

By: Senator(s) Michel (By Request)

To: Insurance

SENATE BILL NO. 2908

1 AN ACT TO TRANSFER ALL OF THE RIGHTS, BENEFITS, OBLIGATIONS,
2 POWERS AND DUTIES OF THE MISSISSIPPI RATING BUREAU TO THE
3 DEPARTMENT OF INSURANCE, AND TO TRANSFER ALL PROPERTY, REAL
4 PERSONAL AND MIXED, AND ALL DEBTS BELONGING TO THE MISSISSIPPI
5 RATING BUREAU TO THE DEPARTMENT OF INSURANCE; TO AMEND SECTIONS
6 83-3-5, 83-3-7, 83-3-9 AND 83-3-11, MISSISSIPPI CODE OF 1972, IN
7 CONFORMITY THERETO; TO BRING FORWARD SECTIONS 83-3-13, 83-3-17,
8 83-3-19, 83-3-21, 83-3-23, 83-3-24 AND 83-3-121, MISSISSIPPI CODE
9 OF 1972, WHICH RELATE TO THE MISSISSIPPI RATING BUREAU, FOR
10 PURPOSES OF POSSIBLE AMENDMENT; TO BRING FORWARD SECTIONS 83-34-1,
11 83-34-3, 83-34-4, 83-34-5, 83-34-7, 83-34-9, 83-34-10, 83-34-12,
12 83-34-13, 83-34-15, 83-34-17, 83-34-19, 83-34-21, 83-34-23,
13 83-34-25, 83-34-27, 83-34-29, 83-34-31, 83-34-33, 83-34-35 AND
14 83-34-37, MISSISSIPPI CODE OF 1972, WHICH RELATE TO THE
15 MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION, FOR THE PURPOSES
16 OF POSSIBLE AMENDMENT; AND FOR RELATED PURPOSES.

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

18 **SECTION 1.** From and after July 1, 2022, the Mississippi
19 Rating Bureau shall be abolished. All of the rights, benefits,
20 obligations, powers and duties of the Mississippi Rating Bureau
21 shall be transferred to the Department of Insurance, and all
22 property, real, personal and mixed, and all debts belonging to the
23 Mississippi Rating Bureau shall be transferred to the Department
24 of Insurance.



25 **SECTION 2.** Section 83-3-5, Mississippi Code of 1972, is
26 amended as follows:

27 83-3-5. * * * The Department of Insurance shall maintain a
28 Rating Bureau within its department, to be composed of such number
29 of * * * employees who shall be skilled in the business of fire
30 insurance rating, fire hazard, fire protection engineering, and
31 fire insurance inspection.

32 **SECTION 3.** Section 83-3-7, Mississippi Code of 1972, is
33 amended as follows:

34 83-3-7. Each fire insurance company licensed to do business
35 in this state * * * shall pay its proportion of the expenses of
36 organization, maintenance, and operation of said bureau, as
37 provided in Section 83-3-9.

38 **SECTION 4.** Section 83-3-9, Mississippi Code of 1972, is
39 amended as follows:

40 83-3-9. The expense of the organization, maintenance, and
41 operation of the Rating Bureau within the Department of Insurance
42 shall be paid by * * * each fire insurance company licensed to do
43 business in this state, and no part of said expense shall in any
44 event be paid by the state or by any county or municipality. The
45 expense not covered by user fees shall be shared by all * * * such
46 companies through an annual assessment as established by the * * *
47 Commissioner of Insurance with due consideration given to the
48 extent of utilization of bureau services. Upon failure of any
49 company to pay its lawful proportion of said expense within thirty



50 (30) days after the same is due and payable, the * * *
51 Commissioner of Insurance * * * may suspend or revoke the license
52 of such delinquent company. The * * * department shall establish
53 equitable fees for its services sufficient to cover the operations
54 required under Section 83-2-1 et seq.

55 **SECTION 5.** Section 83-3-11, Mississippi Code of 1972, is
56 brought forward as follows:

57 83-3-11. It shall be the duty of the Rating Bureau to
58 provide a fund sufficient to enable it to inspect every risk
59 specifically rated, to make a written survey of such risks, to pay
60 the salary or expense of its officers and employees, and to cover
61 any other expense which may be necessary or proper to enable it to
62 comply with and enforce the provisions of this article. All of
63 the expense fund shall be provided and paid by the fire insurance
64 companies doing business in this state.

65 **SECTION 6.** Section 83-3-13, Mississippi Code of 1972, is
66 brought forward as follows:

67 83-3-13. The Rating Bureau, through its members and
68 employees, shall inspect every risk specifically rated by it on
69 schedule, and make a written survey of such risk, which shall be
70 filed as a permanent record in such Rating Bureau. A copy of such
71 survey shall be furnished to the owner, other person in interest,
72 or the Commissioner of Insurance upon request.

73 **SECTION 7.** Section 83-3-17, Mississippi Code of 1972, is
74 brought forward as follows:



75 83-3-17. The rating bureau, or any of its officers, shall
76 not make any contract or agreement, express or implied, with any
77 person, insurer, or party insured, that the whole, or any part, of
78 the insurance shall be written or placed with any particular
79 insurer.

80 **SECTION 8.** Section 83-3-19, Mississippi Code of 1972, is
81 brought forward as follows:

82 83-3-19. The Rating Bureau is required to answer any
83 inquiries that may be made by the Commissioner of Insurance
84 touching its organization, maintenance, operation, or any other
85 matter connected with its transactions; and said commissioner may
86 require the filing of such other information as the commissioner
87 may deem proper. It shall be the duty of such bureau to promptly
88 make reply to such inquiries, in writing, and to furnish the
89 information requested by the Commissioner of Insurance.

90 **SECTION 9.** Section 83-3-21, Mississippi Code of 1972, is
91 brought forward as follows:

92 83-3-21. The Commissioner of Insurance shall have the power
93 to examine the Rating Bureau as often as he deems expedient, at
94 the expense of the bureau. The commissioner shall report his
95 findings in writing, which shall be filed in his office and made a
96 part of the annual report of his office; and a copy thereof shall
97 be filed with the Attorney General for the information of the
98 legal department of the state.



99 **SECTION 10.** Section 83-3-23, Mississippi Code of 1972, is
100 brought forward as follows:

101 83-3-23. The Rating Bureau shall not recommend any rate for
102 insurance upon property in this state which discriminates unfairly
103 in the same territorial classification between risks in the
104 application of like charges and credits, or which discriminates
105 unfairly between risks of essentially the same hazard and having
106 substantially the same degree of protection against fire.

