

By: Representative Formby

To: Insurance

HOUSE BILL NO. 1218

1 AN ACT TO AMEND SECTION 83-17-7, MISSISSIPPI CODE OF 1972, TO  
2 EXTEND THE DATE OF REPEAL ON THE LAW THAT PROHIBITS INSURANCE  
3 COMPANIES AND AGENTS FROM PAYING COMMISSIONS TO ANY PERSON OR  
4 ENTITY THAT IS NOT LICENSED AS AN INSURANCE AGENT IN MISSISSIPPI;  
5 AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 83-17-7, Mississippi Code of 1972, is  
8 amended as follows:

9 83-17-7. It shall be unlawful for any insurance company or  
10 any insurance agent to pay, directly or indirectly, any  
11 commission, brokerage or other valuable consideration on account  
12 of any policy or policies written on risks in this state to any  
13 person, agent, firm or corporation not duly licensed as an  
14 insurance agent in this state, except that property and other  
15 risks of nonresident persons, and of foreign corporations not  
16 qualified in this state, may be insured by brokers or other agents  
17 duly licensed in other states.

18 It shall be lawful, however, for an insurance company or any  
19 insurance agent to pay, directly or indirectly, to the surviving  
20 spouse or heirs of a deceased licensed insurance agent in this  
21 state any commissions or other valuable consideration to which the  
22 deceased agent would be entitled, whether such surviving spouse or  
23 heir is or is not a licensed agent.

24 It shall be lawful for an insurance agent, agency or  
25 affiliate to pay a referral fee to any unlicensed employee of the  
26 agent, agency or affiliate when the employee refers a prospective  
27 insured to the licensed agent or agency. The referral fee shall  
28 be a one-time nominal fee of a fixed dollar amount for each

29 referral customer. The payment of any referral fee shall not  
30 depend on whether the referral results in a sale of any insurance  
31 products. Furthermore, the referral fee shall not be based on a  
32 percentage of any premiums or commissions collected by the  
33 licensed agent. The referral fee shall not be paid, either  
34 directly or indirectly, to the prospective insured.

35 The Commissioner of Insurance may promulgate rules and  
36 regulations necessary to carry out the provisions of this section.

37 The provisions of this section shall stand repealed from and  
38 after July 1, 2008.

39 **SECTION 2.** This act shall take effect and be in force from  
40 and after July 1, 2006.