

By: Senator(s) Dawkins, Williamson

To: Insurance; Finance

SENATE BILL NO. 2822

1 AN ACT TO CREATE THE MILE-BASED AUTO INSURANCE INCENTIVE ACT;
2 TO PROVIDE TAX INCENTIVES FOR AUTOMOBILE INSURERS WHICH OFFER
3 CERTAIN MILE-BASED OR TIME-BASED RATING PLANS; TO ESTABLISH THE
4 AMOUNT OF THE INCENTIVES; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** This act shall be known and may be cited as the
7 "Mile-Based Auto Insurance Incentive Act."

8 **SECTION 2.** As used in this act:

9 (a) "Insurer" means an insurance company,
10 interinsurance exchange, mutual, capital stock company, fraternal
11 benefit society, local mutual aid association, county mutual
12 reciprocal, association, Lloyd's plan, or other entity writing
13 motor vehicle insurance in this state.

14 (b) "Mile-based rating plan" means a rating plan for
15 which a unit of exposure is one (1) mile traveled by the insured
16 motor vehicle.

17 (c) "State premium tax liability" means any liability
18 incurred by an insurance company under the provisions of Sections
19 27-15-103 through 27-15-119 and Sections 27-15-121 through
20 27-15-127, or in the case of the repeal or reduction by the State
21 of the tax imposed by Sections 27-15-103 through 27-15-119 and
22 Sections 27-15-121 through 27-15-127, any other tax imposed upon
23 an insurance company by this state.

24 (d) "Time-based rating plan" means a rating plan for
25 which a unit of exposure is one (1) minute or one (1) hour.

26 (e) "Traditional rating plan" means the current
27 standard rating plan offered by insurers, whereby rates are

28 calculated irrelevant of mileage or time and usually charged on a
29 six-month or one-year basis.

30 (f) "Unit of exposure" means a unit that measures the
31 loss exposure assumed by an insurer, the total of such units of
32 which is multiplied by the policy rate, or rates, to produce the
33 policy premium.

34 **SECTION 3.** (1) An insurer shall be allowed a credit against
35 its state premium tax liability that is otherwise due under state
36 law for providing motor vehicle insurance policies in this state
37 that are at least seventy percent (70%) based on a mile-based
38 rating plan or a time-based rating plan.

39 (2) The amount of the credit shall equal One Hundred Dollars
40 (\$100.00) for each vehicle insured under a policy described in
41 subsection (1) of this section that is issued in this state during
42 the tax year, not to exceed Three Hundred Dollars (\$300.00) for
43 each policy.

44 (3) The total amount of credit allowed under this section in
45 a tax year may not exceed the tax liability of the insurer and may
46 not be carried forward to another tax year.

47 (4) The insurer may require a person purchasing coverage to
48 use the same rating plan for all vehicles covered under the
49 person's motor vehicle insurance policy.

50 (5) The credit shall be a one-time credit only and may not
51 be claimed with respect to a vehicle or policy for which a credit
52 was allowed in a previous tax year.

53 (6) The credit allowed under this section may be given for
54 motor vehicle insurance policies issued in the State of
55 Mississippi from and after January 1, 2005.

56 **SECTION 4.** This act shall stand repealed from and after July
57 1, 2010.

58 **SECTION 5.** This act shall take effect and be in force from
59 and after its passage.