

By: Representative Watson

To: Insurance

HOUSE BILL NO. 720

1 AN ACT TO PROVIDE THAT THE COMMISSIONER OF INSURANCE SHALL
2 ADOPT RULES AND REGULATIONS THAT PROHIBIT PROPERTY INSURANCE
3 COMPANIES FROM USING THE FIRE LOSS EXPERIENCE OF UNINCORPORATED
4 AREAS WITHOUT FIRE PROTECTION AS A DETERMINANT WHEN ESTABLISHING
5 THE FIRE INSURANCE PREMIUM FOR RESIDENTS OF MUNICIPALITIES; TO
6 BRING FORWARD SECTIONS 83-3-5 THROUGH 83-3-24, MISSISSIPPI CODE OF
7 1972, WHICH RELATE TO THE RATING BUREAU; AND FOR RELATED PURPOSES.

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

9 SECTION 1. The Commissioner of Insurance shall adopt rules
10 and regulations that prohibit property insurance companies
11 authorized to do business in the State of Mississippi from using
12 the fire loss experience of unincorporated areas of the state
13 without full fire protection as a determinant when establishing
14 the fire insurance premium for residents of municipalities with
15 full fire service.

16 SECTION 2. Section 83-3-5, Mississippi Code of 1972, is
17 brought forward as follows:

18 83-3-5. All fire insurance companies organized or admitted
19 to do business in this state shall maintain a Rating Bureau, to be
20 composed of such number of persons resident in this state as shall
21 be desired and who shall be skilled in the business of fire
22 insurance rating, fire hazard, fire protection engineering, and
23 fire insurance inspection. Said Rating Bureau may be chartered or
24 operated as a corporation, or association, or limited partnership,
25 and shall provide for such officers, board of directors, and
26 bylaws as it may deem proper, and change or alter the same from
27 time to time as may be necessary. The Rating Bureau shall
28 maintain an office in the Jackson metropolitan area; and all of

29 the correspondence, files, papers, and documents of such Rating
30 Bureau shall be preserved by said bureau, and shall be opened at
31 all times to the inspection and examination of any insured or any
32 person interested.

33 SECTION 3. Section 83-3-7, Mississippi Code of 1972, is
34 brought forward as follows:

35 83-3-7. Each fire insurance company licensed to do business
36 in this state shall become a member of the Rating Bureau and shall
37 pay its proportion of the expenses of organization, maintenance,
38 and operation of said bureau, as provided in Section 83-3-9.

39 SECTION 4. Section 83-3-9, Mississippi Code of 1972, is
40 brought forward as follows:

41 83-3-9. The expense of the organization, maintenance, and
42 operation of the Rating Bureau shall be paid by the members of the
43 bureau, and no part of said expense shall in any event be paid by
44 the state or by any county or municipality. The expense not
45 covered by user fees shall be shared by all members through an
46 annual assessment as established by the board of directors with
47 due consideration given to the extent of utilization of bureau
48 services. Upon failure of any company to pay its lawful
49 proportion of said expense within thirty (30) days after the same
50 is due and payable, the Rating Bureau may refuse to furnish its
51 service to such delinquent member, and shall report such
52 delinquency to the Commissioner of Insurance, who for such
53 delinquency may suspend or revoke the license of such delinquent
54 company. The bureau shall establish equitable fees for its
55 services sufficient to cover the operations required under Section
56 83-2-1 et seq.

57 SECTION 5. Section 83-3-11, Mississippi Code of 1972, is
58 brought forward as follows:

59 83-3-11. It shall be the duty of the Rating Bureau to
60 provide a fund sufficient to enable it to inspect every risk
61 specifically rated, to make a written survey of such risks, to pay
62 the salary or expense of its officers and employees, and to cover
63 any other expense which may be necessary or proper to enable it to
64 comply with and enforce the provisions of this article. All of
65 the expense fund shall be provided and paid by the fire insurance

66 companies doing business in this state.

67 SECTION 6. Section 83-3-13, Mississippi Code of 1972, is
68 brought forward as follows:

69 83-3-13. The Rating Bureau, through its members and
70 employees, shall inspect every risk specifically rated by it on
71 schedule, and make a written survey of such risk, which shall be
72 filed as a permanent record in such Rating Bureau. A copy of such
73 survey shall be furnished to the owner, other person in interest,
74 or the Commissioner of Insurance upon request.

75 SECTION 7. Section 83-3-17, Mississippi Code of 1972, is
76 brought forward as follows:

77 83-3-17. The Rating Bureau, or any of its officers, shall
78 not make any contract or agreement, express or implied, with any
79 person, insurer, or party insured, that the whole, or any part, of
80 the insurance shall be written or placed with any particular
81 insurer.

82 SECTION 8. Section 83-3-19, Mississippi Code of 1972, is
83 brought forward as follows:

84 83-3-19. The Rating Bureau is required to answer any
85 inquiries that may be made by the Commissioner of Insurance
86 touching its organization, maintenance, operation, or any other
87 matter connected with its transactions; and said commissioner may
88 require the filing of such other information as the commissioner
89 may deem proper. It shall be the duty of such bureau to promptly
90 make reply to such inquiries, in writing, and to furnish the
91 information requested by the Commissioner of Insurance.

92 SECTION 9. Section 83-3-21, Mississippi Code of 1972, is
93 brought forward as follows:

94 83-3-21. The Commissioner of Insurance shall have the power
95 to examine the Rating Bureau as often as he deems expedient, at
96 the expense of the bureau. The commissioner shall report his
97 findings in writing, which shall be filed in his office and made a
98 part of the annual report of his office; and a copy thereof shall

99 be filed with the Attorney General for the information of the
100 legal department of the state.

101 SECTION 10. Section 83-3-23, Mississippi Code of 1972, is
102 brought forward as follows:

103 83-3-23. The Rating Bureau shall not recommend any rate for
104 insurance upon property in this state which discriminates unfairly
105 in the same territorial classification between risks in the
106 application of like charges and credits, or which discriminates
107 unfairly between risks of essentially the same hazard and having
108 substantially the same degree of protection against fire.

109 SECTION 11. Section 83-3-24, Mississippi Code of 1972, is
110 brought forward as follows:

111 83-3-24. When rating a municipality or fire district, the
112 Rating Bureau shall consider the mileage, condition and
113 maintenance of the fire truck rather than the age of such fire
114 truck. For the purpose of grading fire departments, the
115 alternative water supply standard shall be two hundred fifty (250)
116 gallons per minute for a sustained period of one (1) hour.

117 SECTION 12. This act shall take effect and be in force from
118 and after July 1, 1999.