

By: Representative Stevens

To: Insurance

HOUSE BILL NO. 643

1 AN ACT TO AMEND SECTION 83-6-25, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE INSURANCE COMPANIES TO RECEIVE WRITTEN APPROVAL FROM THE
3 INSURANCE COMMISSIONER BEFORE DISTRIBUTING EXTRAORDINARY
4 DIVIDENDS; TO ELIMINATE THE THIRTY-DAY WAITING PERIOD FOR THE
5 COMMISSIONER'S RESPONSE BEFORE DISTRIBUTION; AND FOR RELATED
6 PURPOSES.

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

8 SECTION 1. Section 83-6-25, Mississippi Code of 1972, is
9 amended as follows:

10 83-6-25. (1) No domestic insurer shall pay any
11 extraordinary dividend or make any other extraordinary
12 distributions to its shareholders without first making a written
13 request and receiving written approval for such payment from the
14 commissioner.

15 (2) For purposes of this section, an extraordinary dividend
16 or distribution includes any dividend or distribution of cash or
17 other property whose fair market value together with that of other
18 dividends or distributions made within the preceding twelve (12)
19 months exceeds the lesser of: (a) ten percent (10%) of such
20 insurer's surplus as regards policyholders as of the thirty-first
21 day of December next preceding; or (b) the net gain from
22 operations of such insurer, if such insurer is a life insurer, or
23 the net income, if such insurer is not a life insurer, not
24 including realized capital gains, for the twelve-month period
25 ending the thirty-first day of December next preceding, but shall
26 not include pro rata distributions of any class of the insurer's
27 own securities. In determining whether a dividend or distribution
28 is extraordinary, an insurer may carry forward net gain from

29 operations, if such insurer is a life insurer, or net income, if
30 such insurer is not a life insurer, from the previous two (2)
31 calendar years that has not already been paid out as dividends.
32 This carry-forward shall be computed by taking the net gain from
33 operations or the net income, as the case may be, from the second
34 and third preceding calendar years, not including realized capital
35 gains, less dividends paid in the second and immediate preceding
36 calendar years.

37 (3) Notwithstanding any other provision of law, an insurer
38 may declare an extraordinary dividend or distribution which is
39 conditional upon the commissioner's approval thereof, and such a
40 declaration shall confer no rights upon shareholders until * * *
41 the commissioner has approved the payment of such a dividend or
42 distribution * * *.

43 SECTION 2. This act shall take effect and be in force from
44 and after July 1, 2001.