

By: Representative Moak

To: Insurance

HOUSE BILL NO. 1543

1 AN ACT TO SET FORTH THE "HONESTY IS THE BEST INSURANCE POLICY
2 ACT"; TO PROVIDE THAT EACH INDIVIDUAL POLICY WRITTEN BY AN
3 INSURANCE COMPANY DOING BUSINESS IN THE STATE OF MISSISSIPPI SHALL
4 INCLUDE ON THE FRONT OR FIRST PAGE OF THE POLICY A "NON-COVERAGE
5 DISCLOSURE" CHECKLIST; TO PROVIDE THAT THE CHECKLIST SHALL BE IN
6 PLAIN ENGLISH, SHALL STATE ALL CONDITIONS, EXCLUSIONS AND OTHER
7 LIMITATIONS OF COVERAGE UNDER THE POLICY, AND SHALL BE IN A FORMAT
8 THAT REQUIRES THE INSURER TO PLACE A CHECK MARK NEXT TO SUCH
9 LIMITATIONS OF COVERAGE SO THAT THE POLICYHOLDER CAN SEE WHAT
10 COVERAGE IS NOT INCLUDED UNDER THE POLICY; TO SET FORTH PENALTIES
11 FOR VIOLATIONS OF THE ACT; AND FOR RELATED PURPOSES.

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

13 **SECTION 1.** The provisions of this act shall be cited as the
14 "Uniform Insurance Non-Coverage Disclosure Act," and may be
15 referred to by the popular name of "Honesty is the Best Insurance
16 Policy Act."

17 **SECTION 2.** Each individual policy written by an insurance
18 company doing business in the State of Mississippi shall include
19 on the front or first page of the policy a "NON-COVERAGE
20 DISCLOSURE" checklist. The checklist shall:

21 (a) Restate in plain English all conditions, exclusions
22 and other limitations pertaining to coverage under the policy,
23 regardless of the underlying insurance product in question;

24 (b) Be printed in bold font twice the size of the text
25 in the body of the policy; and

26 (c) Be in a format that requires the insurer to place a
27 check mark next to the conditions, exclusions and other
28 limitations pertaining to coverage under the policy, so that the
29 policyholder can easily discern what coverage is not included in
30 the policy.

31 **SECTION 3.** (1) Any insurance company that fails to comply
32 with the provisions of this act shall be subject to an
33 administrative fine imposed by the Commissioner of Insurance,
34 after notice and hearing, in an amount not to exceed Five Thousand
35 Dollars (\$5,000.00) per violation. A person acting as an agent
36 for an insurance company that fails to comply with the provisions
37 of this act shall be subject to an administrative fine imposed by
38 the Commissioner of Insurance, after notice and hearing, in an
39 amount not less than Five Hundred Dollars (\$500.00) and not more
40 than One Thousand Dollars (\$1,000.00) per violation.

41 (2) The failure to include the "Non-Coverage Disclosure"
42 checklist described in Section 2 of this act on each individual
43 policyholder's policy, regardless of whether the insurance company
44 or agent offered the same or similar policies to more than one (1)
45 policyholder, shall be considered a separate violation for
46 purposes of imposing the applicable fines.

47 (3) The proceeds of the administrative fines imposed under
48 this section shall be deposited into the special fund in the State
49 Treasury designated as the "Insurance Department Fund."

50 **SECTION 4.** This act shall take effect and be in force from
51 and after July 1, 2007.