107 **SECTION 11.** Section 83-3-24, Mississippi Code of 1972, is
108 brought forward as follows:

109 83-3-24. (1) When rating a municipality or fire district,
110 including evaluations of rural or volunteer fire departments, the
111 Rating Bureau shall consider the mileage, condition and
112 maintenance of the fire trucks rather than the age of the fire
113 trucks. For the purpose of grading municipalities or fire
114 districts, including rural and volunteer fire departments, and
115 awarding credits that are considered in determining an overall
116 fire rating based upon the condition of their fire trucks, the
117 Rating Bureau shall publish guidelines for use in the grading of
118 fire trucks not later than January 30 of the calendar year during
119 which the Rating Bureau will apply the guidelines. These
120 guidelines shall be published and made available to each
121 municipality and fire district, including rural and volunteer fire
122 departments, on the Rating Bureau's website not later than January
123 30 of the calendar year during which the Rating Bureau will apply



124 the guidelines. If a fire truck in a municipality or fire
125 district, including rural and volunteer fire departments,
126 satisfies the guidelines, then the Rating Bureau shall not
127 recommend the replacement of the fire truck before the next
128 grading process.

129 (2) For the purpose of grading fire departments, the
130 alternative water supply standard shall be two hundred fifty (250)
131 gallons per minute for a sustained period of one (1) hour.

132 **SECTION 12.** Section 83-3-121, Mississippi Code of 1972, is
133 brought forward as follows:

134 83-3-121. No insurance company, or employee thereof, and no
135 broker or agent shall knowingly charge, demand, or receive a
136 premium for any policy of insurance except in accordance with the
137 applicable filing approved in the manner herein provided. No such
138 insurer or employee or agent thereof shall pay, allow, or give, or
139 offer to pay, allow, or give, directly or indirectly, as an
140 inducement to insurance or after insurance has been affected, any
141 rebate, discount, abatement, credit, or reduction of the premium
142 named in a policy of insurance, or any special favor or advantage
143 in the dividends or other benefits to accrue thereon, or any
144 valuable consideration or inducement whatever, not specified in
145 the policy of insurance. No insured named in a policy of
146 insurance nor any employee of such insured shall knowingly receive
147 or accept, directly or indirectly, any such rebate, discount,
148 abatement, or reduction of premium, or any special favor or



149 advantage or valuable consideration or inducement. Nothing herein
150 contained shall be construed as prohibiting the payment of
151 commissions or other compensation to duly licensed agents, nor as
152 prohibiting any participating insurer from distributing to its
153 policyholders dividends, savings, or the unused or unabsorbed
154 portion of premiums or premium deposits nor as prohibiting any
155 duly licensed agent from advancing an insurance premium for the
156 insured with or without interest thereon subject to the rules and
157 regulations of the Mississippi Department of Insurance.

158 **SECTION 13.** Section 83-34-1, Mississippi Code of 1972, is
159 brought forward as follows:

160 83-34-1. In this chapter, unless the context otherwise
161 requires:

162 (a) "Essential property insurance" means insurance
163 against direct loss to property from the risk of windstorm and
164 hail in the manner as defined and limited in the standard real
165 property and contents insurance forms approved by the
166 commissioner. Essential property insurance may include coverage
167 for either the actual cash value or replacement cost value of the
168 structure and contents. Essential property insurance includes
169 builders risks coverage. The extent of risk covered, the insuring
170 language and the exclusions are all subject to approval by the
171 commissioner. Policies, rules and rates shall be filed with the
172 commissioner in the manner provided for insurance companies.



173 (b) "Association" means the Mississippi Windstorm
174 Underwriting Association established pursuant to the provisions of
175 this chapter.

176 (c) "Plan of operation" means the plan of operation of
177 the association approved or promulgated by the commissioner
178 pursuant to the provisions of this chapter.

179 (d) "Insurable property" means real property, and
180 contents therein when requested, at fixed locations in the coast
181 area, which property is determined by the association to be in an
182 insurable condition and otherwise meets the underwriting
183 requirements of the association. Any one- or two-family dwelling
184 built, rebuilt, altered or remodeled in compliance with the
185 applicable building codes, including design-wind requirements,
186 that is not otherwise rendered uninsurable by reason of use,
187 occupancy or state of repair, shall be an insurable risk.
188 Neighborhood area, location and environmental hazards beyond the
189 control of the applicant or owner of the property shall not be
190 considered in determining insurable condition. "Insurable
191 property" shall not include insurance on motor vehicles or
192 creditor placed insurance on mobile homes. "Insurable property"
193 includes mobile homes, modular homes or manufactured housing that
194 are installed in compliance with applicable codes.

195 (e) "Commissioner" means the Insurance Commissioner of
196 the State of Mississippi.



197 (f) "Coast area" means Hancock, Harrison, Jackson,
198 Pearl River, Stone and George Counties.

199 (g) (i) "Net direct premiums," for purposes of
200 calculating percentages of participation for assessable insurers
201 for the year 2007, means gross direct premiums, excluding
202 reinsurance assumed and ceded, written on property in this state
203 for the risk of windstorm and hail less return premiums upon
204 cancelled contracts, dividends paid or credited to policyholders,
205 or the unused or unabsorbed portion of premium deposits. "Net
206 direct premiums" includes the premium charge component for the
207 risk of windstorm and hail to property in all policies, including
208 multiperil and other policies that package or combine coverage for
209 other risks. The plan of operation shall prescribe the portion of
210 premium allocated for the risk of windstorm and hail in multiperil
211 and other policies that package or combine coverage for other
212 risks. "Net direct premiums" shall not include farm property.
213 "Net direct premiums" shall not include the property components of
214 motor vehicles and other mobile property, but includes premiums
215 for the risks of windstorm and hail for mobile homes, modular
216 homes or manufactured housing.

217 (ii) "Net direct premiums," for purposes of
218 calculating percentages of participation for assessable insurers
219 after the year 2007, means those premiums reported by the
220 assessable insurers in their annual statements to the Department
221 of Insurance that were charged for insurance for any and all risks



222 on real property and contents in the state. The department shall
223 determine which lines of real property and contents insurance
224 shall be included in the calculation of net direct premiums. The
225 included real property and contents insurance lines may be changed
226 from time to time in the discretion of the commissioner. "Net
227 direct premiums" shall not include premiums for insuring farm
228 property that are reported timely to the association as provided
229 in the plan of operation.

