

By: Representative Stevens

To: Insurance

HOUSE BILL NO. 644

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

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

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

19 83-5-55. Every insurance company shall file in the Office of
 20 the Commissioner of Insurance, on or before the first day of March
 21 of each year, a statement showing the business standing and
 22 financial condition of the company and sworn to by the president
 23 or vice president and secretary or treasurer or chief managing
 24 agent or officer of such company. The statement to be filed shall
 25 be on and in accordance with the NAIC Annual Statement Blank and
 26 Instructions thereto and the NAIC Accounting Practices and
 27 Procedures Manual. * * *

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

31 83-15-5. (1) A corporation created as herein provided shall
 32 not issue any title insurance policy until it has capital of not

33 less than One Hundred Fifty Thousand Dollars (\$150,000.00) and
34 surplus of not less than Seventy-five Thousand Dollars
35 (\$75,000.00). The total amount of any policy issued by such
36 corporation without reinsurance shall not exceed fifty percent
37 (50%) of the capital and surplus of the company, as reflected by
38 its latest statement to the commissioner. In transactions where a
39 primary risk is carried by another title insurance company, a
40 domestic title insurance company may issue its reinsurance or
41 coinsurance for an amount not exceeding its capital and surplus.

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

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

54 83-17-7. It shall be unlawful for any insurance company or
55 any insurance agent to pay, directly or indirectly, any
56 commission, brokerage or other valuable consideration on account
57 of any policy or policies written on risks in this state to any
58 person, agent, firm or corporation not duly licensed as an
59 insurance agent in this state, except that property and other
60 risks of nonresident persons, and of foreign corporations not
61 qualified in this state, may be insured by brokers or other agents
62 duly licensed in other states.

63 It shall be lawful, however, for an insurance company or any
64 insurance agent to pay, directly or indirectly, to the surviving
65 spouse or heirs of a deceased licensed insurance agent in this

66 state any commissions or other valuable consideration to which the
67 deceased agent would be entitled, whether such surviving spouse or
68 heir is or is not a licensed agent.

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

80 The Commissioner of Insurance may promulgate rules and
81 regulations necessary to carry out the provisions of this section.

82 The provisions of this section shall stand repealed from and
83 after July 1, 2006.

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

86 83-29-31. Every society, whether domestic or foreign, now
87 transacting business in this state and every such society
88 hereafter applying for admission shall, before being licensed,
89 appoint in writing the Commissioner of Insurance and his
90 successors in office to be its true and lawful attorney on whom
91 all legal process in any action or proceeding against it shall be
92 served, and in such writing shall agree that any lawful process
93 against it which is served upon such attorney shall be of the same
94 legal force and validity as if served upon the society, and that
95 the authority shall continue in force so long as any liability
96 remains outstanding in this state.

97 Copies of such appointment, certified by the Commissioner of
98 Insurance, shall be deemed sufficient evidence thereof and shall

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

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