

By: Representatives Zuber, Miles, Stamps,
Arnold

To: Insurance

HOUSE BILL NO. 451

1 AN ACT TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO
2 DELETE THE REPEALER ON THE NONADMITTED POLICY FEE; AND FOR RELATED
3 PURPOSES.

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

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

7 83-34-4. (1) Nonadmitted insurers shall not be assessable
8 insurers of the association. All surplus lines insurance
9 producers placing insurance through nonadmitted insurers shall
10 collect from the insured and remit to the association a
11 nonadmitted policy fee on all premiums for all insurance written
12 by such surplus lines insurance producer for a policy from a
13 nonadmitted insurer for any and all risks in this state, except
14 that policies or portions thereof that cover residential
15 earthquake risks or residential flood risks that are not written
16 through the National Flood Insurance Program shall be exempt from
17 the nonadmitted policy fee. By procuring or selling insurance on
18 property in this state from a nonadmitted insurer, each surplus



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

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

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

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



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

50 (6) Monies derived from the nonadmitted policy fee collected
51 under this section may be used by the association, in addition to
52 any uses provided for in Section 83-34-3(4), for education, public
53 outreach, training of building officials and other programs
54 targeted to reduce the number of policies within the association;
55 however, beginning on July 1, 2018, and ending on June 30, 2019,
56 before any fees are remitted to the association, One Million Five
57 Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and
58 deposited into the Capital Expense Fund, and Four Million Five
59 Hundred Thousand Dollars (\$4,500,000.00) shall be diverted and
60 deposited into the Rural Fire Truck Fund or Supplementary Rural
61 Fire Truck Fund. Further, beginning July 1, 2019, and ending on
62 June 30, 2020, before any fees are remitted to the association,
63 Three Million Five Hundred Thousand Dollars (\$3,500,000.00) shall
64 be diverted and deposited into the Rural Fire Truck Fund or
65 Supplementary Rural Fire Truck Fund.

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67 **SECTION 2.** This act shall take effect and be in force from
68 and after July 1, 2022.

