

By: Representative Arnold

To: Insurance

HOUSE BILL NO. 1381

1 AN ACT TO AMEND SECTION 83-7-26, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE LIFE INSURANCE POLICIES TO ONLY OFFER FIXED RATE POLICY
3 LOANS; TO REQUIRE THE RATE TO BE IN EXPLICIT BOLD PRINT; AND FOR
4 RELATED PURPOSES.

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

6 **SECTION 1.** Section 83-7-26, Mississippi Code of 1972, is
7 amended as follows:

8 83-7-26. (1) A life insurance policy which provides for
9 policy loans shall contain a provision * * * permitting a maximum
10 interest rate of not more than eight percent (8%) per annum * * *,
11 which must be a fixed rate.

12 * * *

13 (* * *2) The life insurer shall * * * notify the
14 policyholder, in explicit bold print, of the * * * fixed rate of
15 interest on the loan at the time a cash loan is made.

16 * * *

17 (* * *3) The pertinent provisions of * * * subsection
18 (1) * * * of this section shall be set forth in substance in the
19 policies to which they apply.



20 (* * *4) For purposes of this section:

21 (a) The rate of interest on policy loans permitted
22 under this section includes the interest rate charged on
23 reinstatement of policy loans for the period during and after any
24 lapse of a policy.

25 (b) The term "policy loan" includes any premium loan
26 made under a policy to pay one or more premiums that were not paid
27 to the life insurer as they fell due.

28 (c) The term "policyholder" includes the owner of the
29 policy or the person designated to pay premiums as shown on the
30 records of the life insurer.

31 (d) The term "policy" includes certificates issued by a
32 fraternal benefit society and annuity contracts which provide for
33 policy loans.

34 (* * *5) No other law of this state shall apply to policy
35 loan interest rates unless made specifically applicable to such
36 rates.

37 (* * *6) The provisions of this section shall not apply to
38 any insurance contract issued before January 1, 1984.

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

