

By: Representatives Turner, Arnold, Foster

To: Insurance

HOUSE BILL NO. 888

1 AN ACT TO AMEND SECTION 27-7-1001, MISSISSIPPI CODE OF 1972,
2 TO DEFINE "DISASTER MITIGATION EXPENSE", "DISASTER RECOVERY
3 EXPENSES" AND "QUALIFIED CATASTROPHE EXPENSES"; TO AMEND SECTION
4 27-7-1003, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE LIMITS ON
5 THE TOTAL AMOUNT THAT MAY BE CONTRIBUTED TO A CATASTROPHE SAVINGS
6 ACCOUNT IS AN ANNUAL LIMIT; TO AMEND SECTION 27-7-1005,
7 MISSISSIPPI CODE OF 1972, TO CLARIFY THAT CATASTROPHE SAVINGS
8 ACCOUNTS MAY BE USED FOR QUALIFIED DISASTER MITIGATION EXPENSES;
9 TO AMEND SECTION 83-1-191, MISSISSIPPI CODE OF 1972, TO PROVIDE
10 THAT THE MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE
11 MITIGATION TRUST FUND SHALL FUND THE COMPREHENSIVE HURRICANE AND
12 WIND DAMAGE MITIGATION PROGRAM; TO ADD "WIND" TO THE MISSISSIPPI
13 COMPREHENSIVE HURRICANE DAMAGE MITIGATION PROGRAM; TO DELETE THE
14 REPEALER; TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO BE
15 DESIGNATED AS THE "MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND
16 DAMAGE MITIGATION PROGRAM TRUST FUND"; TO AMEND SECTION 83-2-33,
17 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ALL PROPERTY AND
18 CASUALTY INSURANCE COMPANIES DOING BUSINESS IN THIS STATE SHALL
19 CONTRIBUTE, IN PROPORTION TO THEIR GROSS PREMIUMS, TO THE
20 MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE MITIGATION
21 PROGRAM TRUST FUND; TO PROVIDE THAT TOTAL CONTRIBUTIONS COLLECTED
22 FOR THE MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE
23 MITIGATION PROGRAM TRUST FUND SHALL NOT EXCEED ONE MILLION FIVE
24 HUNDRED THOUSAND DOLLARS; TO TRANSFER FIVE MILLION DOLLARS FROM
25 THE MISSISSIPPI SURPLUS LINES ASSOCIATION TO THE MISSISSIPPI
26 COMPREHENSIVE HURRICANE AND WIND DAMAGE MITIGATION PROGRAM TRUST
27 FUND; TO AMEND SECTION 83-2-3, MISSISSIPPI CODE OF 1972, TO ALLOW
28 THE HURRICANE DEDUCTIBLE OF ANY PERSONAL LINES RESIDENTIAL
29 PROPERTY INSURANCE POLICY TO APPLY ON AN ANNUAL BASIS TO ALL
30 COVERED HURRICANE LOSSES THAT OCCUR DURING THE CALENDAR YEAR FOR
31 LOSSES THAT ARE COVERED UNDER ONE OR MORE POLICIES ISSUED BY THE
32 SAME INSURER OR AN INSURER IN THE SAME INSURER GROUP; AND FOR
33 RELATED PURPOSES.



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

35 **SECTION 1.** Section 27-7-1001, Mississippi Code of 1972, is
36 amended as follows:

37 27-7-1001. As used in this article, the following terms
38 shall have the meanings as defined in this section:

39 (a) "Catastrophe savings account" means a regular
40 savings account or money market account established by an
41 insurance policyholder who is a state income taxpayer (i) to pay
42 an insurance deductible under an insurance policy that covers the
43 taxpayer's legal residence that covers hurricane, flood, windstorm
44 or other catastrophic event damage, (ii) to pay for catastrophic
45 event damage to the taxpayer's legal residence that is not covered
46 by the policy of insurance that covers the taxpayer's legal
47 residence for such damage after the deductible under such policy
48 has been paid, * * * (iii) to pay self-insured losses for the
49 taxpayer's legal residence from a hurricane, flood, windstorm, or
50 other catastrophic event, or (iv) to pay qualified disaster
51 mitigation expenses. The account must be labeled as a
52 "catastrophe savings account" in order to qualify as a catastrophe
53 savings account for the purposes of this article. A taxpayer may
54 establish only one (1) catastrophe savings account and shall
55 specify that the purpose of the account is to cover the aggregate
56 amount of insurance policy deductibles and other uninsured
57 portions of risks of loss from a hurricane, flood, windstorm or
58 other catastrophic event or disaster mitigation expenses.



59 (b) "Catastrophic event" means windstorms, cyclones,
60 earthquakes, hurricanes, ice storms, tornadoes, high winds, flood,
61 hail and force majeure, and similar perils not normally among
62 those covered under most property casualty insurance policies, but
63 obtainable through the purchase of wind, wind and hail, flood, or
64 storm or windstorm coverage, or any combination of those
65 coverages. The term "catastrophic event" also includes any event
66 or occurrence for which a Presidential declaration of disaster or
67 declaration of disaster by the Governor is issued.

