

By: Representative Holland

To: Insurance

HOUSE BILL NO. 2

1 AN ACT TO AMEND SECTION 83-19-31, MISSISSIPPI CODE OF 1972,
2 TO INCREASE THE MAXIMUM LIFE INSURANCE POLICY FOR AN INDUSTRIAL
3 LIFE INSURER FROM TEN THOUSAND DOLLARS TO TWENTY THOUSAND DOLLARS
4 IN DEATH BENEFITS; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 83-19-31, Mississippi Code of 1972, is
7 amended as follows:

8 83-19-31. (1) No corporation so formed shall transact any
9 other business than that specified in its charter and articles of
10 association. Companies so formed must meet the following capital
11 and surplus requirements:

12 (a) Single-line companies so formed to write a
13 classification listed in paragraphs (a) through (n) in Section
14 27-15-83, the minimum capital requirement shall be Four Hundred
15 Thousand Dollars (\$400,000.00) and the surplus shall be a minimum
16 of Six Hundred Thousand Dollars (\$600,000.00).

17 (b) Multi-line companies so formed to write a
18 combination of the classifications listed in paragraphs (a)
19 through (n) in Section 27-15-83, the minimum capital requirement



20 shall be Six Hundred Thousand Dollars (\$600,000.00) and the
21 surplus shall be a minimum of Nine Hundred Thousand Dollars
22 (\$900,000.00).

23 (c) Companies so formed for the purpose of transacting
24 the business of life insurance on the industrial plan may organize
25 with a minimum capital of One Hundred Thousand Dollars
26 (\$100,000.00) and a minimum surplus of Fifty Thousand Dollars
27 (\$50,000.00).

28 An industrial life insurer shall be limited to the following:

29 (i) A life insurance policy, in the aggregate
30 value of * * * Twenty Thousand Dollars (\$20,000.00) in death
31 benefits, exclusive of multiple indemnity benefits.

32 (ii) A disability policy in the aggregate benefits
33 of Sixty Dollars (\$60.00) per week.

34 (iii) A policy providing benefits for dismembered
35 and broken limbs and/or loss of eyesight in the aggregate of Five
36 Thousand Dollars (\$5,000.00) per policy year.

37 (iv) A policy which provides benefits for the
38 payment for or furnishing of hospitalization, drugs, attending
39 physicians and surgical costs in the aggregate of Three Thousand
40 Five Hundred Dollars (\$3,500.00) per policy year.

41 (d) All mutual and reciprocal companies shall possess
42 at the time of initial license and maintain thereafter a surplus,
43 after deductions for services, in an amount equal to the capital



44 and surplus requirements of a stock company writing similar lines
45 of insurance.

46 (e) If at any time the surplus of such domestic company
47 or association shall be less than the minimum surplus noted above,
48 such company or association shall be considered impaired; and it
49 shall be the duty of the officers of such company or association
50 to report any such impairment of surplus to the State Commissioner
51 of Insurance in writing within ten (10) days after such impairment
52 occurs. When any such impairment is reported, or if the
53 Commissioner of Insurance should determine that the company is
54 operating in an impaired condition, the commissioner may suspend
55 the certificate of authority and license of such domestic
56 insurance company or association to do business in this state
57 until such company shall raise or increase its surplus to the
58 minimum amount required herein.

59 (2) Any domestic company qualifying under the foregoing
60 sections shall deposit with the State Treasurer fifty percent
61 (50%) of its capital stock, either in cash or in such bonds or
62 securities in which such company is authorized by law to invest
63 its funds. Upon such deposit and evidence, by affidavit or
64 otherwise, satisfactory to the Insurance Commissioner that the
65 capital and surplus is all paid in and that the company is the
66 actual and unqualified owner of the securities representing the
67 paid-up capital and surplus, he shall issue to such company his
68 certificate authorizing it to transact business in this state.



69 The provisions of this section as to the minimum requirements
70 as to paid-up capital stock and cash surplus shall not become
71 effective until January 1, 1988, concerning any domestic company
72 which was authorized to do business and was writing business in
73 this state on July 1, 1985.

74 Notwithstanding any other provision of law, the securities
75 qualified for deposit under this section may be deposited with a
76 clearing corporation or held in the Federal Reserve book-entry
77 system. Securities deposited with a clearing corporation or held
78 in the Federal Reserve book-entry system and used to meet the
79 deposit requirements set forth in this section shall be under the
80 control of the Insurance Commissioner and shall not be withdrawn
81 by the insurance company without the approval of the Insurance
82 Commissioner. Any insurance company holding securities in such
83 manner shall provide to the Insurance Commissioner evidence issued
84 by its custodian or member bank through which such insurance
85 company has deposited such securities in a clearing corporation or
86 through which such securities are held in the Federal Reserve
87 book-entry system, respectively, in order to establish that the
88 securities are actually recorded in an account in the name of the
89 custodian or other direct participant or member bank, and that the
90 records of the custodian, other participant or member bank reflect
91 that such securities are held subject to the order of the
92 Insurance Commissioner.



93 (3) No insurance company, including any mutual insurance
94 company, organized under the laws of this state and transacting
95 business in this state shall expose itself to loss on any one (1)
96 risk or hazard to an amount exceeding ten percent (10%) of its
97 paid-up capital and surplus unless the excess is reinsured in some
98 other company duly authorized to transact similar business in this
99 state or as otherwise provided in the insurance code. For
100 purposes of this subsection, the terms "risk" and "hazard" apply
101 to the subject matter of any one (1) insurance policy and not to
102 any one (1) peril.

103 (4) The Commissioner of Insurance may require additional
104 capital and surplus based on the type, nature or volume of
105 business transacted.

106 **SECTION 2.** This act shall take effect and be in force from
107 and after July 1, 2018.

