

By: Representative Arnold

To: Insurance

HOUSE BILL NO. 70

1 AN ACT TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE MONIES DERIVED FROM THE NONADMITTED POLICY FEE TO BE
3 DEPOSITED INTO A SPECIAL FUND FOR THE PURPOSES OF PROVIDING FUNDS
4 FOR EQUIPMENT FOR THE MISSISSIPPI CRIME LABORATORY, DEPOSITED INTO
5 THE RURAL FIRE TRUCK OR SUPPLEMENTARY RURAL FIRE TRUCK FUND AND TO
6 FUND A REVOLVING LOAN FUND TO ASSIST LOCAL GOVERNMENTS IN
7 PURCHASING TORNADO SIRENS; TO EXTEND THE REPEALER ON THE
8 NONADMITTED POLICY FEE; AND FOR RELATED PURPOSES.

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

10 **SECTION 1.** Section 83-34-4, Mississippi Code of 1972, is
11 amended as follows:

12 83-34-4. (1) Nonadmitted insurers shall not be assessable
13 insurers of the association. All surplus lines insurance
14 producers placing insurance through nonadmitted insurers shall
15 collect from the insured and remit to the association a
16 nonadmitted policy fee on all premiums for all insurance written
17 by such surplus lines insurance producer for a policy from a
18 nonadmitted insurer for any and all risks in this state, except
19 that policies or portions thereof that cover residential
20 earthquake risks or residential flood risks that are not written
21 through the National Flood Insurance Program shall be exempt from



22 the nonadmitted policy fee. By procuring or selling insurance on
23 property in this state from a nonadmitted insurer, each surplus
24 lines insurance producer placing insurance through a nonadmitted
25 insurer agrees to be bound by the provisions of this chapter and
26 to collect and remit the nonadmitted policy fee provided for
27 herein.

28 (2) The nonadmitted policy fee shall be a percentage of the
29 total policy premium but the nonadmitted policy fee shall not be
30 considered premium and is not subject to premium taxes or
31 commissions. However, failure to pay the nonadmitted policy fee
32 shall be treated the same as failure to pay premium. "Total
33 policy premium" includes taxes and commissions.

34 (3) The nonadmitted policy fee percentage shall be three
35 percent (3%).

36 (4) Within twenty (20) days of the end of the quarter,
37 surplus lines insurance producers placing insurance through
38 nonadmitted insurers shall remit directly to the association all
39 nonadmitted policy fees collected in the preceding quarter. In
40 addition to the nonadmitted policy fee provided for herein,
41 surplus lines insurance producers placing insurance through
42 nonadmitted insurers shall collect and remit surcharges as
43 provided by this chapter. Surplus lines insurance producers
44 placing insurance through nonadmitted insurers may designate
45 another surplus lines insurance producer that actually procured



the insurance from the nonadmitted carrier to collect and remit the nonadmitted policy fees.

(5) Each insured in this state who directly procures or renews insurance with a nonadmitted insurer on properties, risks or exposures located or to be performed, in whole or in part, in this state, other than insurance procured through a surplus lines licensee, shall be subject to the nonadmitted policy fee which shall be paid by the insured according to the procedures provided for premium taxes in Section 83-21-17(5).

(6) Monies derived from the nonadmitted policy fee collected under this section may be used by the association, in addition to any uses provided for in Section 83-34-3(4), for education, public outreach, training of building officials and other programs targeted to reduce the number of policies within the association; however, beginning on July 1, 2018, and ending on June 30, 2019, before any fees are remitted to the association, One Million Five Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and deposited into the Capital Expense Fund, and Four Million Five Hundred Thousand Dollars (\$4,500,000.00) shall be diverted and deposited into the Rural Fire Truck Fund or Supplementary Rural Fire Truck Fund; however, beginning on July 1, 2019, and ending on June 30, 2020, before any fees are remitted to the association, One Million Five Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and deposited into a special fund created in the State Treasury for the purpose of providing equipment, including



71 information technology and laboratory equipment, for the
72 Mississippi Crime Laboratory, and Four Million Five Hundred
73 Thousand Dollars (\$4,500,000.00) shall be diverted and deposited
74 into the Rural Fire Truck Fund or Supplementary Rural Fire Truck
75 Fund and Five Hundred Thousand Dollars (\$500,000.00) shall be
76 diverted and deposited into a revolving loan fund to be
77 administered by the Commissioner of Insurance for the purpose of
78 providing local governments loans to purchase tornado sirens.

79 (7) This section shall stand repealed from and after July
80 1, * * * 2020.

81 **SECTION 2.** This act shall take effect and be in force from
82 and after July 1, 2019.

