

By: Senator(s) Kirby

To: Insurance

## SENATE BILL NO. 2450

1 AN ACT TO AMEND SECTION 83-19-1, MISSISSIPPI CODE OF 1972, TO  
2 EXPAND THE SCOPE OF INDUSTRIAL FIRE INSURANCE POLICIES TO ALLOW  
3 COVERAGE FOR LOSSES OF REAL OR PERSONAL PROPERTY FROM BURGLARY AND  
4 THEFT; TO AMEND SECTION 83-13-17, MISSISSIPPI CODE OF 1972, TO  
5 PROVIDE THAT THE LIMIT OF RISK OF ALL INDUSTRIAL FIRE INSURANCE  
6 POLICIES SHALL NOT EXCEED \$20,000.00 ON THE RISK OF REAL OR  
7 PERSONAL PROPERTY LOSS RESULTING FROM BURGLARY OR THEFT; AND FOR  
8 RELATED PURPOSES.

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

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

12 83-19-1. Insurance companies may be formed for the following  
13 classifications:

14 **Class 1. Fire and Casualty.**

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

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

27 (c) **Casualty/Liability.** Coverage protecting the  
28 insured against legal liability resulting from negligence,  
29 carelessness or a failure to act causing property damage or

30 personal injury to others. Coverage may include burglary and  
31 theft.

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

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

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

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

44 (h) **Plate Glass.** Coverage for the cost of replacement  
45 and incidental cost of building glass due to breakage or  
46 application of chemicals to glass.

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

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

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

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

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

60 (n) **Guaranty.** An indemnity contract under which loss  
61 is payable upon proof of occurrence of financial loss to an

62 insured claimant, obligee or indemnitee as a result of failure to  
63 perform a financial obligation.

64 (o) **Mortgage Guaranty.** Coverage indemnifying a lender  
65 from loss when a borrower fails to meet required mortgage  
66 payments.

67 (p) **Title.** Coverage protecting the insured against  
68 risk resulting from defective titles or invalidity or adverse  
69 claim to title.

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

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

76 **Class 2. Life.**

77 (a) **Life.** Insurance contract for the payment of  
78 endowments or annuities, or make and enter into such other  
79 contracts conditioned upon the continuance or cessation of human  
80 life.

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

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

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

95           (e) **Variable Contracts.** Contract which provides for  
96 variable life insurance or annuity benefits which may vary  
97 according to the investment experience of any separate account or  
98 accounts maintained by the insurer as to such contract.

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

101           **Class 3. Fraternal.**

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

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

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

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

126           **SECTION 2.** Section 83-13-17, Mississippi Code of 1972, is  
127 amended as follows:

128           83-13-17. (1) Industrial fire insurance policies are  
129 defined as policies issued by companies which write fire insurance  
130 through weekly premium agents operating on the debit agency system  
131 and which meet the other requirements of this section. Any such  
132 policy with limits in excess of Fifteen Hundred Dollars (\$1500.00)  
133 may be written by such weekly premium agents operating on a debit  
134 system or by any agent qualified and licensed to write fire  
135 insurance in the State of Mississippi, and in the case of policies  
136 over Fifteen Hundred Dollars (\$1500.00) written by agents other  
137 than weekly premium agents operating on a debit system, premiums  
138 may be collected as much as six (6) months in advance on the basis  
139 of filings made and approved by the Commissioner of Insurance as  
140 otherwise provided in this title. On all other industrial fire  
141 policies in the State of Mississippi, carriers and agents shall  
142 not collect premiums for more than four (4) months in advance.

143           The limit of risk of all industrial fire insurance policies  
144 issued as such in the State of Mississippi shall not exceed Forty  
145 Thousand Dollars (\$40,000.00) on any one (1) dwelling risk of fire  
146 and allied lines, nor Twenty Thousand Dollars (\$20,000.00) on the  
147 contents risk of fire and allied lines on any one (1) dwelling,  
148 nor Twenty Thousand Dollars (\$20,000.00) on the risk of real or  
149 personal property loss resulting from burglary or theft.

150           (2) The Commissioner of Insurance shall generally supervise  
151 and regulate the operation of industrial fire insurance and allied  
152 lines.

153           **SECTION 3.** This act shall take effect and be in force from  
154 and after July 1, 2004.