

By: Kirby

To: Insurance

## SENATE BILL NO. 2046

1 AN ACT TO AMEND SECTION 83-21-19, MISSISSIPPI CODE OF 1972,  
2 TO ALLOW NONRESIDENT AGENTS TO OBTAIN PRIVILEGE LICENSES FOR  
3 PLACING SURPLUS LINES INSURANCE UNDER CERTAIN CIRCUMSTANCES; TO  
4 AMEND SECTION 83-21-23, MISSISSIPPI CODE OF 1972, TO ELIMINATE THE  
5 REQUIREMENT THAT THE INSURED EXECUTE THE DUE DILIGENCE AFFIDAVIT  
6 FOR SURPLUS LINES INSURANCE, AND TO AUTHORIZE THE COMMISSIONER OF  
7 INSURANCE TO IMPOSE ADMINISTRATIVE PENALTIES FOR AN AGENT'S  
8 NONCOMPLIANCE WITH SURPLUS LINES STATUTES OR RULES AND  
9 REGULATIONS; AND FOR RELATED PURPOSES.

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

11 SECTION 1. Section 83-21-19, Mississippi Code of 1972, is  
12 amended as follows:[JMR1]

13 83-21-19. The Commissioner of Insurance, upon the annual  
14 payment of a fee of Fifty Dollars (\$50.00), may issue to a  
15 licensed resident or nonresident agent (based on a reciprocal  
16 agreement with the state of the nonresident agent), who is  
17 regularly commissioned to represent two (2) or more fire, marine,  
18 casualty or surety insurance companies licensed to do business in  
19 the state, a privilege license to place kinds of direct insurance  
20 affected hereby, to be evidenced by policies of insurance or  
21 certificates of insurance, in eligible nonadmitted insurers  
22 authorized to do business in this state. Every insurance contract  
23 procured and delivered pursuant to Sections 83-21-17 through  
24 83-21-31 shall have stamped upon it in bold ten-point type,  
25 and \* \* \* bear the name of the agent who procured it, the  
26 following: "NOTE: This insurance policy is issued pursuant to  
27 Mississippi law covering surplus lines insurance. The company  
28 issuing the policy is not licensed by the State of Mississippi,  
29 but is authorized to do business in Mississippi as a nonadmitted

30 company. The policy is not protected by the Mississippi Insurance  
31 Guaranty Association in the event of the insurer's insolvency."  
32 No diminution of the license fee herein provided shall occur as to  
33 any license effective after January 1 of any year. The  
34 Commissioner of Insurance may require written application for such  
35 license.

36 SECTION 2. Section 83-21-23, Mississippi Code of 1972, is  
37 amended as follows:[JMR2]

38 83-21-23. When any policy of insurance or certificate of  
39 insurance is procured under the authority of such license, there  
40 shall be executed by the agent \* \* \* an affidavit setting forth  
41 facts in complete detail as to what was done to place such kind of  
42 insurance and showing that such agent therein was unable, after  
43 diligent effort, to procure from any licensed company or companies  
44 the full amount of insurance required to protect the property,  
45 liability, or risk desired to be insured, and further showing that  
46 the amount of insurance procured from the eligible nonadmitted  
47 insurer or insurers is only the excess over the amount so  
48 procurable from licensed companies. Each such affidavit, which  
49 shall be effective for the term of the policy, shall be filed with  
50 the Commissioner of Insurance along with the report required in  
51 Section 83-21-25.

52 The Commissioner of Insurance may promulgate rules and  
53 regulations and establish appropriate fees for the implementation  
54 of Sections 83-21-17 through 83-21-31. The Commissioner of  
55 Insurance shall also have authority to impose penalties for an  
56 agent's noncompliance with Sections 83-21-17 through 83-21-31 or  
57 rules and regulations hereunder including civil penalties not to  
58 exceed Five Thousand Dollars (\$5,000.00) per violation or  
59 revocation of the agent's license, or both.

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