

By: Representative Baria

To: Insurance

HOUSE BILL NO. 862

1 AN ACT TO AMEND SECTION 83-34-1, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE DEFINITION OF ESSENTIAL PROPERTY INSURANCE FOR THE
3 MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION TO REQUIRE COVERAGE
4 FOR ANY LOSS AT THE REPLACEMENT COST OF THE STRUCTURE AND CONTENTS
5 BEING INSURED; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 83-34-1, Mississippi Code of 1972, is
8 amended as follows:

9 83-34-1. In this chapter, unless the context otherwise
10 requires:

11 (a) "Essential property insurance" means insurance
12 against direct loss to property from the risk of windstorm and
13 hail in the manner as defined and limited in the standard real
14 property and contents insurance forms approved by the
15 commissioner. Essential property insurance * * * must include
16 coverage for any loss * * * at the replacement cost of the
17 structure and contents. Essential property insurance includes
18 builders risks coverage. The extent of risk covered, the insuring
19 language and the exclusions are all subject to approval by the



20 commissioner. Policies, rules and rates shall be filed with the
21 commissioner in the manner provided for insurance companies.

22 (b) "Association" means the Mississippi Windstorm
23 Underwriting Association established pursuant to the provisions of
24 this chapter.

25 (c) "Plan of operation" means the plan of operation of
26 the association approved or promulgated by the commissioner
27 pursuant to the provisions of this chapter.

28 (d) "Insurable property" means real property, and
29 contents therein when requested, at fixed locations in the coast
30 area, which property is determined by the association to be in an
31 insurable condition and otherwise meets the underwriting
32 requirements of the association. Any one- or two-family dwelling
33 built, rebuilt, altered or remodeled in compliance with the
34 applicable building codes, including design-wind requirements,
35 that is not otherwise rendered uninsurable by reason of use,
36 occupancy or state of repair, shall be an insurable risk.
37 Neighborhood area, location and environmental hazards beyond the
38 control of the applicant or owner of the property shall not be
39 considered in determining insurable condition. "Insurable
40 property" shall not include insurance on motor vehicles or
41 creditor placed insurance on mobile homes. "Insurable property"
42 includes mobile homes, modular homes or manufactured housing that
43 are installed in compliance with applicable codes.



44 (e) "Commissioner" means the Insurance Commissioner of
45 the State of Mississippi.

46 (f) "Coast area" means Hancock, Harrison, Jackson,
47 Pearl River, Stone and George Counties.

48 (g) (i) "Net direct premiums," for purposes of
49 calculating percentages of participation for assessable insurers
50 for the year 2007, means gross direct premiums, excluding
51 reinsurance assumed and ceded, written on property in this state
52 for the risk of windstorm and hail less return premiums upon
53 cancelled contracts, dividends paid or credited to policyholders,
54 or the unused or unabsorbed portion of premium deposits. "Net
55 direct premiums" includes the premium charge component for the
56 risk of windstorm and hail to property in all policies, including
57 multiperil and other policies that package or combine coverage for
58 other risks. The plan of operation shall prescribe the portion of
59 premium allocated for the risk of windstorm and hail in multiperil
60 and other policies that package or combine coverage for other
61 risks. "Net direct premiums" shall not include farm property.
62 "Net direct premiums" shall not include the property components of
63 motor vehicles and other mobile property, but includes premiums
64 for the risks of windstorm and hail for mobile homes, modular
65 homes or manufactured housing.

66 (ii) "Net direct premiums," for purposes of
67 calculating percentages of participation for assessable insurers
68 after the year 2007, means those premiums reported by the



69 assessable insurers in their annual statements to the Department
70 of Insurance that were charged for insurance for any and all risks
71 on real property and contents in the state. The department shall
72 determine which lines of real property and contents insurance
73 shall be included in the calculation of net direct premiums. The
74 included real property and contents insurance lines may be changed
75 from time to time in the discretion of the commissioner. "Net
76 direct premiums" shall not include premiums for insuring farm
77 property that are reported timely to the association as provided
78 in the plan of operation.

79 (iii) The commissioner is authorized and directed
80 to provide to the association annual statements, other reports and
81 any statistics necessary to provide the information herein
82 required and which the commissioner is hereby authorized and
83 empowered to obtain from any assessable insurer.

84 (h) "Farm property" means property used for farming
85 purposes; however, it shall not include any property used for
86 dwelling purposes or any outbuildings used in connection
87 therewith.

88 (i) "Losses" includes expenses for the adjustment and
89 resolution of claims and operational and other general expenses.

90 (j) "Bonds, loans, lines of credit and indebtedness"
91 include interest, finance charges, and any and all other costs
92 associated with the financing.



93 (k) "Percentage of participation" for an assessable
94 insurer means the percentage determined by dividing the assessable
95 insurers net direct premiums written in this state in the previous
96 year by the aggregate net direct premiums written in this state by
97 all assessable insurers of the association in the previous year.
98 The percentage of participation may be modified as provided in
99 Sections 83-34-9(3) and 83-34-13(2).

100 (l) "Nonadmitted insurers" means those insurance
101 companies defined in Section 83-21-17, and any other companies and
102 persons selling insurance on risks in Mississippi that are not
103 licensed to do business in the State of Mississippi.

104 (m) "Agents placing insurance through nonadmitted
105 insurers" means those agents defined in Section 83-21-19 and any
106 other agents placing insurance through a nonadmitted insurer.

107 (n) "Assessable insurer" means each and every insurer
108 authorized to write, and engaged in writing, property insurance
109 within this state on a direct basis.

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