230 (iii) The commissioner is authorized and directed
231 to provide to the association annual statements, other reports and
232 any statistics necessary to provide the information herein
233 required and which the commissioner is hereby authorized and
234 empowered to obtain from any assessable insurer.

235 (h) "Farm property" means property used for farming
236 purposes; however, it shall not include any property used for
237 dwelling purposes or any outbuildings used in connection
238 therewith.

239 (i) "Losses" includes expenses for the adjustment and
240 resolution of claims and operational and other general expenses.

241 (j) "Bonds, loans, lines of credit and indebtedness"
242 include interest, finance charges, and any and all other costs
243 associated with the financing.

244 (k) "Percentage of participation" for an assessable
245 insurer means the percentage determined by dividing the assessable
246 insurers net direct premiums written in this state in the previous



247 year by the aggregate net direct premiums written in this state by
248 all assessable insurers of the association in the previous year.
249 The percentage of participation may be modified as provided in
250 Sections 83-34-9(3) and 83-34-13(2).

251 (l) "Nonadmitted insurers" means those insurance
252 companies defined in Section 83-21-17, and any other companies and
253 persons selling insurance on risks in Mississippi that are not
254 licensed to do business in the State of Mississippi.

255 (m) "Agents placing insurance through nonadmitted
256 insurers" means those agents defined in Section 83-21-19 and any
257 other agents placing insurance through a nonadmitted insurer.

258 (n) "Assessable insurer" means each and every insurer
259 authorized to write, and engaged in writing, property insurance
260 within this state on a direct basis.

261 (o) "Minimum reserve" means an amount set forth in the
262 plan of operation which is maintained by the association for the
263 payment of salaries and other expenses necessary for the
264 continuous and ongoing operation of the association.

265 (p) "Recoupable assessment" means any assessment, in
266 whole or in part, that is levied on and payable by assessable
267 insurers to the association which is directly recoverable from
268 policyholders for any covered event. Any assessment levied due to
269 a covered event occurring during the calendar year 2019 shall be a
270 recoupable assessment.



271 (q) "Nonrecoupable assessment" means any assessment
272 levied on and payable by assessable insurers to the association
273 which is not directly recoverable from policyholders.

274 (r) "Excess deficit" means a deficit that exceeds
275 available surplus, reinsurance, recoupable and nonrecoupable
276 assessments and other reasonably available assets of the
277 association. The minimum reserve, as set forth in the plan of
278 operation, shall not be considered reasonably available assets of
279 the association when determining whether an excess deficit has
280 occurred.

281 (s) "Covered event" means an event, such as a
282 hurricane, other windstorm or hailstorm, which causes losses
283 covered by the policies issued by the association to its
284 policyholders.

285 **SECTION 14.** Section 83-34-3, Mississippi Code of 1972, is
286 brought forward as follows:

287 83-34-3. (1) From and after March 22, 2007, the Mississippi
288 Windstorm Underwriting Association, as created by Chapter 459,
289 Laws of 1987, shall be a separate and independent entity as
290 provided for herein. At its option, the association may
291 incorporate. All assets belonging to the association on or before
292 March 22, 2007, shall hereinafter belong to and remain with the
293 association. There shall be no distribution of income or assets
294 other than for the benefit of the association, which shall have
295 the right to invest and reinvest assets.



296 (2) From and after March 22, 2007, the association shall no
297 longer have members. Former "members" of the association shall be
298 "assessable insurers" and shall have no rights to the assets and
299 profits of the association, but shall have the obligation for
300 regular assessments as provided herein. Former members shall
301 continue to have the obligations provided in this chapter before
302 March 22, 2007, for all policyholder claims, costs, damages of any
303 kind and expenses in any manner resulting from losses that
304 occurred before March 22, 2007, for which the association may
305 assess as needed the former members in the manner provided in this
306 chapter before March 22, 2007. As a condition of its authority to
307 continue to transact the business of insurance in this state and
308 by transacting business in this state, each licensed insurer
309 agrees to be bound by the provisions of this statute and the plan
310 of operation as approved by the commissioner, and all amendments
311 and revisions thereto.

312 (3) Any licensed insurer first authorized to write insurance
313 after March 22, 2007, shall become an assessable insurer on the
314 first day of January immediately following such authorization.
315 The determination of such insurer's participation in the
316 association shall be made based upon writings in the prior year in
317 the same manner as for all other assessable insurers of the
318 association.

319 (4) Except as provided for in Section 83-34-4(6), the
320 premiums, recoupable and nonrecoupable assessments, fees,



321 investment income and other revenue of the association are funds
322 received for the sole purpose of providing insurance coverage,
323 paying claims for Mississippi citizens insured by the association,
324 securing and repaying debt obligations issued by the association,
325 and conducting all other activities of the association, all as
326 required or permitted by this chapter. Such revenue shall not be
327 considered taxes, fees, licenses or charges for services imposed
328 by the State of Mississippi on individuals, businesses, or
329 agencies, and shall not be used for other purposes.

330 (5) It is the intent of the Legislature that the association
331 be and act as a nonprofit entity. The association shall be free
332 from taxation of every kind by the state and any political
333 subdivision or other instrumentality thereof. It is the intent of
334 the Legislature that the association be tax exempt from all taxes,
335 including federal taxes, and the association is granted the
336 authority to take those steps necessary to obtain federal tax
337 exempt status.

338 (6) Any debt obligations issued by the association, their
339 transfer, and the income therefrom, including any profit made on
340 the sale thereof, shall at all times be free from taxation of
341 every kind by the state and any political subdivision or other
342 instrumentality thereof.

343 (7) In the event of the termination of the association by
344 act of the Legislature, or other means, the assets of the
345 association shall be applied first to pay all debts, liabilities



346 and obligations of the association, including the establishment of
347 reasonable reserves for any contingent liabilities or obligations,
348 and all remaining assets of the association shall become property
349 of the state.

350 (8) The association shall operate as a private enterprise
351 and shall not be subject to the procurement provisions of Section
352 31-7-13, and policies and decisions of the association, including,
353 but not limited to, decisions relating to incurring debt, levying
354 of recoupable and nonrecoupable assessments, the issuance and sale
355 of bonds, claims decisions under association policies, hiring and
356 firing of employees, and all services relating to the operation of
357 the association shall not be subject to the provisions of Section
358 25-9-101 et seq. The association shall not be required to obtain
359 or to hold a license or certificate of authority issued by the
360 commissioner or any other office. The association shall not be
361 required to participate as a member insurer of the Mississippi
362 Insurance Guaranty Association.

