

By: Senator(s) Carmichael

To: Insurance

SENATE BILL NO. 2478

1 AN ACT TO REENACT AND AMEND SECTION 83-1-191, MISSISSIPPI
2 CODE OF 1972, WHICH ESTABLISHES THE COMPREHENSIVE HURRICANE DAMAGE
3 MITIGATION PROGRAM, AND TO EXTEND THE REPEALER THEREON; AND FOR
4 RELATED PURPOSES.

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

6 **SECTION 1.** Section 83-1-191, Mississippi Code of 1972, is
7 reenacted and amended as follows:

8 83-1-191. (1) There is established within the Department of
9 Insurance a Comprehensive Hurricane Damage Mitigation Program.
10 This section does not create an entitlement for property owners or
11 obligate the state in any way to fund the inspection or
12 retrofitting of residential property or commercial property in
13 this state. Implementation of this program is subject to the
14 availability of funds that may be appropriated by the Legislature
15 for this purpose. The program may develop and implement a
16 comprehensive and coordinated approach for hurricane damage
17 mitigation that may include the following:

18 (a) **Cost-benefit study on wind hazard mitigation**

19 **construction measures.** The performance of a cost-benefit study to



20 establish the most appropriate wind hazard mitigation construction
21 measures for both new construction and the retrofitting of
22 existing construction for both residential and commercial
23 facilities within the wind-borne debris regions of Mississippi as
24 defined by the International Building Code. The recommended wind
25 construction techniques shall be based on both the newly adopted
26 Mississippi building code sections for wind load design and the
27 wind-borne debris region. The list of construction measures to be
28 considered for evaluation in the cost-benefit study shall be based
29 on scientifically established and sound, but common, construction
30 techniques that go above and beyond the basic recommendations in
31 the adopted building codes. This allows residents to utilize
32 multiple options that will further reduce risk and loss and still
33 be awarded for their endeavors with appropriate wind insurance
34 discounts. It is recommended that existing accepted scientific
35 studies that validate the wind hazard construction techniques
36 benefits and effects be taken into consideration when establishing
37 the list of construction techniques that homeowners and business
38 owners can employ. This will ensure that only established
39 construction measures that have been studied and modeled as
40 successful mitigation measures will be considered to reduce the
41 chance of including risky or unsound data that will cost both the
42 property owner and state unnecessary losses. The cost-benefit
43 study shall be based on actual construction cost data collected
44 for several types of residential construction and commercial



45 construction materials, building techniques and designs that are
46 common to the region. The study shall provide as much information
47 as possible that will enhance the data and options provided to the
48 public, so that homeowners and business owners can make informed
49 and educated decisions as to their level of involvement. Based on
50 the construction data, modeling shall be performed on a variety of
51 residential and commercial designs, so that a broad enough
52 representative spectrum of data can be obtained. The data from
53 the study will be utilized in a report to establish tables
54 reflecting actuarially appropriate levels of wind insurance
55 discounts (in percentages) for each mitigation construction
56 technique/combination of techniques. This report will be utilized
57 as a guide for the Department of Insurance and the insurance
58 industry for developing actuarially appropriate discounts, credits
59 or other rate differentials, or appropriate reductions in
60 deductibles, for properties on which fixtures or construction
61 techniques demonstrated to reduce the amount of loss in a
62 windstorm have been installed or implemented. Additional data
63 that will enhance the program, such as studies to reflect property
64 value increases for retrofitting or building to the established
65 wind hazard mitigation construction techniques and cost comparison
66 data collected to establish the value of this program against the
67 investment required to include the mitigation measures, also may
68 be provided.



(b) **Wind certification and hurricane mitigation inspections.**

(i) Home-retrofit inspections of site-built, residential property, including single-family, two-family, three-family or four-family residential units, and a set of representative commercial facilities may be offered to determine what mitigation measures are needed and what improvements to existing residential properties are needed to reduce the property's vulnerability to hurricane damage. A state program may be established within the Department of Insurance to provide homeowners and business owners wind certification and hurricane mitigation inspections. The inspections provided to homeowners and business owners, at a minimum, must include:

1. A home inspection and report that summarizes the results and identifies corrective actions a homeowner may take to mitigate hurricane damage.

2. A range of cost estimates regarding the mitigation features.

3. Insurer-specific information regarding premium discounts correlated to recommended mitigation features identified by the inspection.

4. A hurricane resistance rating scale specifying the home's current as well as projected wind resistance capabilities.



93 This data may be provided by trained and certified inspectors
94 in standardized reporting formats and forms to ensure all data
95 collected during inspections is equivalent in style and content
96 that allows construction data, estimates and discount information
97 to be easily assimilated into a database. Data pertaining to the
98 number of inspections and inspection reports may be stored in a
99 state database for evaluation of the program's success and review
100 of state goals in reducing wind hazard loss in the state.

