HOUSE BILL NO. 686

AN ACT TO AMEND SECTION 83-5-107, MISSISSIPPI CODE OF 1972, TO CLARIFY THE QUALIFICATIONS REQUIRED OF ACCOUNTANTS WHO PERFORM AUDITS OF INSURANCE COMPANIES; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-5-107, Mississippi Code of 1972, is amended as follows:

83-5-107. (1) The commissioner shall not recognize any person or firm as a qualified independent certified public accountant that is not in good standing with the American Institute of Certified Public Accountants and in all states in which the accountant is licensed to practice. Except as otherwise provided herein, an independent certified public accountant shall be recognized as qualified as long as he or she conforms to the standards of his or her profession, as contained in the Code of Professional Ethics of the American Institute of Certified Public Accountants and rules and regulations and code of ethics and rules of professional conduct of the appropriate state board of public accountancy, or similar code.

(2) No partner or other person responsible for rendering a report may act in that capacity for more than seven (7) consecutive years. Following any period of service such person shall be disqualified from acting in that or a similar capacity for the same company or its insurance subsidiaries or affiliates for a period of two (2) years. An insurer may make application to the commissioner for relief from the above rotation requirement on the basis of unusual circumstances. The commissioner may consider
the following factors in determining if the relief should be
granted: (a) number of partners, expertise of the partners or
the number of insurance clients in the currently registered firm;
(b) premium volume of the insurer; or (c) number of
jurisdictions in which the insurer transacts business.

(3) The commissioner shall not recognize as a qualified
independent certified public accountant, nor accept any annual
audited financial report, prepared in whole or in part by, any
natural person who (a) has been convicted of fraud, bribery, a
violation of the Racketeer Influenced and Corrupt Organizations
Act, 18 USCS Sections 1961-1968, or any dishonest conduct or
practices under federal or state law; (b) has been found to have
violated the insurance laws of this state with respect to any
previous reports submitted under this rule; or (c) has
demonstrated a pattern or practice of failing to detect or
disclose material information in previous reports filed under the
provisions of Sections 83-5-101 through 83-5-113.

The commissioner may hold a hearing to determine whether a
certified public accountant is qualified and, considering the
evidence presented, may rule that the accountant is not qualified
for purposes of expressing his opinion on the financial statements
in the annual audited financial report made pursuant to Sections
83-5-101 through 83-5-113 and require the insurer to replace the
accountant with another whose relationship with the insurer is
qualified within the meaning of this section.

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