

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2450
(As Sent to Governor)

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.