

By: Representative Busby

To: Insurance

HOUSE BILL NO. 670

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; AND FOR RELATED
4 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



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

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

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

39 (4) Within twenty (20) days of the end of the quarter,
40 surplus lines insurance producers placing insurance through
41 nonadmitted insurers shall remit directly to the * * *
42 commissioner all nonadmitted policy fees collected in the
43 preceding quarter. In addition to the nonadmitted policy fee
44 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 shall not be considered public funds and 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 * * *. Further, beginning July 1, 2022, before any fees are remitted to the association but only if the association will receive at least sixty percent (60%) of the fees, Five Hundred Thousand Dollars (\$500,000.00) shall be diverted and deposited annually into the Mississippi First Responders Health and Safety Trust Fund created in Section 25-15-411. Further, beginning July 1, 2022, but only



70 if the association will receive at least sixty percent (60%) of
71 the fees and the Mississippi First Responders Health and Safety
72 Trust Fund has received the diversion of Five Hundred Thousand
73 Dollars (\$500,000.00), Three Million Five Hundred Thousand Dollars
74 (\$3,500,000.00) shall be diverted and deposited annually into the
75 Annual Fire Fund created in Section 17-23-21. Further, beginning
76 July 1, 2022, after the association has received sixty percent
77 (60%) of the fees and after all other diversions are made, fifty
78 percent (50%) of any excess amount shall be remitted to the
79 association and fifty percent (50%) of any excess amount shall be
80 diverted and deposited annually into the Annual Fire Fund.

81 In the event the value of the association's Total Admitted
82 Assets, as defined by the audited financial statement, is less
83 than Two Hundred Fifty Million Dollars (\$250,000,000.00), the
84 monies diverted and not remitted to the association under this
85 subsection (6) during that fiscal year and subsequent fiscal years
86 shall immediately be diverted to the association and shall not be
87 considered public funds.

88 (7) The association may use excess funds to purchase
89 reinsurance in an amount that may exceed the total premiums
90 collected from policyholders.

91 **SECTION 2.** This act shall take effect and be in force from
92 and after July 1, 2023.

