

By: Senator(s) Jordan (24th)

To: Insurance;  
Municipalities

## SENATE BILL NO. 2898

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

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

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

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

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

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

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

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

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

42 83-3-9. The expense of the organization, maintenance, and  
43 operation of the Rating Bureau shall be paid by the members of the  
44 bureau, and no part of said expense shall in any event be paid by  
45 the state or by any county or municipality. The expense not  
46 covered by user fees shall be shared by all members through an  
47 annual assessment as established by the board of directors with  
48 due consideration given to the extent of utilization of bureau  
49 services. Upon failure of any company to pay its lawful  
50 proportion of said expense within thirty (30) days after the same  
51 is due and payable, the Rating Bureau may refuse to furnish its  
52 service to such delinquent member, and shall report such  
53 delinquency to the Commissioner of Insurance, who for such  
54 delinquency may suspend or revoke the license of such delinquent  
55 company. The bureau shall establish equitable fees for its  
56 services sufficient to cover the operations required under Section  
57 83-2-1 et seq.

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

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

67 companies doing business in this state.

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

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

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

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

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

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

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

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

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

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

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

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

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

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