101 (ii) To qualify for selection by the department as
102 a provider of wind certification and hurricane mitigation
103 inspections services, the entity shall, at a minimum, and on a
104 form and in the manner prescribed by the commissioner:

105 1. Use wind certification and hurricane
106 mitigation inspectors who:

107 a. Have prior experience in residential
108 and/or commercial construction or inspection and have received
109 specialized training in hurricane mitigation procedures through
110 the state certified program. In order to qualify for training in
111 the inspection process, the individual should be either a licensed
112 building code official, a licensed contractor or inspector in the
113 State of Mississippi, or a civil engineer.

114 b. Have undergone drug testing and
115 background checks.



116 c. Have been certified through a state
117 mandated training program, in a manner satisfactory to the
118 department, to conduct the inspections.

119 d. Have not been convicted of a felony
120 crime of violence or of a sexual offense; have not received a
121 first-time offender pardon or nonadjudication order for a felony
122 crime of violence or of a sexual offense; or have not entered a
123 plea of guilty or nolo contendere to a felony charge of violence
124 or of a sexual offense.

125 e. Submit a statement authorizing the
126 Commissioner of Insurance to order fingerprint analysis or any
127 other analysis or documents deemed necessary by the commissioner
128 for the purpose of verifying the criminal history of the
129 individual. The commissioner shall have the authority to conduct
130 criminal history verification on a local, state or national level,
131 and shall have the authority to require the individual to pay for
132 the costs of such criminal history verification.

133 2. Provide a quality assurance program
134 including a reinspection component.

135 3. Have data collection equipment and
136 computer systems, so that data can be submitted electronically to
137 the state's database of inspection reports, insurance
138 certificates, and other industry information related to this
139 program. It is mandatory that all inspectors provide original
140 copies to the property owner of any inspection reports, estimates,



etc., pertaining to the inspection and keep a copy of all inspection materials on hand for state audits.

(c) **Financial grants to retrofit properties.** Financial grants may be used to encourage single-family, site-built, owner-occupied, residential property owners or commercial property owners to retrofit their properties to make them less vulnerable to hurricane damage.

(d) **Education and consumer awareness.** Multimedia public education, awareness and advertising efforts designed to specifically address mitigation techniques may be employed, as well as a component to support ongoing consumer resources and referral services. In addition, all insurance companies shall provide notification to their clients regarding the availability of this program, participation details, and directions to the state website promoting the program, along with appropriate contact phone numbers to the state agency administering the program. The notification to the clients must be sent by the insurance company within thirty (30) days after filing their insurance discount schedules with the Department of Insurance.

(e) **Advisory council.** There is created an advisory council to provide advice and assistance to the program administrator with regard to his or her administration of the program. The advisory council shall consist of:

(i) An agent, selected by the Independent Insurance Agents of Mississippi.



(ii) Two (2) representatives of residential property insurers, selected by the Department of Insurance.

(iii) One (1) representative of homebuilders, selected by the Home Builders Association of Mississippi.

(iv) The Chairman of the House Insurance Committee, or his designee.

(v) The Chairman of the Senate Insurance Committee, or his designee.

(vi) The Executive Director of the Mississippi Windstorm Underwriting Association, or his designee.

(vii) The Director of the Mississippi Emergency Management Agency, or his designee.

Members appointed under subparagraphs (i) and (ii) shall serve at the pleasure of the Department of Insurance. All other members shall serve as voting ex officio members. Members of the advisory council who are not legislators, state officials or state employees shall be compensated at the per diem rate authorized by Section 25-3-69, and shall be reimbursed in accordance with Section 25-3-41, for mileage and actual expenses incurred in the performance of their duties. Legislative members of the advisory council shall be paid from the contingent expense funds of their respective houses in the same manner as provided for committee meetings when the Legislature is not in session; however, no per diem or expense for attending meetings of the advisory council may be paid while the Legislature is in session. No advisory council



191 member may incur per diem, travel or other expenses unless
192 previously authorized by vote, at a meeting of the council, which
193 action shall be recorded in the official minutes of the meeting.
194 Nonlegislative members shall be paid from any funds made available
195 to the advisory council for that purpose.

196 (f) **Rules and regulations.** The Department of Insurance
197 may adopt rules and regulations governing the Comprehensive
198 Hurricane Damage Mitigation Program. The department also may
199 adopt rules and regulations establishing priorities for grants
200 provided under this section based on objective criteria that gives
201 priority to reducing the state's probable maximum loss from
202 hurricanes. However, pursuant to this overall goal, the
203 department may further establish priorities based on the insured
204 value of the dwelling, whether or not the dwelling is insured by
205 the Mississippi Windstorm Underwriting Association and whether or
206 not the area under consideration has sufficient resources and the
207 ability to perform the retrofitting required.

208 (2) Nothing in this section shall prohibit the Department of
209 Insurance from entering into an agreement with any other
210 appropriate state agency to assist with or perform any of the
211 duties set forth hereunder.

212 (3) This section shall stand repealed from and after July
213 1, * * * 2022.

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

