

By: Dearing

To: Business and  
Financial  
Institutions

## SENATE BILL NO. 3122

1 AN ACT TO AMEND SECTION 75-67-121, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE LICENSEES UNDER THE SMALL LOAN REGULATORY LAW TO  
3 CHARGE BORROWERS FOR BOTH CREDIT LIFE INSURANCE AND NONCREDIT TERM  
4 LIFE INSURANCE AS PART OF THE SAME UNDERLYING LOAN UNDER CERTAIN  
5 CIRCUMSTANCES; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 75-67-121, Mississippi Code of 1972, is  
8 amended as follows:[JMR1]

9 75-67-121. (1) Any licensee hereunder may charge any  
10 borrower on loans of one hundred dollars (\$100.00) or more the  
11 actual cost of recording any instrument executed as security for a  
12 loan; any reasonable fee paid to an attorney for investigating the  
13 title to any property given as security for a loan; the actual  
14 cost of any premium paid for insurance upon any property given as  
15 security for a loan, such insurance to be placed with an insurance  
16 company agent of the borrower's selection so long as it is  
17 licensed to do business in the State of Mississippi; the actual  
18 cost of any premium paid for life, health and/or accident  
19 insurance on any borrower where the amount of insurance required  
20 is not in excess of the amount of the loan and the premium  
21 therefor is in keeping with that usually and customarily paid for  
22 like insurance. The licensee shall not charge the borrower for  
23 both credit life insurance premiums and noncredit term life  
24 insurance premiums as part of the same underlying loan, except as  
25 provided in subsection (2) of this section.

26 (2) Notwithstanding the provisions of subsection (1) of this  
27 section, nothing in this article shall limit the amount or type of

28 any noncredit term life insurance policies which a licensee may  
29 sell to a borrower, nor the premium for any such insurance, on  
30 loans of One Thousand Dollars (\$1,000.00) or more, if the  
31 following conditions are met:

32 (a) The total cost of premiums for all insurance  
33 purchased in relation to the loan shall not exceed forty-five  
34 percent (45%) of the amount financed exclusive of insurance  
35 premiums;

36 (b) The licensee is qualified to do business in the  
37 State of Mississippi as provided by Section 83-17-105 et seq.;

38 (c) The licensee does not require the purchase of the  
39 noncredit term life insurance product as a condition of receiving  
40 the loan or any extension of credit from the licensee;

41 (d) The licensee does not make the borrower's ability  
42 to obtain any current or future loan or other extension of credit  
43 from the licensee contingent upon the borrower's agreement to  
44 purchase the noncredit term life insurance product or otherwise  
45 transact business with the licensee;

46 (e) The licensee allows the borrower the option of  
47 paying the cost of the noncredit term life insurance product using  
48 funds other than the proceeds of a loan obtained from the licensee  
49 or having the cost of the noncredit term life insurance product  
50 deducted from the proceeds of any loan obtained from the licensee.

51 This subsection shall not apply to sales of credit insurance  
52 as provided in subsection (1) of this section.

53 (3) Whenever he shall find it necessary, the Commissioner of  
54 Banking and Consumer Finance shall have the power to adopt and  
55 enforce reasonable rules and regulations to prevent the abuse of  
56 this section and the making of excessive charges hereunder.

57 SECTION 2. This act shall take effect and be in force from  
58 and after July 1, 2000.