363 **SECTION 15.** Section 83-34-4, Mississippi Code of 1972, is
364 brought forward as follows:

365 83-34-4. (1) Nonadmitted insurers shall not be assessable
366 insurers of the association. All surplus lines insurance
367 producers placing insurance through nonadmitted insurers shall
368 collect from the insured and remit to the association a
369 nonadmitted policy fee on all premiums for all insurance written
370 by such surplus lines insurance producer for a policy from a



371 nonadmitted insurer for any and all risks in this state, except
372 that policies or portions thereof that cover residential
373 earthquake risks or residential flood risks that are not written
374 through the National Flood Insurance Program shall be exempt from
375 the nonadmitted policy fee. By procuring or selling insurance on
376 property in this state from a nonadmitted insurer, each surplus
377 lines insurance producer placing insurance through a nonadmitted
378 insurer agrees to be bound by the provisions of this chapter and
379 to collect and remit the nonadmitted policy fee provided for
380 herein.

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

387 (3) The nonadmitted policy fee percentage shall be three
388 percent (3%).

389 (4) Within twenty (20) days of the end of the quarter,
390 surplus lines insurance producers placing insurance through
391 nonadmitted insurers shall remit directly to the association all
392 nonadmitted policy fees collected in the preceding quarter. In
393 addition to the nonadmitted policy fee provided for herein,
394 surplus lines insurance producers placing insurance through
395 nonadmitted insurers shall collect and remit excess deficit



396 surcharges as provided by this chapter. Surplus lines insurance
397 producers placing insurance through nonadmitted insurers may
398 designate another surplus lines insurance producer that actually
399 procured the insurance from the nonadmitted carrier to collect and
400 remit the nonadmitted policy fees.

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

408 (6) Monies derived from the nonadmitted policy fee collected
409 under this section may be used by the association, in addition to
410 any uses provided for in Section 83-34-3(4), for education, public
411 outreach, training of building officials and other programs
412 targeted to reduce the number of policies within the association;
413 however, beginning on July 1, 2018, and ending on June 30, 2019,
414 before any fees are remitted to the association, One Million Five
415 Hundred Thousand Dollars (\$1,500,000.00) shall be diverted and
416 deposited into the Capital Expense Fund, and Four Million Five
417 Hundred Thousand Dollars (\$4,500,000.00) shall be diverted and
418 deposited into the Rural Fire Truck Fund or Supplementary Rural
419 Fire Truck Fund. Further, beginning July 1, 2019, and ending on
420 June 30, 2020, before any fees are remitted to the association,



421 Three Million Five Hundred Thousand Dollars (\$3,500,000.00) shall
422 be diverted and deposited into the Rural Fire Truck Fund or
423 Supplementary Rural Fire Truck Fund.

424 (7) This section shall stand repealed from and after July 1,
425 2022.

426 **SECTION 16.** Section 83-34-5, Mississippi Code of 1972, is
427 brought forward as follows:

428 83-34-5. The association shall, pursuant to the provisions
429 of this chapter and the plan of operation, and with respect to
430 essential property insurance on insurable property, have the
431 power:

432 (a) To issue policies of essential property insurance
433 on insurable property to applicants;

434 (b) At its option, and with consent of the
435 commissioner, to issue policies of related essential property
436 insurance on insurable property to applicants;

437 (c) To purchase reinsurance for all or part of the
438 risks of the association;

439 (d) To levy and collect recoupable and nonrecoupable
440 assessments from assessable insurers;

441 (e) To issue bonds or incur other forms of
442 indebtedness, including, but not limited to, loans, lines of
443 credit or letters of credit;



444 (f) To establish underwriting criteria consistent with
445 the provisions of this chapter and as approved by the
446 commissioner;

447 (g) To invest and reinvest income and assets subject to
448 the oversight of the commissioner;

449 (h) To enter into contractual agreements with third
450 parties, including the Mississippi Windstorm Mitigation
451 Coordinating Council, for the purposes of developing and
452 implementing windstorm mitigation programs; and

453 (i) All other powers necessary to carry out the
454 provisions and intent of this chapter.

455 **SECTION 17.** Section 83-34-7, Mississippi Code of 1972, is
456 brought forward as follows:

457 83-34-7. (1) The Board of Directors of the Mississippi
458 Insurance Underwriting Association as presently constituted shall
459 serve as the temporary board of directors of the association.
460 Such temporary board of directors shall prepare and submit a plan
461 of operation in accordance with Section 83-34-13 and shall serve
462 until the permanent board of directors shall take office in
463 accordance with the plan of operation. The permanent board shall
464 consist of five (5) representatives of the members to be appointed
465 by the temporary board of directors subject to the approval of the
466 commissioner and three (3) agents from the coast area to be
467 appointed by the commissioner. The terms of the members of the
468 board of directors in place before March 22, 2007, shall expire on



469 March 22, 2007, and such persons shall cease to serve on the board
470 and shall relinquish all power and control of the association.

471 (2) (a) From and after March 22, 2007, the board of
472 directors of the association shall consist of the following:

473 (i) The State Treasurer;

474 (ii) Five (5) of the assessable insurer companies,
475 three (3) to be appointed by the commissioner, one (1) to be
476 appointed by the Governor, and one (1) to be appointed by the
477 Lieutenant Governor; each such assessable insurer appointed shall
478 designate a representative knowledgeable in the matters of the
479 association and authorize such representative to act and vote on
480 its behalf;

481 (iii) Three (3) agents with no less than ten (10)
482 years' experience in the property and casualty industry, two (2)
483 of whom are residents in the coast area, and one (1) of whom is
484 not a resident of the coast area; one (1) such coast area agent to
485 be appointed by the Governor, one (1) such coast area agent to be
486 appointed by the Lieutenant Governor, and the noncoast area agent
487 to be appointed by the commissioner; and

488 (iv) Two (2) business leaders who have been
489 residents of the coast area for no less than ten (10) years and
490 who have no less than ten (10) years' experience in management of
491 a business, one (1) to be appointed by the Governor, and one (1)
492 to be appointed by the Lieutenant Governor.



