

By: Senator(s) Farris

To: Insurance

SENATE BILL NO. 2968

1 AN ACT TO AMEND SECTION 83-17-7, MISSISSIPPI CODE OF 1972, TO
2 AUTHORIZE AN INSURANCE AGENT OR AGENCY TO PAY A REFERRAL FEE TO
3 ANY UNLICENSED INDIVIDUAL OR PERSON WHEN THE INDIVIDUAL OR PERSON
4 REFERS A PROSPECTIVE INSURED TO THE LICENSED AGENT OR AGENCY; TO
5 AUTHORIZE THE COMMISSIONER OF INSURANCE TO PROMULGATE RULES AND
6 REGULATIONS REGARDING THE PAYMENT OF COMMISSIONS TO UNAUTHORIZED
7 AGENTS; AND FOR RELATED PURPOSES.

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

9 SECTION 1. Section 83-17-7, Mississippi Code of 1972, is
10 amended as follows:

11 83-17-7. It shall be unlawful for any insurance company or
12 any insurance agent to pay, directly or indirectly, any
13 commission, brokerage or other valuable consideration on account
14 of any policy or policies written on risks in this state to any
15 person, agent, firm or corporation not duly licensed as an
16 insurance agent in this state, except that property and other
17 risks of nonresident persons, and of foreign corporations not
18 qualified in this state, may be insured by brokers or other agents
19 duly licensed in other states.

20 It shall be lawful, however, for an insurance company or any
21 insurance agent to pay, directly or indirectly, to the surviving
22 spouse or heirs of a deceased licensed insurance agent in this
23 state any commissions or other valuable consideration to which the
24 deceased agent would be entitled, whether such surviving spouse or
25 heir is or is not a licensed agent.

26 It shall be lawful for an insurance agent or agency to pay a
27 referral fee to any unlicensed individual or person when the
28 individual or person refers a prospective insured to the licensed

29 agent or agency. The referral fee shall be a one-time nominal fee
30 of a fixed dollar amount for each referral customer. The payment
31 of any referral fee shall not depend on whether the referral
32 results in a sale of any insurance products. Furthermore, the
33 referral fee shall not be based on a percentage of any premiums or
34 commissions collected by the licensed agent. The referral fee
35 shall not be paid, either directly or indirectly, to the
36 prospective insured.

37 The Commissioner of Insurance may promulgate rules and
38 regulations necessary to carry out the provisions of this section.

39 SECTION 2. This act shall take effect and be in force from
40 and after its passage.