

By: Representative Chaney

To: Banks and Banking

HOUSE BILL NO. 1449
(As Passed the House)

1 AN ACT TO AMEND SECTION 81-21-21, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE METHOD OF CALCULATING THE UNEARNED PREMIUMS RETURNED
3 TO PREMIUM FINANCE COMPANIES WHENEVER FINANCED INSURANCE CONTRACTS
4 ARE CANCELLED, FROM THE RULES OF 78THS METHOD TO A PRO RATA
5 COMPUTATION; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 81-21-21, Mississippi Code of 1972, is
8 amended as follows:

9 81-21-21. (1) Whenever a financed insurance contract is
10 cancelled, the insurer shall return whatever gross unearned
11 premiums are due under the insurance contract, computed pro rata,
12 directly to the premium finance company for the account of the
13 insured or insureds as soon as reasonably possible, but in no
14 event later than thirty (30) days after the effective date of
15 cancellation.

16 (2) In the event that a premium is subject to an audit to
17 determine the final premium amount, the gross unearned premium
18 shall be calculated upon the deposit premium and the insurer shall
19 return whatever gross unearned premiums are due based upon that
20 deposit to the finance company for the account of the insured.

21 (3) In the event that the crediting of return premiums to
22 the account of the insured results in a surplus over the amount
23 due from the insured, the premium finance company shall refund
24 such excess to the insured, provided that no such refund shall be
25 required if it amounts to less than Three Dollars (\$3.00).

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