

By: Senator(s) Mettetal

To: Business and Financial
Institutions

SENATE BILL NO. 2769

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; provided, however, if the loan or extension of credit is
57 in 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) In the event that a premium is subject to an audit to
76 determine the final premium amount, the gross unearned premium
77 shall be calculated upon the deposit premium and the premium
78 finance company shall return whatever gross unearned premiums are
79 due based upon that deposit to * * * the account of the insured.

80 (3) In the event that the crediting of return premiums to
81 the account of the insured results in a surplus over the amount
82 due from the insured, the premium finance company shall refund
83 such excess to the insured, provided that no such refund shall be
84 required if it 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.