

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2111

1 AN ACT TO AMEND SECTION 83-19-1, MISSISSIPPI CODE OF 1972, TO  
2 REVISE THE CLASSIFICATIONS OF INSURANCE COMPANIES; TO INCLUDE A  
3 CLASSIFICATION FOR LARGER FRATERNAL SOCIETIES; AND FOR RELATED  
4 PURPOSES.

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

6 **SECTION 1.** Section 83-19-1, Mississippi Code of 1972, is  
7 amended as follows:

8 83-19-1. Insurance companies may be formed for the following  
9 classifications:

10 **Class 1. Fire and Casualty.**

11 (a) **Fire and Allied Lines.** Coverage protecting against  
12 loss to real or personal property from damage caused by the peril  
13 of fire, lightning, windstorm and hail, sprinkler and water  
14 damage, smoke, explosion, riot, riot attending strike, civil  
15 commotion, aircraft, vehicle and business interruption caused by  
16 one of the above.

17 (b) **Industrial Fire.** Limited coverage protecting  
18 against loss to real or personal property from damage caused by  
19 the peril of fire, lightning, windstorm and hail, sprinkler and  
20 water damage, smoke, explosion, riot, riot attending strike, civil  
21 commotion, aircraft, vehicle and business interruption caused by  
22 one of the above.

23 (c) **Casualty/Liability.** Coverage protecting the  
24 insured against legal liability resulting from negligence,  
25 carelessness or a failure to act causing property damage or  
26 personal injury to others. Coverage may include burglary and  
27 theft.



28           (d) **Fidelity.** A bond covering an employer's loss  
29 resulting from an employee's dishonest act.

30           (e) **Surety.** A three-party agreement where the insurer  
31 agrees to pay a second party (the obligee) or make complete an  
32 obligation in response to the default, acts or omissions of a  
33 third party (the principal).

34           (f) **Workers' Compensation.** Coverage for an employer's  
35 liability for injuries, disability or death to persons in their  
36 employment, without regard to fault, as prescribed by state  
37 workers' compensation laws.

38           (g) **Boiler and Machinery.** Coverage for the failure of  
39 boilers, machinery and electrical equipment.

40           (h) **Plate Glass.** Coverage for the cost of replacement  
41 and incidental cost of building glass due to breakage or  
42 application of chemicals to glass.

43           (i) **Aircraft.** Coverage for aircraft (hull) and  
44 contents; aircraft owner's and manufacturer's liability to  
45 passengers, airports and other third parties.

46           (j) **Inland Marine.** Coverage for inland transportation  
47 exposures, property in transit, held by a bailee, scheduled,  
48 bridges and tunnels.

49           (k) **Ocean Marine.** Coverage for ocean and inland water  
50 transportation exposures; goods or cargoes; ships or hulls.

51           (l) **Automobile Physical Damage/Automobile Liability.**  
52 Coverage protecting against loss to owner's vehicle, personal  
53 injury and damage to property of others.

54           (m) **Homeowners/Farmowners.** A package policy covering  
55 real and personal property, liability and theft.

56           (n) **Guaranty.** An indemnity contract under which loss  
57 is payable upon proof of occurrence of financial loss to an  
58 insured claimant, obligee or indemnitee as a result of failure to  
59 perform a financial obligation.



60 (o) **Mortgage Guaranty.** Coverage indemnifying a lender  
61 from loss when a borrower fails to meet required mortgage  
62 payments.

63 (p) **Title.** Coverage protecting the insured against  
64 risk resulting from defective titles or invalidity or adverse  
65 claim to title.

66 (q) **Trip Accident and Baggage.** Coverage protecting the  
67 insured against risk resulting from accidental death; loss or  
68 damage to personal effects carried as baggage in connection with  
69 transportation provided by a common carrier.

70 (r) **Legal.** Coverage protecting the insured against the  
71 risk resulting from the cost of legal services.

72 **Class 2. Life.**

73 (a) **Life.** Insurance contract for the payment of  
74 endowments or annuities, or make and enter into such other  
75 contracts conditioned upon the continuance or cessation of human  
76 life.

77 (b) **Accident and Health.** Individual or group policy or  
78 contract of insurance against loss resulting from sickness or  
79 bodily injury, including dental care expenses resulting from  
80 sickness or bodily injury, or death by accident, or accidental  
81 means, or both.

82 (c) **Credit Life, Credit Accident and Health.** Insurance  
83 on the life of a debtor in connection with a specific loan or  
84 other credit transactions; insurance on a debtor to provide  
85 indemnity for payments becoming due on a specific loan or other  
86 credit transaction while the debtor is disabled as defined in the  
87 policy.

88 (d) **Industrial Life, Industrial Accident and Health.**  
89 Limited insurance coverage protecting the insured in case of  
90 death, bodily injury or disability.

91 (e) **Variable Contracts.** Contract which provides for  
92 variable life insurance or annuity benefits which may vary



93 according to the investment experience of any separate account or  
94 accounts maintained by the insurer as to such contract.

95 (f) **Life (Burial).** A limited life contract for payment  
96 of the burial expenses of the insured.

97 **Class 3. Fraternal.**

98 (a) Fraternal. Coverage for the mutual benefit of  
99 fraternal members and their beneficiaries and not for profit or  
100 which limits its membership to a secret fraternity having a lodge  
101 system and representative form of government. Benefits may be  
102 paid in case of death, disability, funeral expenses, monuments or  
103 tombstones.

104 (b) Larger Fraternal. Coverage for the mutual benefit  
105 of larger fraternal members and their beneficiaries and not for  
106 profit or which limits its membership to a secret fraternity  
107 having a lodge system and representative form of government.  
108 Benefits may be paid in case of death, endowment, annuity,  
109 temporary or permanent disability; hospital, medical or nursing;  
110 funeral, monument or tombstone and such other benefits as  
111 authorized for life insurers. For purposes of this paragraph (b),  
112 "larger fraternal" means those fraternal societies that have more  
113 than Thirty Thousand Dollars (\$30,000.00) in total annual written  
114 premiums.

115 **Class 4. Burial.** Insurance coverage protecting the insured  
116 against the risk resulting from the cost of burial expenses.

117 **Class 5. Home Warranty.** A contract or agreement, designated  
118 as a service contract, maintenance agreement, extended warranty or  
119 any similar term, whereby a person for a specified period of time  
120 indemnifies the warranty holder for a predetermined fee against  
121 the cost of repair or replacement.

122 **SECTION 2.** This act shall take effect and be in force from  
123 and after July 1, 2002.

