

By: Representative Holland

To: Insurance

HOUSE BILL NO. 682

1 AN ACT TO AMEND SECTION 83-2-3, MISSISSIPPI CODE OF 1972, TO
2 PROHIBIT PROPERTY AND CASUALTY INSURERS FROM CHARGING HIGHER RATES
3 TO SINGLE PERSONS SOLELY BECAUSE OF THEIR SINGLE STATUS; AND FOR
4 RELATED PURPOSES.

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

6 **SECTION 1.** Section 83-2-3, Mississippi Code of 1972, is
7 amended as follows:

8 83-2-3. (1) Rates shall comply with the following
9 standards:

10 (a) Rates shall not be excessive, inadequate or
11 unfairly discriminatory.

12 (b) A rate is excessive if it is likely to produce a
13 profit that is unreasonably high for the insurance provided or if
14 the expense provision included therein is unreasonably high in
15 relation to the services rendered.

16 (c) A rate is inadequate if it threatens the solvency
17 of the insurance company or tends to create a monopoly.

18 (d) Unfair discrimination exists if, after allowing for
19 practical limitations, price differentials fail to reflect
20 equitably the differences in expected losses and expenses. A rate
21 is not unfairly discriminatory because different premiums result
22 for policyholders with like loss exposures with different
23 expenses, or like expenses but different loss exposures, so long
24 as the rate reflects the differences with reasonable accuracy.

25 Unfair discrimination exists if the rates charged for single
26 persons are higher than the rates charged for married persons of
27 the same age and experience. Insurers are prohibited from



28 increasing rates solely because of the single status of the
29 insured.

30 (2) In determining whether rates comply with the standards
31 set forth in subsection (1), the following criteria shall apply:

32 (a) Due consideration shall be given to past and
33 prospective loss and expense experience within and outside this
34 state; to catastrophe hazards; to any residual market loss
35 redistributions and other similar obligations; to a reasonable
36 provision for profit and contingencies; to trends within and
37 outside this state; to loadings for leveling premium rates over a
38 reasonable period of time or for dividends or savings to be
39 allowed or returned by insurers to their policyholders, members or
40 subscribers; and to all other relevant factors, including the
41 judgment of the filer.

42 (b) Risks may be classified in any reasonable way for
43 the establishment of rates except that no risks may be grouped by
44 classifications based in whole or in part on race, color, creed,
45 or national origin of the risk. Rates may be modified for
46 individual risks in accordance with rating plans or schedules
47 which provide for recognition of probable variations in hazards,
48 expenses or both.

49 (c) The systems of expense provisions included in rates
50 for use by an insurer or group of insurers may differ from those
51 of other insurers or group of insurers to reflect the operating
52 methods of such insurer or group with respect to any kind of
53 insurance, or with respect to any subdivision or combination
54 thereof.

55 (d) Any homeowners' insurance policy filed with the
56 Commissioner of Insurance that offers a percentage deductible for
57 the peril of windstorm from a named storm shall offer a buy-back
58 provision for that deductible which is actuarially sound; however,
59 the Commissioner of Insurance may grant a waiver from the



60 mandatory buy-back provision in accordance with the following
61 procedure and criteria:

62 (i) An insurance company shall make a formal
63 filing requesting a waiver from the buy-back provision requirement
64 with the Commissioner of Insurance.

65 (ii) An insurance company shall submit written
66 proof in its formal filing as to why it is in the best interest of
67 Mississippi policyholders to receive a waiver from the buy-back
68 provision requirement and shall provide any supporting
69 documentation requested by the commissioner deemed appropriate to
70 make his decision.

71 (iii) All expenses incurred by the Commissioner of
72 Insurance or his designee in determining the validity of the
73 waiver request shall be borne by the petitioning insurer. Such
74 expenses may include, but not be limited to, the cost of reviewing
75 the filing by actuaries, and if the commissioner deems a public
76 hearing appropriate, the cost of a facility, the cost of publicity
77 and the cost of a court reporter for the hearing.

78 **SECTION 2.** This act shall take effect and be in force from
79 and after July 1, 2003.

