AN ACT TO AMEND SECTION 83-38-3, MISSISSIPPI CODE OF 1972, TO REVISE THE DEFINITION OF THE TERM "RURAL AREAS" AS IT RELATES TO THE MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION LAW; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-38-3, Mississippi Code of 1972, is amended as follows:
83-38-3. In this chapter, unless the context otherwise requires:

(a) "Essential property insurance" means insurance against direct loss to residential property as defined and limited in the standard fire policy and extended coverage endorsement thereon, as approved by the Mississippi Insurance Commissioner. For the purposes of this chapter, essential property insurance coverage shall be limited to ninety-five percent (95%) of the market value of real and personal property that is insured by the association, excluding the value of land.

(b) "Association" means the Mississippi Rural Risk Insurance Underwriting Association established pursuant to the provisions of this chapter.

(c) "Plan of operation" means the plan of operation of the association approved or promulgated by the Mississippi Insurance Commissioner pursuant to the provisions of this chapter.

(d) "Insurable interest" means any lawful and substantial economic interest in the safety or preservation of property from loss, destruction or pecuniary damage.

(e) "Insurable property" means residential builder's risk and residential real property in unprotected rural areas or...
the contents located therein, but shall not include insurance on
motor vehicles, which property is determined by the association
after inspection and pursuant to the criteria specified in the
plan of operation, to be in an insurable condition; provided,
however, any one- and two-family dwelling built in substantial
accordance with the local building code if applicable, which is
not otherwise rendered uninsurable by reason of use, occupancy or
state of repair, shall be an insurable risk within the meaning of
this chapter, but neighborhood, area, location, environmental
hazards beyond the control of the applicant or owner of the
property shall not be considered in determining insurable
condition. Unprotected rural areas shall include those areas of
the state with fire protection classed as eight (8), nine (9) or
ten (10) by the Insurance Department.

(f) "Commissioner" means the Mississippi Insurance
Commissioner as provided in Section 83-1-3.

(g) "Net direct premiums" means gross direct premiums,
excluding reinsurance assumed and ceded, written on property in
this state for fire and extended coverage insurance, including the
fire and extended coverage components of comprehensive dwelling
policies and homeowner policies, less return premiums upon
cancelled contracts, dividends paid or credited to the
policyholders or the unused or unabsorbed portion of premium
deposits, and further excluding premiums on farm property.

(h) "Rural areas" means all areas in the State of
Mississippi designated as fire protection Class 8, 9 or 10 by the
Insurance Department.

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