493 (b) Except for the State Treasurer, the board members
494 shall serve three-year terms with each term beginning on January
495 1, and the initial terms shall be staggered in the following
496 manner:

497 (i) The initial term for three (3) of the
498 assessable insurers shall begin on March 22, 2007, and expire on
499 December 31, 2010, thereafter to be appointed for three-year
500 terms;

501 (ii) The initial term for one (1) of the
502 assessable insurers shall begin on March 22, 2007, and expire on
503 December 31, 2009, thereafter to be appointed for three-year
504 terms;

505 (iii) The initial term for one (1) of the
506 assessable insurers shall begin on March 22, 2007, and expire on
507 December 31, 2008, thereafter to be appointed for three-year
508 terms;

509 (iv) The initial term for one (1) of the agents
510 shall begin on March 22, 2007, and expire on December 31, 2010,
511 thereafter to be appointed for three-year terms;

512 (v) The initial term for one (1) of the agents
513 shall begin on March 22, 2007, and expire on December 31, 2009,
514 thereafter to be appointed for three-year terms;

515 (vi) The initial term for one (1) of the agents
516 shall begin on March 22, 2007, and expire on December 31, 2008,
517 thereafter to be appointed for three-year terms;



518 (vii) The initial term for one (1) of the business
519 leaders shall begin on March 22, 2007, and expire on December 31,
520 2010, thereafter to be appointed for three-year terms;

521 (viii) The initial term for one (1) of the
522 business leaders shall begin on March 22, 2007, and expire on
523 December 31, 2008, thereafter to be appointed for three-year
524 terms.

525 (3) On or before March 22, 2007, the appropriate public
526 official shall make such appointments and request such
527 resignations from the existing board as are appropriate to comply
528 with this section.

529 (4) The board shall be staffed by as many employees as it
530 deems necessary.

531 (5) The board of directors has the power to act and make
532 binding decisions on behalf of the association on all issues.

533 **SECTION 18.** Section 83-34-9, Mississippi Code of 1972, is
534 brought forward as follows:

535 83-34-9. (1) All assessable insurers of the association
536 shall participate in recoupable and nonrecoupable assessments
537 levied by the association based upon their percentage of
538 participation. The association may allow affiliated insurers to
539 combine their annual net direct premiums and other data, including
540 data that supports any incentives that may be allowed by the
541 association, to the extent that such grouping promotes the
542 voluntary writing of essential property insurance in the coast



543 area. Any provisions for credits and grouping of data shall be
544 prescribed in the plan of operation.

545 (2) All profits of the association shall remain as assets of
546 the association.

547 (3) The plan of operation shall provide financial incentives
548 or financial penalties, or both, to ensure that assessable
549 insurers write essential property insurance in the coast area.
550 The incentives and penalties may include, but are not limited to,
551 a reduction in recoupable and nonrecoupable assessments,
552 adjustments in the percentage of participation, and other
553 incentives and penalties as provided in the plan of operation.
554 The commissioner shall approve the plan of operation as provided
555 in Section 83-34-13.

556 **SECTION 19.** Section 83-34-10, Mississippi Code of 1972, is
557 brought forward as follows:

558 83-34-10. (1) In the event of a covered event that may
559 produce losses in excess of funds that may be immediately
560 available to the association, or in the event that the association
561 determines that it will otherwise have a claim deficit or any
562 other deficit, then the association, with consent of the
563 commissioner, shall have the power to levy recoupable and
564 nonrecoupable assessments against assessable insurers based upon
565 their percentage of participation.

566 The minimum reserve, as set forth in the plan of operation,
567 shall not be considered as funds available to the association in



568 determining whether to levy a recoupable or nonrecoupable
569 assessment.

570 (2) A nonrecoupable assessment levied under this section
571 shall not exceed six percent (6%) of the association's year-end
572 total limits in force for the preceding calendar year, or Two
573 Hundred Fifty Million Dollars (\$250,000,000.00), whichever is
574 less. Further, in any calendar year, the annual total of all
575 nonrecoupable assessment funds collected shall not exceed, in the
576 aggregate, Two Hundred Fifty Million Dollars (\$250,000,000.00).

577 **SECTION 20.** Section 83-34-12, Mississippi Code of 1972, is
578 brought forward as follows:

579 83-34-12. The recoupable or nonrecoupable assessment of an
580 assessable insurer may, after hearing, be ordered deferred, in
581 whole or in part, upon application by the insurer if, in the
582 opinion of the commissioner, payment of the recoupable or
583 nonrecoupable assessment would render the insurer insolvent or in
584 danger of insolvency, or would otherwise leave the insurer in such
585 a condition that further transaction of the insurer's business
586 would be hazardous to its policyholders, creditors, assessable
587 insurers, subscribers, stockholders or the public. If that
588 payment of a recoupable or nonrecoupable assessment against an
589 assessable insurer is deferred by order of the commissioner, in
590 whole or in part, the amount by which the recoupable or
591 nonrecoupable assessment is deferred shall be assessed against



592 other assessable insurers in the same manner as provided in
593 Section 83-34-9.

594 **SECTION 21.** Section 83-34-13, Mississippi Code of 1972, is
595 brought forward as follows:

596 83-34-13. (1) Within forty-five (45) days after March 22,
597 2007, the directors of the association shall submit to the
598 commissioner for review and approval a proposed plan of operation
599 revised to be consistent with the provisions of Chapter 425, Laws
600 of 2007. The association shall maintain a plan of operation. The
601 plan shall provide for the efficient, economical, fair and
602 nondiscriminatory administration of the association. The plan may
603 include the establishment of a minimum reserve, methods for the
604 nonrecoupable assessment of all assessable insurers for deficits
605 and expenses, the establishment of necessary facilities,
606 management of the association, underwriting standards, procedures
607 for determining the amounts of insurance to be provided to
608 specific risks, time limits and procedures for processing
609 applications for insurance, and for such other provisions as may
610 be deemed necessary by the board to carry out the purposes of this
611 chapter. The plan of operation shall include in the plan of
612 operation a mechanism for recoupment of recoupable assessments.

613 (2) The plan of operation shall provide financial incentives
614 or financial penalties, or both, to ensure that assessable
615 insurers write essential property insurance in the coast area.
616 The incentives and penalties may include, but are not limited to,



617 a reduction in nonrecoupable assessments, adjustments in the
618 percentage of participation, and other incentives and penalties as
619 provided in the plan of operation.

620 (3) The plan of operation shall provide (a) that the
621 association shall offer a two percent (2%) deductible for loss
622 from named storms; and (b) that the association shall also offer
623 options for other deductibles for loss from named storms with
624 appropriate rate reductions that shall include at least a twenty
625 percent (20%) deductible for loss from named storms.

626 (4) The plan of operation shall provide that the association
627 use actuarially appropriate geographical zones for rating and for
628 the use of credits and penalties to encourage voluntary writing in
629 the coast area.

