

By: Senator(s) Michel

To: Insurance

SENATE BILL NO. 2450

1 AN ACT TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO
 2 ANNUALLY DIVERT MONIES DERIVED FROM THE NONADMITTED POLICY FEE TO
 3 THE STATE AND SCHOOL INSURANCE FUND; TO PROVIDE THAT SUCH MONIES
 4 SHALL NOT BE TRANSFERRED IF THE VALUE OF THE MISSISSIPPI WINDSTORM
 5 UNDERWRITING ASSOCIATION'S TOTAL ADMITTED ASSETS IS LESS THAN A
 6 CERTAIN AMOUNT; AND FOR RELATED PURPOSES.

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

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

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



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

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

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

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



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

53 (6) Except as provided in subsection (7), monies derived
54 from the nonadmitted policy fee collected under this section may
55 be used by the association, in addition to any uses provided for
56 in Section 83-34-3(4), for education, public outreach, training of
57 building officials and other programs targeted to reduce the
58 number of policies within the association * * *.

59 (7) Beginning on December 31, 2022, and each succeeding year
60 thereafter, before any fees are remitted to the association,
61 monies derived from the nonadmitted policy fee collected during
62 the calendar year shall be diverted and deposited into the State
63 and School Employees' Insurance Fund created in Section 25-15-15;
64 however, if the value of the association's Total Admitted Assets,
65 as defined by the audited financial statement, is less than Two
66 Hundred Fifty Million Dollars (\$250,000,000.00) on December 31 of
67 any year, then the monies derived from the nonadmitted policy fee
68 collected during that calendar year shall not be diverted.

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

