AN ACT TO CREATE THE MISSISSIPPI CREDIT INSURANCE CONSUMER
PROTECTION ACT; TO PROVIDE ADDITIONAL CONSUMER PROTECTIONS IN
CONNECTION WITH THE SALE OF CREDIT INSURANCE; TO REQUIRE
ADDITIONAL DISCLOSURES TO CONSUMERS IN CONNECTION WITH THE SALE OF
CREDIT INSURANCE; TO CLARIFY THE DUTIES AND RESPONSIBILITIES OF
CREDITORS AND RELATED PERSONS IN CONNECTION WITH THE SALE OF
CREDIT INSURANCE; TO AMEND SECTION 83-53-17, MISSISSIPPI CODE OF
1972, TO CONFORM TO THE PRECEDING PROVISIONS; AND FOR RELATED
PURPOSES.

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

SECTION 1. This act shall be known and may be cited as the
Mississippi Credit Insurance Consumer Protection Act.

SECTION 2. This act is remedial in nature and is intended to
establish additional consumer safeguards in connection with
consumer credit insurance sales practices of creditors and related
persons, to clarify the duties of creditors and related persons in
connection with consumer credit insurance sales practices, and to
clarify the ability of creditors and related persons to rely upon
compliance with applicable federal and state statutes and
regulations concerning consumer credit insurance sales practices.
Enactment of this act shall not be construed to create any
implication that any creditor or other person previously possessed
any fiduciary or similar obligations to consumers with respect to
the offering, solicitation or sale of consumer credit insurance.

SECTION 3. As used in this act, the following words and
phrases shall have the following meanings:

(a) "Creditor" means a creditor as defined in Section
83-53-3(2)(d).

(b) "Consumer" means a natural person to whom consumer
credit is offered or extended.
(c) "Consumer credit" means credit offered or extended to a consumer primarily for personal, family or household purposes.

(d) "Consumer credit insurance" means credit life insurance, credit disability insurance, credit personal property insurance, credit involuntary unemployment insurance, credit leave of absence insurance or such other types of credit insurance approved by the Commissioner of Insurance offered, solicited or sold by or through a creditor, a subsidiary or affiliate of the creditor, or an employee, agent or representative of a creditor or its affiliate or subsidiary in connection with consumer credit where the creditor is a beneficiary of the insurance.

SECTION 4. When an extension of consumer credit is refinanced by the original creditor and the refinancing includes cancellation of existing consumer credit insurance and purchase of a similar type of consumer credit insurance from the original insurer, any refund of unearned premium for the cancelled consumer credit insurance shall be calculated using a method no less favorable to the consumer than the rule of anticipation method pursuant to which the refund is the premium for a policy of consumer credit insurance having the same benefits and term as the unexpired coverage using the original rate schedule of the cancelled policy.

SECTION 5. A consumer who has purchased consumer credit insurance shall have a right to cancel the consumer credit insurance within fifteen (15) calendar days after the disclosures required by Section 6 of this act are made and receive a full refund of any premium. If the premium was financed as part of a consumer credit transaction, the refund may, at the option of the creditor, be made to the consumer or by credit to the consumer credit transaction. If the creditor chooses to make the refund by credit to the consumer credit transaction, the credit shall include any finance charge paid or collected on the premium,
cancellation of any unpaid finance charge imposed or to be imposed on the premium and adjustment of the amounts of any unpaid installment payments necessary to reflect the reduced amount of the consumer credit transaction. Nothing in this act shall be construed to prohibit a creditor from requiring, as a condition of consumer credit, property insurance or other forms of insurance coverage which are not consumer credit insurance as defined in this act, subject, however, to applicable law.

SECTION 6. (1) All agents for the sale of consumer credit insurance shall make or cause to be made to the consumer the following disclosures in connection with the sale of consumer credit insurance:

(a) The creditor may not require you to purchase consumer credit insurance from the creditor, a subsidiary or affiliate of the creditor or any particular insurance agent in order to obtain a loan.

(b) The creditor may not prohibit you from purchasing consumer credit insurance from an agent or insurance company that is not affiliated with the creditor in order to obtain a loan.

(c) If you have other insurance that covers the risk, you may not want or need consumer credit insurance. There may also be lower cost alternatives available to you.

(d) If you purchase consumer credit insurance from the creditor or a subsidiary or affiliate of the creditor, the creditor, subsidiary or affiliate or the insurance agent may receive a commission that may be a significant portion of the premium charged you for the consumer credit insurance.

(e) The creditor may not include the premium for consumer credit insurance as part of a consumer credit transaction without your written consent. If you finance the premium for consumer credit insurance, you will also incur finance charge on the premium at the rate applicable to the consumer credit transaction.
(f) You have the right to cancel the consumer credit insurance within fifteen (15) calendar days and receive a full refund of the premium.

(g) You have the right to cancel consumer credit insurance at any later date and receive a refund of any unearned premium for the consumer credit insurance.

(h) A copy of the consumer credit insurance policy or a certificate describing the amount, term, limitations and exclusions, refund methods and other important terms of the consumer credit insurance coverage is required to be delivered to you. You should review the policy or certificate carefully.