630 (5) The commissioner shall approve the plan of operation and
631 all amendments before they become effective. It is the obligation
632 of the commissioner to confirm that such plan fulfills the
633 purposes of this chapter. If the commissioner approves a proposed
634 plan or amendment, he shall certify the approval to the directors,
635 and the plan, or amendment thereto, shall become effective ten
636 (10) days after such certification. If the commissioner
637 disapproves all or any part of the proposed plan of operation, or
638 amendment thereto, he shall return the same to the directors with
639 a written statement giving the reasons for disapproval and any
640 recommendations the commissioner may wish to make. Within ten
641 (10) days thereafter, the directors may alter the plan or



642 amendment in accordance with the commissioner's recommendation or
643 may return a new plan to the commissioner. The commissioner shall
644 consider the proposals and shall then promulgate and place into
645 effect a plan of operation certifying the same to the directors of
646 the association after approval by the board of directors. Any
647 such plan promulgated by the commissioner shall take effect ten
648 (10) days after certification to the directors.

649 (6) The commissioner may review the plan of operation at any
650 time he deems expedient or prudent. After review of the plan, the
651 commissioner may amend the plan after consultation with the
652 directors of the association and upon certification to the
653 directors of the amendment.

654 **SECTION 22.** Section 83-34-15, Mississippi Code of 1972, is
655 brought forward as follows:

656 83-34-15. (1) (a) Any person having an insurable interest
657 in insurable property is entitled to apply to the association for
658 such coverage. Applications shall be made on behalf of the owner
659 of the insurable interest by a licensed resident broker or agent
660 authorized by him. Applications shall be submitted on forms
661 prescribed by the association.

662 (b) The association may require an inspection of any
663 properties after application or request for renewal and may charge
664 a fee for such inspection.

665 (c) The term "insurable interest" as used in this
666 subsection shall be deemed to include any lawful and substantial



667 economic interest in the safety or preservation of property from
668 loss, destruction or pecuniary damage.

669 (2) If the association determines that the property is
670 insurable and that there is no unpaid premium due from the
671 applicant for prior insurance on the property, the association,
672 upon receipt of the premium or such portion thereof as is
673 prescribed in the plan of operation, shall cause to be issued, or
674 issue, a policy of essential property insurance. Such coverage
675 shall be dependent upon the timely payment and actual receipt by
676 the association of premiums or premium installments as provided
677 for at the time of application. Coverage limits shall be
678 determined by the value of the insurable property at the time the
679 policy is issued subject to maximum limits which shall be set
680 forth under the plan of operation.

681 (3) If the association for any reason denies an application
682 and refuses to issue or cause to be issued an insurance policy to
683 any applicant, or takes no action on an application within the
684 time prescribed in the plan of operation, such applicant may
685 appeal to the commissioner. The commissioner or a designated
686 member of his staff, after reviewing the facts, may direct the
687 association to issue or cause to be issued an insurance policy to
688 the applicant; however, no coverage shall be in effect until such
689 time as the premium is paid and the policy issued. In carrying
690 out his duties pursuant to this section, the commissioner may
691 request, and the association shall provide, any information the



692 commissioner deems necessary to a determination concerning the
693 reasons for the denial or delay of the application.

694 **SECTION 23.** Section 83-34-17, Mississippi Code of 1972, is
695 brought forward as follows:

696 83-34-17. The rates, rating plans, rating rules, forms and
697 endorsements applicable to the insurance written by the
698 association shall be those approved for use of the association by
699 the commissioner. Rates shall be nondiscriminatory as to the same
700 class of risk.

701 **SECTION 24.** Section 83-34-19, Mississippi Code of 1972, is
702 brought forward as follows:

703 83-34-19. (1) Any assessable insurer or other licensed
704 insurer, or agent placing insurance through a nonadmitted insurer,
705 who may be aggrieved by an act, order, ruling or decision of the
706 association may, within thirty (30) days after such ruling, appeal
707 to the commissioner. Any hearings held by the commissioner
708 pursuant to such an appeal shall be in accordance with the
709 procedure set forth in the insurance laws of Mississippi. The
710 commissioner is authorized to appoint a member of his staff for
711 the purpose of hearing such appeals, and a ruling based upon such
712 hearing shall have the same effect as if heard by the
713 commissioner. All assessable insurers or other licensed insurers,
714 or agents placing insurance through a nonadmitted insurer,
715 aggrieved by any order or decision of the commissioner may appeal
716 to the Chancery Court of the First Judicial District of Hinds



717 County, Mississippi, consistent with the insurance laws of the
718 State of Mississippi.

719 (2) The association and any assessable insurer, other
720 licensed insurer or agent placing insurance through a nonadmitted
721 insurer that may be aggrieved by an act, order, ruling or decision
722 of the commissioner may, within thirty (30) days after such act,
723 order, ruling or decision, appeal to the Chancery Court of the
724 First Judicial District of Hinds County, Mississippi, consistent
725 with the insurance laws of the State of Mississippi.

726 **SECTION 25.** Section 83-34-21, Mississippi Code of 1972, is
727 brought forward as follows:

728 83-34-21. All reports of inspection performed by or on
729 behalf of the association shall be made available to the
730 assessable insurers of the association, applicants, agents,
731 brokers and the commissioner.

732 **SECTION 26.** Section 83-34-23, Mississippi Code of 1972, is
733 brought forward as follows:

734 83-34-23. There shall be no liability on the part of the
735 insurance commissioner or any of his staff and representatives for
736 any action taken under and pursuant to the provisions of this
737 chapter. There shall be no liability on the part of the
738 association, its agents, representatives or employees, the members
739 of the board, or any assessable insurer of the association, except
740 for the specific obligations stated in any contract of insurance
741 and the duty to pay assessments as provided in this chapter.



742 **SECTION 27.** Section 83-34-25, Mississippi Code of 1972, is
743 brought forward as follows:

744 83-34-25. The association shall file in the office of the
745 commissioner on or before March 1 of each year a statement which
746 shall summarize the transactions, conditions, operations and
747 affairs of the association during the preceding fiscal year ending
748 December 31. Such statement shall contain such matters and
749 information as are prescribed by the commissioner and shall be in
750 such form as required by him. The commissioner may at any time
751 require the association to furnish to him any additional
752 information with respect to its transactions or any other matter
753 which the commissioner deems to be material to assist him in
754 evaluating the operation and experience of the association.

