

By: Senator(s) Gordon

To: Business and
Financial
Institutions

SENATE BILL NO. 2682
(As Passed the Senate)

1 AN ACT TO AMEND SECTION 81-21-21, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE CALCULATION OF THE UNEARNED PREMIUMS RETURNED TO
3 PREMIUM FINANCE COMPANIES WHENEVER FINANCED INSURANCE CONTRACTS
4 ARE CANCELLED; AND FOR RELATED PURPOSES.

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

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

8 81-21-21. (1) Whenever a financed insurance contract is
9 cancelled, the insurer shall return whatever gross unearned
10 premiums are due under the insurance contract, calculated pro rata
11 unless otherwise required by law, directly to the premium finance
12 company for the account of the insured or insureds as soon as
13 reasonably possible, but in no event later than thirty (30) days
14 after the effective date of cancellation.

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

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

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