

By: Representative Formby

To: Insurance

HOUSE BILL NO. 1514

1 AN ACT TO AMEND SECTION 83-54-19, MISSISSIPPI CODE OF 1972,  
2 TO PROVIDE THAT THE REQUIRED PAYMENT BY THE INSURER IN THE EVENT  
3 OF A LOSS UNDER A CREDITOR-PLACED INSURANCE POLICY SHALL BE  
4 REDUCED BY ANY RECOVERY FROM A THIRD PARTY; AND FOR RELATED  
5 PURPOSES.

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

7 **SECTION 1.** Section 83-54-19, Mississippi Code of 1972, is  
8 amended as follows:

9 83-54-19. (1) In the event of a loss under the  
10 creditor-placed insurance policy, the insurer shall pay, at a  
11 minimum, the least of the following, the value of which shall be  
12 determined as of the date of loss and shall be reduced by any  
13 payments to the creditor or debtor recovered from a third party:

14 (a) The cost to repair the collateral, less any  
15 applicable deductible;

16 (b) The actual cash value of the collateral, less any  
17 applicable deductible;

18 (c) The net debt, less any applicable deductible; or

19 (d) If single interest insurance is provided, the  
20 amount by which the creditor's interest is impaired.

21 (2) The net debt or actual cash value amounts in subsection  
22 (1) may be reduced by the value of salvage if the insurer does not  
23 take possession of the insured property. This does not preclude  
24 the borrower's right to retain possession of the damaged  
25 collateral, if desired.

26 (3) In the event of a loss, no subrogation shall run against  
27 the debtor from the insurer.

28           (4) Whenever a claim is made on a creditor-placed insurance  
29 policy, the insurer shall furnish to the creditor a written  
30 statement of the loss explaining the settlement amount and the  
31 method of settlement, and the creditor shall furnish this  
32 information to the debtor.

33           (5) A creditor or insurer may not abandon salvage to a  
34 towing or storage facility in lieu of payment of storage fees  
35 without the consent of the facility and the claimant. The insurer  
36 shall be responsible for the payment of towing and storage charges  
37 for a covered loss occurrence from the time the claim is reported  
38 to the insurer in accordance with the terms of the policy to the  
39 time the claim is paid. After the claim is paid, the debtor shall  
40 be responsible for the payment of any towing or storage charges.

41           **SECTION 2.** This act shall take effect and be in force from  
42 and after July 1, 2005.