The disclosures shall be in writing printed in at least 10-point type. Nothing in this act may be construed to require the use of the model form of disclosure prescribed by this section. A person shall be deemed to be in compliance with the disclosure requirements stated herein if the person uses the model form of disclosure or uses the model form and changes it by deleting any information which is not required by this act or which does not apply to the particular transaction, by rearranging the format or by adding or combining it with additional information if on making such change, the person does not affect the overall substance and clarity of the disclosure.

(2) Except as provided in subsection (3) of this section, the disclosures shall be made no later than the time of consummation of the consumer credit transaction where consumer credit insurance is sold.

(3) In connection with open-end or revolving consumer credit, telephonic transactions or transactions where consumer credit insurance is purchased subsequent to the consummation of the consumer credit transaction, the disclosures may be made by mail within thirty (30) days after the purchase of the consumer credit insurance.
SECTION 7. A creditor shall timely make all written disclosures that are expressly required under applicable federal or state statutes or regulations to be made to a consumer in connection with the offering, solicitation or sale of consumer credit insurance.

SECTION 8. A creditor shall not charge or collect consumer credit insurance premiums or related finance charge or other charges in amounts that exceed any limits expressly imposed by applicable federal or state statutes or regulations. Premiums, fees or other charges that exceed any such express limits shall be subject to Section 75-17-25.

SECTION 9. (1) In connection with the offering, solicitation and sale of consumer credit insurance, the creditor, any subsidiary or affiliate of the creditor, the insurer and any employee, agent or representative of the creditor, its subsidiary or affiliate have only those duties and responsibilities expressly imposed upon them under this act and other applicable federal and state statutes and regulations, whether now existing or hereafter enacted or amended.

(2) In connection with the offering, solicitation and sale of consumer credit insurance, the creditor, any subsidiary or affiliate of the creditor, the insurer and any employee, agent or representative of the creditor, its subsidiary or affiliate or the insurer shall have no liability for any act or practice done or omitted in conformity with (a) any rule or regulation of the commissioner, or (b) any rule, regulation, interpretation or approval of any other state or federal agency or any opinion of the Attorney General, notwithstanding that after the act or omission has occurred the rule, regulation, interpretation, approval or opinion is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

(3) In connection with the offering, solicitation and sale of consumer credit insurance, the creditor, any subsidiary or
affiliate of the creditor, the insurer and any employee, agent or
representative of the creditor, its subsidiary or affiliate or the
insurer, acting in conformity with a written interpretation or
approval by an official or employee of any state or federal agency
or department, shall be presumed to have acted in accordance with
applicable law, notwithstanding that after the act has occurred,
the interpretation or approval is amended, rescinded, or
determined by judicial or other authority to be incorrect or
invalid for any reason.

SECTION 10. A cause of action by a consumer based on any
alleged actions or omissions of a creditor, a subsidiary or
affiliate of the creditor, the insurer or any employee, agent or
representative of the creditor, its subsidiary or affiliate, or
the insurer in connection with the offering, solicitation or sale
of consumer credit insurance occurs, accrues and is discoverable
at the time the creditor makes the written disclosures that are
expressly required under applicable federal or state statutes or
regulations to be made to the consumer in connection with the
offering, solicitation or sale of consumer credit insurance. In
connection with any such cause of action, the act or omission or
event which causes the injury occurs in the county where the
consumer credit transaction is entered into between the creditor
and the consumer.

SECTION 11. Section 83-53-17, Mississippi Code of 1972, is
amended as follows:

83-53-17. (1) Any insurer with the prior approval of the
commissioner may revise its schedules of premium rates from time
to time and shall file the revised schedules with the
commissioner. No insurer shall issue any credit life insurance
policy or credit disability insurance policy for which the premium
rate exceeds that determined by the schedules of the insurer as
previously approved by the commissioner.
(2) Each individual policy or group certificate shall provide that in the event of termination of the insurance before the scheduled maturity date of the indebtedness, any refund of an amount paid by the debtor for insurance shall be paid or credited promptly by the insurer to the person entitled thereto; provided, however, that no refund of less than Two Dollars ($2.00) need be made. Except as provided in Sections 4 and 5 of Senate Bill No. 2830, 2003 Regular Session, the formula to be used in computing the premium refund shall be the "sum of the digits" formula with respect to decreasing term credit life insurance and credit disability insurance, and the "pro rata" formula with respect to level term credit life insurance. Upon the payment of a death benefit under the credit life insurance coverage, the entire premium shall be considered earned and no refund shall be due. The insurer shall pay or cause to be paid to the debtor any refund due pursuant to this subsection within thirty (30) days of the accrual of such refund.

(3) The amount required of a debtor for any credit life or credit disability insurance shall not exceed the premium rate allowed to the insurer computed at the time the cost to the debtor is determined. All premiums payable to the insurer less any compensation to the agent or supervising general agent shall be remitted by the agent or supervising general agent to the insurer within sixty (60) days of collection.

(4) The commissioner may promulgate rules whereby an insurer may certify that the policy forms and other documents required to be approved by the commissioner before use are in compliance with this chapter.

SECTION 12. This act shall take effect and be in force from and after July 1, 2003.