

By: Representative Busby

To: Insurance; Ways and
Means

HOUSE BILL NO. 832

1 AN ACT TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO
2 ANNUALLY DIVERT FORTY PERCENT OF THE NONADMITTED POLICY FEE TO
3 FUND THE RURAL FIRE TRUCK AND SUPPLEMENTAL FUND; TO EXTEND THE
4 REPEALER ON THE SECTION; 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 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



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

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

(3) The nonadmitted policy fee percentage shall be three percent (3%). The monies derived under this section shall be paid to a fund administered by the commissioner. Sixty percent (60%) of such funds shall be paid quarterly by the commissioner to the association for use in the manner prescribed in subsection (6) of this section and shall not be considered public funds; and the remaining forty percent (40%) of such funds shall be expended by the commissioner to the Rural Fire Truck Fund or Supplementary Rural Fire Truck Fund.

(4) Within twenty (20) days of the end of the quarter, surplus lines insurance producers placing insurance through nonadmitted insurers shall remit directly to the * * * commissioner all nonadmitted policy fees collected in the preceding quarter. In addition to the nonadmitted policy fee provided for herein, surplus lines insurance producers placing



insurance through nonadmitted insurers shall collect and remit excess deficit surcharges as provided by this chapter. Surplus lines insurance producers placing insurance through nonadmitted insurers may designate 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 * * *.

(7) This section shall stand repealed from and after July 1, * * * 2024.

SECTION 2. This act shall take effect and be in force from and after July 1, 2021.