755 **SECTION 28.** Section 83-34-27, Mississippi Code of 1972, is
756 brought forward as follows:

757 83-34-27. The commissioner may from time to time make an
758 examination into the affairs of the association when he deems
759 prudent and, in undertaking such examination, may hold a public
760 hearing. The expenses of such examination shall be borne and paid
761 by the association. The association and the commissioner may from
762 time to time make an examination of the data and payments of
763 assessable insurers or other licensed insurers or agents placing
764 insurance through nonadmitted insurers as it deems prudent. The
765 expenses of such examination shall be borne and paid by the
766 examined party or entity. Any person noticed for such examination



767 may appeal the examination or the cost thereof, or both, to the
768 commissioner.

769 **SECTION 29.** Section 83-34-29, Mississippi Code of 1972, is
770 brought forward as follows:

771 83-34-29. The association is authorized to promulgate rules
772 for the implementation of this chapter, subject to the approval of
773 the commissioner.

774 **SECTION 30.** Section 83-34-31, Mississippi Code of 1972, is
775 brought forward as follows:

776 83-34-31. (1) The board of directors, subject to the
777 approval of the commissioner, shall have the power and authority
778 to issue bonds, and the power and authority to enter into loans,
779 letters of credit, lines of credit, and other forms of
780 indebtedness, as needed for operations, the purchase of
781 reinsurance, claim losses, and incurred but not reported claims.

782 (2) The bonds must be in a form approved by the
783 commissioner. With approval of the commissioner, the association
784 may issue bonds or incur other indebtedness to retire or
785 consolidate bonds as appropriate. Bonds and other debt
786 obligations issued by or on behalf of the association are not to
787 be considered "state bonds" and shall not be an obligation of the
788 state.

789 (3) The state hereby covenants with holders of bonds issued
790 pursuant to this chapter that the state will not limit, alter or
791 deny the duties and obligations of this chapter, and of the



792 association and the commissioner as established by this chapter,
793 necessary to fulfill the terms of any agreements with bondholders,
794 or in any way impair the rights and remedies of such bondholders
795 as long as any such bonds remain outstanding unless adequate
796 provision has been made for the payment of such bonds pursuant to
797 the documents authorizing the issuance of such bonds.

798 **SECTION 31.** Section 83-34-33, Mississippi Code of 1972, is
799 brought forward as follows:

800 83-34-33. (1) When the association knows or has reason to
801 believe that (a) it has or will incur losses from a covered event
802 that exceeds available surplus, reinsurance, recoupable or
803 nonrecoupable assessments and other reasonably available assets of
804 the association, such that one or more bond issues or other
805 financing, or both, will be necessary to pay claims losses and
806 other related expenses, or (b) the association has an excess
807 deficit that cannot be reasonably resolved by income available to
808 the association above the minimum reserve, then the association
809 shall immediately give notice to the commissioner and request that
810 the commissioner implement an excess deficit surcharge on all
811 property and casualty insurance premiums for insurance for
812 property and operations in this state designed to recover to the
813 association the amount of all such bonds and other indebtedness
814 resulting from the covered event, or other deficit.

815 (2) All such bonds and loans are secured by the power and
816 duty of the commissioner to implement surcharges against all



817 property and casualty insurance premiums for insurance for
818 property and activities in this state sufficient to repay the
819 bonds or loans, or both.

820 (3) If any of the bonds remain unsold sixty (60) days after
821 issuance, the commissioner shall require all assessable insurers
822 to purchase the bonds, which purchased bonds shall be treated as
823 admitted assets; each assessable insurer shall be required to
824 purchase that percentage of the unsold portion of the bond issue
825 that equals the assessable insurer's current percentage of
826 participation. An assessable insurer shall not be required to
827 purchase the bonds to the extent that the commissioner determines
828 that the purchase would endanger or impair the solvency of the
829 insurer. The bonds must be in a form approved by the
830 commissioner. With approval of the commissioner, the association
831 may issue bonds or incur other indebtedness to retire or
832 consolidate bonds as appropriate. Bonds and other debt
833 obligations issued by or on behalf of the association are not to
834 be considered "state bonds" and shall not be an obligation of the
835 state.

836 (4) At such time as the commissioner can reasonably estimate
837 the amount of bonds or indebtedness, or both, necessitated by a
838 covered event, and in no event more than ninety (90) days from the
839 notice given by the association, the commissioner shall have the
840 duty and the power to implement an excess deficit surcharge on all
841 property and casualty insurance premiums for insurance for



842 property and activities in this state. "Premiums" includes
843 premiums for policies issued by or for the association and by or
844 for the Mississippi Residential Property Insurance Underwriting
845 Association. "Premiums" shall not include premiums for workers'
846 compensation coverage, premiums for medical malpractice liability
847 coverage including medical malpractice liability coverage issued
848 by companies created under Section 83-47-1 et seq., nor any
849 premiums for coverage by insurance pools or plans administered by
850 or through the State of Mississippi.

851 (5) If the excess deficit surcharge is designed to repay
852 bonds, it shall be designated as such and all funds recovered from
853 the excess deficit surcharge shall be used for repayment of the
854 bonds for which it was implemented, until such time as the bonds
855 have been paid or redeemed.

856 (6) If the excess deficit surcharge is designed to repay a
857 specific indebtedness incurred for losses from a specific covered
858 event, it shall be designated as such and all funds recovered from
859 the excess deficit surcharge shall be used for repayment of the
860 indebtedness for which it was implemented, until such time as the
861 indebtedness has been paid or redeemed.

862 (7) Such excess deficit surcharge shall be specifically
863 identified on either the premium statements or the policy
864 declarations pages or other appropriate policy forms as relating
865 to the specific covered event losses or bonds or indebtedness for
866 which it was implemented. The commissioner shall name each such



867 excess deficit surcharge so that it can be uniformly identified by
868 insurers and agents.

869 (8) The excess deficit surcharge shall be a percentage of
870 the total policy premium but the excess deficit surcharge shall
871 not be considered premium and is not subject to premium taxes or
872 commissions. However, failure to pay the excess deficit surcharge
873 shall be treated the same as failure to pay premium. "Total
874 policy premium" includes taxes and commissions.

875 (9) The commissioner shall implement an appropriate excess
876 deficit surcharge percentage sufficient to recover the amount
877 necessary for repayment of bonds and indebtedness necessitated by
878 a covered event, or the resolution of other deficit, as
879 applicable. If at any time such surcharge shall be insufficient,
880 the commissioner shall increase the excess deficit surcharge as
881 necessary and appropriate. The commissioner shall cease excess
882 deficit surcharges as he determines appropriate funds have been
883 collected. However, the commissioner shall endeavor to apply
884 excess deficit surcharges on a one-year basis in order to promote
885 consistency, nondiscrimination and fairness among policyholders
886 purchasing or renewing insurance during that year. Any
887 collections in excess of the amounts needed shall be assets of the
888 association for investment and other uses.

