

By: Senator(s) Carmichael

To: Insurance;
Appropriations

SENATE BILL NO. 2800

1 AN ACT TO REENACT AND AMEND SECTION 83-34-4, MISSISSIPPI CODE
2 OF 1972, TO EXTEND THE REPEALER ON THE NONADMITTED POLICY FEE
3 WHICH IS COLLECTED AND REMITTED TO THE MISSISSIPPI WINDSTORM
4 UNDERWRITING ASSOCIATION; AND FOR RELATED PURPOSES.

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

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

8 83-34-4. (1) Nonadmitted insurers shall not be assessable
9 insurers of the association. All surplus lines insurance
10 producers placing insurance through nonadmitted insurers shall
11 collect from the insured and remit to the association a
12 nonadmitted policy fee on all premiums for all insurance written
13 by such surplus lines insurance producer for a policy from a
14 nonadmitted insurer for any and all risks in this state, except
15 that policies or portions thereof that cover residential
16 earthquake risks or residential flood risks that are not written
17 through the National Flood Insurance Program shall be exempt from
18 the nonadmitted policy fee. By procuring or selling insurance on
19 property in this state from a nonadmitted insurer, each surplus



20 lines insurance producer placing insurance through a nonadmitted
21 insurer agrees to be bound by the provisions of this chapter and
22 to collect and remit the nonadmitted policy fee provided for
23 herein.

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

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

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



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

51 (6) Monies derived from the nonadmitted policy fee collected
52 under this section may be used by the association, in addition to
53 any uses provided for in Section 83-34-3(4), for education, public
54 outreach, training of building officials and other programs
55 targeted to reduce the number of policies within the association;
56 however, beginning on July 1, 2018, and ending on June 30, 2019,
57 before any fees are remitted to the association, One Million Five
58 Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and
59 deposited into the Capital Expense Fund, and Four Million Five
60 Hundred Thousand Dollars (\$4,500,000.00) shall be diverted and
61 deposited into the Rural Fire Truck Fund or Supplementary Rural
62 Fire Truck Fund.

63 (7) This section shall stand repealed from and after July
64 1, * * * 2023.

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

