HOUSE BILL NO. 644

AN ACT TO AMEND SECTION 83-5-55, MISSISSIPPI CODE OF 1972, TO DELETE THE PROVISION REQUIRING LIFE INSURANCE COMPANIES TO FILE WITH THE COMMISSIONER OF INSURANCE A REPORT SHOWING THE AMOUNT OF MISSISSIPPI RESERVES; TO AMEND SECTION 83-15-5, MISSISSIPPI CODE OF 1972, TO REQUIRE TITLE INSURANCE COMPANIES TO DEPOSIT WITH THE STATE TREASURER A CERTAIN PERCENTAGE OF THEIR CAPITAL STOCK; TO AMEND SECTION 83-17-7, MISSISSIPPI CODE OF 1972, TO EXTEND THE DATE OF THE REPEALER ON THE PROVISION OF LAW WHICH PROHIBITS COMMISSIONS TO UNAUTHORIZED AGENTS AND AUTHORIZES REFERRAL FEES TO CERTAIN UNLICENSED EMPLOYEES OF THE AGENT, AGENCY OR AFFILIATE; TO AMEND SECTION 83-29-31, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT LEGAL PROCESSES SERVED UPON THE COMMISSIONER OF INSURANCE AS ATTORNEY FOR FRATERNAL SOCIETIES SHALL BE FORWARDED TO FRATERNAL SOCIETIES BY CERTIFIED MAIL INSTEAD OF REGISTERED MAIL; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-5-55, Mississippi Code of 1972, is amended as follows:

83-5-55. Every insurance company shall file in the Office of the Commissioner of Insurance, on or before the first day of March of each year, a statement showing the business standing and financial condition of the company and sworn to by the president or vice president and secretary or treasurer or chief managing agent or officer of such company. The statement to be filed shall be on and in accordance with the NAIC Annual Statement Blank and Instructions thereto and the NAIC Accounting Practices and Procedures Manual. * * *

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SECTION 2. Section 83-15-5, Mississippi Code of 1972, is amended as follows:

83-15-5. (1) A corporation created as herein provided shall not issue any title insurance policy until it has capital of not
less than One Hundred Fifty Thousand Dollars ($150,000.00) and
surplus of not less than Seventy-five Thousand Dollars
($75,000.00). The total amount of any policy issued by such
corporation without reinsurance shall not exceed fifty percent
(50%) of the capital and surplus of the company, as reflected by
its latest statement to the commissioner. In transactions where a
primary risk is carried by another title insurance company, a
domestic title insurance company may issue its reinsurance or
coinsurance for an amount not exceeding its capital and surplus.

(2) A corporation created as herein provided shall deposit
with the State Treasurer fifty percent (50%) of its capital stock,
either in cash or in such bonds or securities in which the company
is authorized by law to invest its funds. Upon such deposit and
evidence, by affidavit or otherwise, satisfactory to the
Commissioner of Insurance that the capital and surplus is all paid
in and that the company is the actual and unqualified owner of the
securities representing the paid-up capital and surplus, he shall
issue to the company his certificate authorizing it to transact
business in this state.

SECTION 3. Section 83-17-7, Mississippi Code of 1972, is
amended as follows:

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

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

It shall be lawful for an insurance agent, agency or
affiliate to pay a referral fee to any unlicensed employee of the
agent, agency or affiliate when the employee refers a prospective
insured to the licensed agent or agency. The referral fee shall
be a one-time nominal fee of a fixed dollar amount for each
referral customer. The payment of any referral fee shall not
depend on whether the referral results in a sale of any insurance
products. Furthermore, the referral fee shall not be based on a
percentage of any premiums or commissions collected by the
licensed agent. The referral fee shall not be paid, either
directly or indirectly, to the prospective insured.

The Commissioner of Insurance may promulgate rules and
regulations necessary to carry out the provisions of this section.
The provisions of this section shall stand repealed from and
after July 1, 2006.

SECTION 4. Section 83-29-31, Mississippi Code of 1972, is
amended as follows:

83-29-31. Every society, whether domestic or foreign, now
transacting business in this state and every such society
hereafter applying for admission shall, before being licensed,
appoint in writing the Commissioner of Insurance and his
successors in office to be its true and lawful attorney on whom
all legal process in any action or proceeding against it shall be
served, and in such writing shall agree that any lawful process
against it which is served upon such attorney shall be of the same
legal force and validity as if served upon the society, and that
the authority shall continue in force so long as any liability
remains outstanding in this state.

Copies of such appointment, certified by the Commissioner of
Insurance, shall be deemed sufficient evidence thereof and shall
be admitted in evidence with the same force and effect as the original thereof might be admitted. Service shall only be made upon such attorney, shall be made in duplicate upon the Commissioner of Insurance or, in his absence, upon the person in charge of his office, and shall be deemed sufficient service upon such society. No such service shall be valid or binding against any such society when it is required thereunder to file its answer, pleading, or defense in less than thirty (30) days from the date of mailing the copy of the service to the society. When legal process against any such society is served upon the Commissioner of Insurance, he shall forthwith forward by certified mail one of the duplicate copies prepaid and directed to the secretary or corresponding officer. Legal process shall not be served upon any such society except in the manner provided herein.

SECTION 5. This act shall take effect and be in force from and after July 1, 2001.