889 (10) Each licensed insurer issuing insurance for property
890 and casualty risks in the state and each agent placing insurance
891 through nonadmitted insurers, shall collect the excess deficit



892 surcharges established by the commissioner under the authority of
893 this section. Funds collected by such licensed insurers and
894 agents placing insurance through nonadmitted insurers as excess
895 deficit surcharges authorized by this section shall be collected
896 and held in trust and shall be fully remitted to the association
897 on a quarterly basis with forms providing appropriate information
898 as designed by the association. Insurers and agents shall remit
899 such funds to the association within twenty (20) days after the
900 end of each quarter. At such time the insurers and agents shall
901 further remit to the association all interest earned on the excess
902 deficit surcharge funds.

903 (11) The association and the commissioner are both
904 specifically given the power to audit licensed insurers and agents
905 placing insurance through nonadmitted insurers to confirm the
906 accuracy of remittances of excess deficit surcharges at the
907 expense of the licensed insurers and agents.

908 (12) The commissioner has the duty and power to adjust the
909 percentage of any excess deficit surcharge previously established
910 as he finds appropriate taking into consideration any relevant
911 factors, including, but not limited to, consolidation or
912 replacement of bonds, any additional indebtedness resulting from a
913 covered event, the rate of recovery, anticipated length of total
914 recovery, and impact of other covered events; however, the
915 commissioner shall not reduce the amount of excess deficit
916 surcharges implemented and designated to pay or redeem bonds, or



917 other indebtedness below the amount necessary to timely pay or
918 redeem such bonds, or other indebtedness.

919 (13) When the association knows or has reason to believe
920 that excess deficit surcharges authorized by this section
921 previously established by the commissioner will be insufficient to
922 timely pay or redeem bonds or indebtedness, the association shall
923 immediately give notice to the commissioner. The commissioner
924 shall alter such excess deficit surcharge as necessary to timely
925 pay or redeem bonds or pay other indebtedness.

926 (14) The association shall report quarterly to the
927 commissioner providing all financial information for each excess
928 deficit surcharge authorized by this section, including:

929 (a) The original and current outstanding indebtedness
930 of all bonds and loans;

931 (b) Total excess deficit surcharge funds recovered to
932 date; and

933 (c) Any information requested by the commissioner.

934 (15) The commissioner may request, and the association shall
935 provide, on an immediate basis to the commissioner any financial
936 information or other information concerning any excess deficit
937 surcharge. This section shall not limit the reporting
938 requirements provided by Section 83-34-25.

939 **SECTION 32.** Section 83-34-35, Mississippi Code of 1972, is
940 brought forward as follows:



941 83-34-35. In order to avoid or lessen the possibility and
942 amount of excess deficit surcharges authorized by this chapter,
943 the commissioner shall approve rates for policies issued by the
944 association at least adequate to fund annual reinsurance above a
945 self-insured retention of One Hundred Million Dollars
946 (\$100,000,000.00) that, combined with any readily available
947 reserves of the association, is sufficient to cover at least the
948 probable maximum losses from a storm expected to occur once every
949 one hundred (100) years as predicted by a model or method approved
950 by the commissioner for the properties insured by the association
951 at the time the reinsurance was negotiated. The amount of
952 reinsurance in the foregoing rate adequacy requirement shall
953 increase every two (2) years by increasing the probable maximum
954 loss by five (5) years, until such time as the probable maximum
955 loss insured is for a storm expected to occur every one hundred
956 fifty (150) years. The commissioner may approve rates in excess
957 of the minimums required by this section as consistent with his
958 duties and the insurance laws of the State of Mississippi. Any
959 self-insured retention related to the purchase of reinsurance
960 shall be subject to the prior approval of the commissioner.

961 **SECTION 33.** Section 83-34-37, Mississippi Code of 1972, is
962 brought forward as follows:

963 83-34-37. (1) (a) There is created in the State Treasury a
964 special fund to be designated as the "Mississippi Windstorm
965 Underwriting Association Reinsurance Assistance Fund." The fund



966 shall consist of monies deposited therein as provided under
967 Section 83-34-39, monies appropriated by act of the Legislature
968 and monies from any other source designated for deposit into such
969 fund. Unexpended amounts remaining in the fund at the end of a
970 fiscal year shall not lapse into the State General Fund, and any
971 interest earned or investment earnings on amounts in the fund
972 shall be deposited to the credit of the fund; however, any monies
973 in excess of Fifty Million Dollars (\$50,000,000.00) remaining in
974 the fund at the end of a fiscal year that have not been
975 appropriated shall lapse into the State General Fund.

976 (b) Monies in the special fund may be used by the
977 Department of Insurance, upon appropriation by the Legislature,
978 only for the purpose of assisting the Mississippi Windstorm
979 Underwriting Association in defraying expenses and costs for
980 reinsurance under Section 83-34-1 et seq. The association may use
981 any such funds received from the Department of Insurance for the
982 sole purpose of defraying expenses and costs for reinsurance.
983 Monies in the fund used for the purposes described in this
984 paragraph (b) shall be in addition to other funds available from
985 any other source for such purposes.

986 (c) Monies in the special fund may not be used,
987 expended or transferred for any other purpose except upon
988 amendment to this section by a bill enacted by the Legislature
989 with a vote of not less than two-thirds (2/3) of the members of
990 each house present and voting.



991 (2) (a) The Commissioner of Insurance shall file a report
992 with the Joint Legislative Budget Committee not later than
993 September 1 of each year, recommending the amount of assistance,
994 if any, needed by the Mississippi Windstorm Underwriting
995 Association for reinsurance expenses and costs. The Commissioner
996 of Insurance also shall provide a copy of the report to the
997 Attorney General and the Executive Director of the Mississippi
998 Development Authority.

999 (b) The Mississippi Windstorm Underwriting Association
1000 shall prepare and file detailed reports with the Clerk of the
1001 House of Representatives, Secretary of the Senate, Commissioner of
1002 Insurance, Attorney General and Executive Director of the
1003 Mississippi Development Authority regarding the receipt and
1004 expenditure of monies by the association under this section.

1005 **SECTION 34.** This act shall take effect and be in force from
1006 and after July 1, 2022.

