or schedules
42 which provide for recognition of probable variations in hazards,
43 expenses or both.

44 (c) The systems of expense provisions included in rates
45 for use by an insurer or group of insurers may differ from those
46 of other insurers or group of insurers to reflect the operating
47 methods of such insurer or group with respect to any kind of
48 insurance, or with respect to any subdivision or combination
49 thereof.

50 (d) Any insurance policy filed with the Commissioner of
51 Insurance that offers a percentage deductible for the peril of
52 windstorm from a named storm shall offer a buy-back provision for
53 that deductible which is actuarially sound. The Commissioner of
54 Innsurance shall authorize the carrier of such insurance policy to
55 obtain the required offer of the supplemental coverage for the
56 deductible from another carrier. However, if such supplemental
57 coverage is not otherwise available, the carrier of the insurance
58 policy must offer the buy-back provision as provided herein.

59 SECTION 2. This act shall take effect and be in force from
60 and after January 1, 2000.