

By: Representative Guice

To: Banking and Financial  
Services

## HOUSE BILL NO. 784

1 AN ACT TO AMEND SECTION 81-21-13, MISSISSIPPI CODE OF 1972,  
2 TO REVISE THE CONTENTS OF A PREMIUM FINANCE AGREEMENT; TO AMEND  
3 SECTION 81-21-15, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT AN  
4 INSURED SHALL RECEIVE A REFUND OF THE UNEARNED FINANCE CHARGE UPON  
5 CANCELLATION OF THE CONTRACT; TO AMEND SECTION 81-21-21,  
6 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT THE PREMIUM FINANCE  
7 COMPANY SHALL RETURN UNEARNED PREMIUMS TO THE ACCOUNT OF THE  
8 INSURED WHENEVER A FINANCED INSURANCE CONTRACT IS CANCELLED; AND  
9 FOR RELATED PURPOSES.

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

11 **SECTION 1.** Section 81-21-13, Mississippi Code of 1972, is  
12 amended as follows:

13 81-21-13. A premium finance agreement shall:

14 (a) Be dated and signed by or on behalf of the insured,  
15 and the printed portion thereof shall be in at least eight-point  
16 type;

17 (b) Contain the name and place of business of the  
18 insurance agent or broker negotiating the related insurance  
19 contract, the name and residence or place of business of the  
20 insured, the name and place of business of the premium finance  
21 company, a brief description of the insurance contracts involved  
22 and the amount of the premium; and

23 (c) Set forth the following items, where applicable:

24 (i) The total amount of the premium, less an  
25 itemized listing of any nonrefundable charges;

26 (ii) The amount of the down payment;

27 (iii) The principal balance, which is the  
28 difference between the amounts stated under subparagraphs (i) and  
29 (ii) of this paragraph;

30 (iv) The amount of the interest and the annual  
31 percentage rate;

32 (v) The balance payable by the insured, meaning  
33 the sum of amounts stated under subparagraphs (iii) and (iv) of  
34 this paragraph; and

35 (vi) The number of installments required, the  
36 amount of each installment expressed in dollars and the due date  
37 or period thereof.

38 **SECTION 2.** Section 81-21-15, Mississippi Code of 1972, is  
39 amended as follows:

40 81-21-15. (1) A premium finance company shall not charge,  
41 contract for, receive or collect any interest or service charge  
42 other than as permitted in this section.

43 (2) The interest is to be computed on the balance of the  
44 premiums due, after subtracting the down payment made by the  
45 insured in accordance with the premium finance agreement, from the  
46 effective date of the insurance contract or as otherwise agreed to  
47 by the parties, for which the premiums are being advanced, to the  
48 date when the final installment of the premium finance agreement  
49 is payable.

50 (3) Notwithstanding any provision of law to the contrary,  
51 for any loan or extension of credit in an amount of Ten Thousand  
52 Dollars (\$10,000.00) or less, made by a licensee under this  
53 chapter, the licensee may contract for and receive any finance  
54 charge agreed to in writing by the licensee and the insured, not  
55 to exceed twenty-four percent (24%) per annum on the unpaid  
56 balance; \* \* \* however, if the loan or extension of credit is in  
57 an amount more than Ten Thousand Dollars (\$10,000.00), the  
58 licensee may contract for and receive any finance charge agreed to  
59 in writing by the licensee and the insured.

60 (4) Notwithstanding the provisions of any premium finance  
61 agreement, any insured shall receive a refund of the unearned  
62 finance charge, based on the Rule of 78's, upon the voluntary

63 prepayment of the obligation in full or upon the cancellation of  
64 such contract. Where the amount of the refund credit is less than  
65 Three Dollars (\$3.00), no refund need be made.

66 **SECTION 3.** Section 81-21-21, Mississippi Code of 1972, is  
67 amended as follows:

68 81-21-21. (1) Whenever a financed insurance contract is  
69 cancelled, the premium finance company shall return whatever gross  
70 unearned premiums are due under the insurance contract, calculated  
71 pro rata unless otherwise required by law, directly to the \* \* \*  
72 account of the insured or insureds as soon as reasonably possible,  
73 but in no event later than thirty (30) days after the effective  
74 date of cancellation.

75 (2) If a premium is subject to an audit to determine the  
76 final premium amount, the gross unearned premium shall be  
77 calculated upon the deposit premium and the premium finance  
78 company shall return whatever gross unearned premiums are due  
79 based upon that deposit to \* \* \* the account of the insured.

80 (3) If that the crediting of return premiums to the account  
81 of the insured results in a surplus over the amount due from the  
82 insured, the premium finance company shall refund such excess to  
83 the insured, provided that no such refund shall be required if it  
84 amounts to less than Three Dollars (\$3.00).

85 **SECTION 4.** This act shall take effect and be in force from  
86 and after its passage.