

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2743

1 AN ACT TO AMEND SECTION 83-18-109, MISSISSIPPI CODE OF 1972,
2 TO DELETE THE PROVISION WHICH PROHIBITS AN INSURER FROM APPOINTING
3 TO ITS BOARD OF DIRECTORS AN OFFICER, DIRECTOR, EMPLOYEE,
4 SUBPRODUCER OR CONTROLLING SHAREHOLDER OF ITS MANAGING GENERAL
5 AGENT; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 83-18-109, Mississippi Code of 1972, is
8 amended as follows:

9 83-18-109. (1) The insurer shall have on file an
10 independent financial examination, in a form acceptable to the
11 commissioner, of each managing general agent with which it has
12 done business.

13 (2) If a managing general agent establishes loss reserves,
14 the insurer shall annually obtain the opinion of an actuary
15 attesting to the adequacy of loss reserves established for losses
16 incurred and outstanding on business produced by the managing
17 general agent. This is in addition to any other required loss
18 reserve certification.

19 (3) The insurer shall periodically (at least semiannually)
20 conduct an on-site review of the underwriting and claims
21 processing operations of the managing general agent.

22 (4) Binding authority for all reinsurance contracts or
23 participation in insurance or reinsurance syndicates shall rest
24 with an officer of the insurer, who shall not be affiliated with
25 the managing general agent.

26 (5) Within thirty (30) days of entering into or termination
27 of a contract with a managing general agent, the insurer shall
28 provide written notification of such appointment or termination to

29 the commissioner. Notices of appointment of a managing general
30 agent shall include a statement of duties which the applicant is
31 expected to perform on behalf of the insurer, the lines of
32 insurance for which the applicant is to be authorized to act and
33 any other information the commissioner may request.

34 (6) An insurer shall review its books and records each
35 quarter to determine if any producer as defined by Section
36 83-18-103 has become, by operation of Section 83-18-103, a
37 managing general agent as defined in that section. If the insurer
38 determines that a producer has become a managing general agent
39 pursuant to the above, the insurer shall promptly notify the
40 producer and the commissioner of such determination and the
41 insurer and producer must fully comply with the provisions of
42 Sections 83-18-101 and 83-18-111 within thirty (30) days.

43 * * *

44 (7) The acts of the managing general agent are considered to
45 be the acts of the insurer on whose behalf it is acting. A
46 managing general agent may be examined as if it were the insurer.

47 SECTION 2. This act shall take effect and be in force from
48 and after its passage.