

By: Stevens, Chism, Coleman (65th), Dickson, To: Insurance  
Eads, Formby, Ketchings, Montgomery (74th),  
Robinson (84th), Robinson (63rd), Simpson

HOUSE BILL NO. 653  
(As Passed the House)

1 AN ACT TO AMEND SECTION 83-21-19, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT CERTAIN NONRESIDENT INSURANCE AGENTS MAY OBTAIN  
3 PRIVILEGE LICENSES FOR PLACING SURPLUS LINES INSURANCE IF THERE IS  
4 A RECIPROCAL AGREEMENT WITH THE NONRESIDENT AGENT'S STATE THAT  
5 ALLOWS MISSISSIPPI AGENTS TO PLACE SURPLUS LINES INSURANCE IN THAT  
6 STATE; TO CLARIFY AND BROADEN THE DISCLOSURE LANGUAGE REQUIRED TO  
7 APPEAR ON SURPLUS LINES POLICIES; TO AMEND SECTION 83-21-23,  
8 MISSISSIPPI CODE OF 1972, TO ELIMINATE THE REQUIREMENT THAT THE  
9 INSURED EXECUTE CERTAIN AFFIDAVITS FOR SURPLUS LINES INSURANCE; TO  
10 AUTHORIZE THE COMMISSIONER OF INSURANCE TO IMPOSE PENALTIES FOR AN  
11 AGENT'S NONCOMPLIANCE; AND FOR RELATED PURPOSES.

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

13 SECTION 1. Section 83-21-19, Mississippi Code of 1972, is  
14 amended as follows:

15 83-21-19. The Commissioner of Insurance, upon the annual  
16 payment of a fee of Fifty Dollars (\$50.00), may issue to a  
17 licensed resident or nonresident agent, based on a reciprocal  
18 agreement with the state of the nonresident agent, who is  
19 regularly commissioned to represent two (2) or more fire, marine,  
20 casualty or surety insurance companies licensed to do business in  
21 the state, a privilege license to place kinds of direct insurance  
22 affected hereby, to be evidenced by policies of insurance or  
23 certificates of insurance, in eligible nonadmitted insurers  
24 authorized to do business in this state. Every insurance contract  
25 procured and delivered pursuant to Sections 83-21-17 through  
26 83-21-31 shall have stamped upon it, in bold ten-point type, and  
27 \* \* \* bear the name of the agent who procured it, the following:  
28 "NOTE: This insurance policy is issued in accordance with  
29 Mississippi law covering surplus lines insurance. The company  
30 issuing the policy is not licensed by the State of Mississippi but

31 is authorized to do business in Mississippi as a nonadmitted  
32 company. The policy is not protected by the Mississippi Insurance  
33 Guaranty Association if the insurer becomes insolvent." No  
34 diminution of the license fee herein provided shall occur as to  
35 any license effective after January 1 of any year. The  
36 Commissioner of Insurance may require written application for such  
37 license.

38 SECTION 2. Section 83-21-23, Mississippi Code of 1972, is  
39 amended as follows:

40 83-21-23. When any policy of insurance or certificate of  
41 insurance is procured under the authority of such license, there  
42 shall be executed by the agent \* \* \* an affidavit setting forth  
43 facts in complete detail as to what was done to place such kind of  
44 insurance and showing that such agent therein was unable, after  
45 diligent effort, to procure from any licensed company or companies  
46 the full amount of insurance required to protect the property,  
47 liability, or risk desired to be insured, and further showing that  
48 the amount of insurance procured from the eligible nonadmitted  
49 insurer or insurers is only the excess over the amount so  
50 procurable from licensed companies. Each such affidavit, which  
51 shall be effective for the term of the policy, shall be filed with  
52 the Commissioner of Insurance along with the report required in  
53 Section 83-21-25.

54 The Commissioner of Insurance may promulgate rules and  
55 regulations and establish appropriate fees for the implementation  
56 of Sections 83-21-17 through 83-21-31. The Commissioner of  
57 Insurance may impose penalties for an agent's noncompliance with  
58 any of the provisions herein, or the rules and regulations  
59 promulgated hereunder, including civil penalties of an amount not  
60 to exceed Five Thousand Dollars (\$5,000.00) or revocation of the  
61 agent's license, or both.

62 SECTION 3. This act shall take effect and be in force from  
63 and after July 1, 2000.