SENATE BILL NO. 2105

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

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

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

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

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

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

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

(5) Within thirty (30) days of entering into or termination of a contract with a managing general agent, the insurer shall provide written notification of such appointment or termination to
the commissioner. Notices of appointment of a managing general agent shall include a statement of duties which the applicant is expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be authorized to act and any other information the commissioner may request.

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

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

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