

By: Representative Stringer

To: Insurance

## HOUSE BILL NO. 1168

1 AN ACT TO AMEND SECTION 83-38-3, MISSISSIPPI CODE OF 1972, TO  
2 REVISE THE DEFINITIONS UNDER THE MISSISSIPPI RURAL RISK  
3 UNDERWRITING ASSOCIATION TO EXPAND COVERAGE TO RURAL AREAS  
4 DESIGNATED AS FIRE PROTECTION CLASS EIGHT; AND FOR RELATED  
5 PURPOSES.

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

7 SECTION 1. Section 83-38-3, Mississippi Code of 1972, is  
8 amended as follows:

9 83-38-3. In this chapter, unless the context otherwise  
10 requires:

11 (a) "Essential property insurance" means insurance  
12 against direct loss to residential property as defined and limited  
13 in the standard fire policy and extended coverage endorsement  
14 thereon, as approved by the Mississippi Insurance Commissioner.

15 For the purposes of this chapter, essential property  
16 insurance coverage shall be limited to ninety-five percent (95%)  
17 of the market value of real and personal property that is insured  
18 by the association, excluding the value of land.

19 (b) "Association" means the Mississippi Rural Risk  
20 Insurance Underwriting Association established pursuant to the  
21 provisions of this chapter.

22 (c) "Plan of operation" means the plan of operation of  
23 the association approved or promulgated by the Mississippi  
24 Insurance Commissioner pursuant to the provisions of this chapter.

25 (d) "Insurable interest" means any lawful and  
26 substantial economic interest in the safety or preservation of  
27 property from loss, destruction or pecuniary damage.

28           (e) "Insurable property" means residential builder's  
29 risk and residential real property in unprotected rural areas or  
30 the contents located therein, but shall not include insurance on  
31 motor vehicles, which property is determined by the association  
32 after inspection and pursuant to the criteria specified in the  
33 plan of operation, to be in an insurable condition; provided,  
34 however, any one- and two-family dwelling built in substantial  
35 accordance with the local building code if applicable, which is  
36 not otherwise rendered uninsurable by reason of use, occupancy or  
37 state of repair, shall be an insurable risk within the meaning of  
38 this chapter, but neighborhood, area, location, environmental  
39 hazards beyond the control of the applicant or owner of the  
40 property shall not be considered in determining insurable  
41 condition. Unprotected rural areas shall include those areas of  
42 the state with fire protection classed as eight (8), nine (9) or  
43 ten (10) by the Insurance Department.

44           (f) "Commissioner" means the Mississippi Insurance  
45 Commissioner as provided in Section 83-1-3.

46           (g) "Net direct premiums" means gross direct premiums,  
47 excluding reinsurance assumed and ceded, written on property in  
48 this state for fire and extended coverage insurance, including the  
49 fire and extended coverage components of comprehensive dwelling  
50 policies and homeowner policies, less return premiums upon  
51 cancelled contracts, dividends paid or credited to the  
52 policyholders or the unused or unabsorbed portion of premium  
53 deposits, and further excluding premiums on farm property.

54           (h) "Rural areas" means all areas in the State of  
55 Mississippi designated as fire protection Class 8, 9 or 10 by the  
56 Insurance Department.

57           SECTION 2. This act shall take effect and be in force from  
58 and after July 1, 1999.