

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2424

1 AN ACT TO AMEND SECTION 83-17-7, MISSISSIPPI CODE OF 1972, TO
2 EXTEND THE REPEALER ON THE LAW PROHIBITING COMMISSION PAYMENTS TO
3 UNAUTHORIZED INSURANCE AGENTS; AND FOR RELATED PURPOSES.

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

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

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

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

22 It shall be lawful for an insurance agent, agency or
23 affiliate to pay a referral fee to any unlicensed employee of the
24 agent, agency or affiliate when the employee refers a prospective
25 insured to the licensed agent or agency. The referral fee shall
26 be a one-time nominal fee of a fixed dollar amount for each
27 referral customer. The payment of any referral fee shall not

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

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

35 The provisions of this section shall stand repealed from and
36 after July 1, 2010.

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