

By: Senator(s) Hewes

To: Insurance

SENATE BILL NO. 2820

1 AN ACT TO AMEND SECTION 83-38-3, MISSISSIPPI CODE OF 1972, TO
2 AMEND THE DEFINITION OF THE TERM "INSURABLE PROPERTY", AS USED IN
3 THE MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION LAW, TO
4 INCLUDE MULTI-FAMILY DWELLINGS; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 83-38-3, Mississippi Code of 1972, is
7 amended as follows:

8 83-38-3. In this chapter, unless the context otherwise
9 requires:

10 (a) "Essential property insurance," in all counties of
11 the state except the coastal area as defined in paragraph (i),
12 means insurance against direct loss to residential property as
13 provided by a standard fire policy and extended coverage
14 endorsement thereon, with terms, limits, deductibles, endorsements
15 and exclusions as approved by the Mississippi Insurance
16 Commissioner.

17 "Essential property insurance" in the coastal area as defined
18 in paragraph (i) means insurance against direct loss to
19 residential property as provided by a standard fire policy and
20 extended coverage endorsement thereon, with terms, limits,
21 deductibles, endorsements and exclusions as approved by the
22 Mississippi Insurance Commissioner, except for the risks of wind
23 and hail storm, which shall be excepted from coverage.

24 The Mississippi Residential Property Underwriting Association
25 is not required to insure the risks of wind and hail storm in the
26 coastal area as defined in paragraph (i).

27 For the purposes of this chapter, essential property
28 insurance coverage shall be limited to ninety-five percent (95%)

29 of the market value of real and personal property that is insured
30 by the association, excluding the value of land.

31 (b) "Association" means the Mississippi Residential
32 Property Insurance Underwriting Association established pursuant
33 to the provisions of this chapter as the successor for the
34 Mississippi Rural Risk Underwriting Association.

35 (c) "Plan of operation" means the plan of operation of
36 the association approved or promulgated by the Mississippi
37 Insurance Commissioner pursuant to the provisions of this chapter.

38 (d) "Insurable interest" means any lawful and
39 substantial economic interest in the safety or preservation of
40 property from loss, destruction or pecuniary damage.

41 (e) "Insurable property" means residential builder's
42 risk and residential real property or the contents located
43 therein, but shall not include insurance on motor vehicles, which
44 property is determined by the association after inspection and
45 pursuant to the criteria specified in the plan of operation, to be
46 in an insurable condition; provided, however, any single- and
47 multi-family dwelling, including, but not limited to, permanently
48 installed manufactured housing built in substantial accordance
49 with the local building code if applicable, which is not otherwise
50 rendered uninsurable by reason of use, occupancy or state of
51 repair, shall be an insurable risk within the meaning of this
52 chapter, but neighborhood, area, location, environmental hazards
53 beyond the control of the applicant or owner of the property shall
54 not be considered in determining insurable condition.

55 (f) "Commissioner" means the Mississippi Insurance
56 Commissioner as provided in Section 83-1-3.

57 (g) "Net direct premiums" means gross direct premiums,
58 excluding reinsurance assumed and ceded, written on property in
59 this state for residential fire and extended coverage insurance,
60 including the fire and extended coverage components of
61 comprehensive dwelling policies and homeowner policies but not

62 including premiums on farm property, less return premiums upon
63 cancelled contracts, dividends paid or credited to the
64 policyholders or the unused or unabsorbed portion of premium
65 deposits.

66 (h) "Rural areas" means all areas in the State of
67 Mississippi designated as fire protection Class 9 or 10 by the
68 Mississippi State Rating Bureau.

69 (i) "Coastal areas" means Hancock, Harrison and Jackson
70 Counties.

71 **SECTION 2.** This act shall take effect and be in force from
72 and after its passage.