

By: Representative Arnold

To: Insurance;  
Appropriations

HOUSE BILL NO. 133

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 REVOLVING LOAN FUND FOR THE PURPOSE OF PROVIDING  
4 LOAN MONIES FOR COUNTIES AND MUNICIPALITIES TO ACQUIRE TORNADO  
5 SIRENS; AND FOR RELATED PURPOSES.

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

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

9 83-34-4. (1) Nonadmitted insurers shall not be assessable  
10 insurers of the association. All surplus lines insurance  
11 producers placing insurance through nonadmitted insurers shall  
12 collect from the insured and remit to the association a  
13 nonadmitted policy fee on all premiums for all insurance written  
14 by such surplus lines insurance producer for a policy from a  
15 nonadmitted insurer for any and all risks in this state, except  
16 that policies or portions thereof that cover residential  
17 earthquake risks or residential flood risks that are not written  
18 through the National Flood Insurance Program shall be exempt from  
19 the nonadmitted policy fee. By procuring or selling insurance on



20 property in this state from a nonadmitted insurer, each surplus  
21 lines insurance producer placing insurance through a nonadmitted  
22 insurer agrees to be bound by the provisions of this chapter and  
23 to collect and remit the nonadmitted policy fee provided for  
24 herein.

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

31 (3) The nonadmitted policy fee percentage shall be three  
32 percent (3%).

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



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

52 (6) Monies derived from the nonadmitted policy fee collected  
53 under this section may be used by the association, in addition to  
54 any uses provided for in Section 83-34-3(4), for education, public  
55 outreach, training of building officials and other programs  
56 targeted to reduce the number of policies within the association;  
57 however, beginning on July 1, 2018, and ending on June 30, 2019,  
58 before any fees are remitted to the association, One Million Five  
59 Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and  
60 deposited into the Capital Expense Fund, and Four Million Five  
61 Hundred Thousand Dollars (\$4,500,000.00) shall be diverted and  
62 deposited into the Rural Fire Truck Fund or Supplementary Rural  
63 Fire Truck Fund; however, beginning July 1, 2019, and annually  
64 thereafter, before any fees are remitted to the association, Two  
65 Million Dollars (\$2,000,000.00) shall be diverted and deposited  
66 into a special fund to be a revolving loan fund administered by  
67 the Commissioner of Insurance for the purpose of providing  
68 counties and municipalities with loan monies to acquire tornado



69 sirens. The Commissioner of Insurance may adopt any rules and  
70 regulations necessary to implement this revolving loan fund.

71 (7) This section shall stand repealed from and after July  
72 1, \* \* \* 2020.

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

