

By: Senator(s) Wilemon

To: Insurance

SENATE BILL NO. 2006

1 AN ACT TO AMEND SECTIONS 83-5-28, 83-11-5 AND 83-11-7,  
2 MISSISSIPPI CODE OF 1972, TO REQUIRE NOTICE OF CANCELLATION,  
3 REDUCTION IN COVERAGE OR NONRENEWAL OF COVERAGE TO BE MAILED OR  
4 DELIVERED BY THE INSURER TO THE NAMED CREDITOR LOSS PAYEE; AND FOR  
5 RELATED PURPOSES.

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

7 **SECTION 1.** Section 83-5-28, Mississippi Code of 1972, is  
8 amended as follows:

9 83-5-28. (1) A cancellation, reduction in coverage or  
10 nonrenewal of liability insurance coverage, fire insurance  
11 coverage or single premium multiperil insurance coverage is not  
12 effective as to any coverage issued or renewed after June 30,  
13 1989, unless notice is mailed or delivered to the insured and,  
14 where there is a named creditor loss payee, to such loss payee, by  
15 the insurer not less than thirty (30) days prior to the effective  
16 date of such cancellation, reduction or nonrenewal. This section  
17 shall not apply to nonpayment of premium where there is a named  
18 loss payee, in which case it shall apply to notices to the  
19 creditor loss payee.

20 (2) The provisions of subsection (1) shall be incorporated  
21 into each liability, fire and multiperil policy issued or renewed  
22 after June 30, 1989; and if such provisions are not expressly  
23 stated in the policy, such provisions shall be deemed to be  
24 incorporated in the policy.

25 **SECTION 2.** Section 83-11-5, Mississippi Code of 1972, is  
26 amended as follows:

27 83-11-5. No notice of cancellation of a policy to which  
28 Section 83-11-3 applies shall be effective unless mailed or

29 delivered by the insurer to the named insured and to any named  
30 creditor loss payee at least thirty (30) days prior to the  
31 effective date of cancellation; provided, however, that where  
32 cancellation is for nonpayment of premium at least ten (10) days'  
33 notice of cancellation accompanied by the reason therefor shall be  
34 given. Unless the reason accompanies or is included in the notice  
35 of cancellation, the notice of cancellation shall state or be  
36 accompanied by a statement that upon written request of the named  
37 insured, mailed or delivered to the insurer not less than fifteen  
38 (15) days prior to the effective date of cancellation, the insurer  
39 will specify the reason for such cancellation.

40 This section shall not apply to nonrenewal unless there is a  
41 named creditor loss payee.

42 **SECTION 3.** Section 83-11-7, Mississippi Code of 1972, is  
43 amended as follows:

44 83-11-7. No insurer shall fail to renew a policy unless it  
45 shall mail or deliver to the named insured, at the address shown  
46 in the policy and to the named creditor loss payee, at least  
47 thirty (30) days' advance notice of its intention not to renew.  
48 This section shall not apply if there is no named creditor loss  
49 payee and:

50 (a) If the insurer has manifested its willingness to  
51 renew, subject to certain specified conditions which are not met  
52 by the insured; nor

53 (b) If the insured has manifested its unwillingness to  
54 renew; nor

55 (c) In case of nonpayment of premium; nor

56 (d) In case of failure to make timely payment of dues  
57 to, or to maintain membership in good standing with, a designated  
58 association, corporation or other organization where the original  
59 issue of such policy or renewal was dependent upon such  
60 membership; provided that, notwithstanding the failure of an  
61 insurer to comply with this section, the policy shall terminate on

62 the effective date of any other insurance policy with respect to  
63 any automobile designated in both policies.

64 Renewal of a policy shall not constitute a waiver or estoppel  
65 with respect to grounds for cancellation which existed before the  
66 effective date of such renewal, and if a policy shall be cancelled  
67 as authorized by this article prior to such policy's renewal, such  
68 cancellation shall terminate any right of renewal conferred by  
69 this article.

70 **SECTION 4.** This act shall take effect and be in force from  
71 and after July 1, 2006.