68 (c) "Disaster mitigation expenses" means expenses for
69 any of the following with respect to the taxpayer's legal
70 residence:

71 (i) Tornado safe rooms manufactured or constructed
72 in accordance with FEMA 320 or FEMA 361 guidance or tornado
73 shelters manufactured or constructed in accordance with the
74 National Storm Shelter/International Code Council 500 standard.

75 (ii) Opening protection, including impact and wind
76 resistance windows, exterior doors and garage doors.

77 (iii) Reinforcement of roof-to-wall and
78 floor-to-wall connection for wind or seismic activity.

79 (iv) Roof covering for impact, fire or high wind
80 resistance.

81 (v) Cripple and shear walls to resist seismic
82 activity.

83 (vi) Flood resistance building materials.



84 (vii) Elevating structures and utilities above
85 base flood elevation.

86 (viii) Fire resistance exterior wall
87 assemblies/systems.

88 (ix) Lightning protection systems.

89 (x) Whole home standby generators.

90 (xi) Any activity specified by the Commissioner of
91 Insurance as appropriate to mitigate the risks of future hazards
92 (including earthquake, flood, hail, wind, hurricane, sinkhole,
93 lightning, power outage, tornado, wildfire and other natural
94 disasters.

95 (d) "Disaster recovery expenses" means, with respect to
96 the taxpayer's legal residence, any expense incurred to replace or
97 repair catastrophic event related uninsured personal property
98 losses totaling One Thousand Dollars (\$1,000.000) or greater.

99 (e) "Qualified catastrophe expenses" means disaster
100 mitigation expenses and disaster recovery expenses.

101 **SECTION 2.** Section 27-7-1003, Mississippi Code of 1972, is
102 amended as follows:

103 27-7-1003. (1) Except as otherwise provided in Section
104 27-7-1005, the amounts contributed to a catastrophe savings
105 account in accordance with subsection (3) of this section,
106 interest income earned on a catastrophe savings account, and
107 distributions from a catastrophe savings account shall be excluded



108 from the taxable gross income of the account holder under Section
109 27-7-15.

110 (2) A catastrophe savings account is not subject to
111 attachment, levy, garnishment, or legal process in this state,
112 provided that no funds in an account are derived from or the
113 result of a fraudulent conveyance making contributions to the
114 account.

115 (3) The total amount that may be contributed annually to a
116 catastrophe savings account shall not exceed any of the following:

117 (a) In the case of an individual whose qualified
118 insurance deductible is less than or equal to One Thousand Dollars
119 (\$1,000.00), the amount of Two Thousand Dollars (\$2,000.00).

120 (b) In the case of an individual whose qualified
121 insurance deductible is greater than One Thousand Dollars
122 (\$1,000.00), the amount equal to the lesser of Fifteen Thousand
123 Dollars (\$15,000.00) or twice the amount of the taxpayer's
124 qualified insurance deductible.

125 (c) In the case of a self-insured individual who
126 chooses not to obtain insurance on his or her legal residence, the
127 amount of Three Hundred Fifty Thousand Dollars (\$350,000.00), but
128 in no event may the amount contributed exceed the value of the
129 taxpayer's legal residence.

130 (4) If a taxpayer contributes in excess of the limits
131 provided in subsection (3) of this section, the taxpayer shall
132 withdraw the amount of the excess contributions and include that



133 amount in the taxable gross income of the taxpayer in the year of
134 withdrawal.

135 **SECTION 3.** Section 27-7-1005, Mississippi Code of 1972, is
136 amended as follows:

137 27-7-1005. (1) A distribution from a catastrophe savings
138 account shall be included in the taxable gross income of the
139 taxpayer unless the amount of the distribution is used to pay
140 qualified catastrophe expenses or qualified disaster mitigation
141 expenses.

142 (2) No amount of a distribution shall be included in the
143 taxable gross income of the taxpayer if the qualified catastrophe
144 expenses and qualified disaster mitigation expenses of the
145 taxpayer during the taxable year are equal to or greater than the
146 aggregate distributions during the taxable year.

147 (3) If the aggregate distributions exceed the qualified
148 catastrophe expenses and qualified disaster mitigation expenses
149 during the taxable year, the amount otherwise included in the
150 taxable gross income of the taxpayer shall be reduced by the
151 amount of the distributions for qualified catastrophe expenses and
152 qualified disaster mitigation expenses.

153 (4) (a) The tax paid under Section 27-7-5 that is
154 attributable to a taxable distribution shall be increased by two
155 and one-half percent (2-1/2%) of the amount of the distribution
156 that is includable in the taxable gross income of the taxpayer.



157 (b) The additional tax imposed by this subsection does
158 not apply if either of the following apply:

159 (i) The taxpayer no longer owns a legal residence
160 that qualifies for homestead exemption under Section 27-33-1 et
161 seq.; or

162 (ii) The distribution is from a catastrophe
163 savings account conforming with Section 27-7-1003(3)(c) and is
164 made on or after the date on which the taxpayer attains the age of
165 seventy (70) years.

166 (5) If a taxpayer who owns a catastrophe savings account
167 dies, the amount of money in his or her account shall be included
168 in the taxable gross income of the person who receives the
169 account, unless that person is the surviving spouse of the
170 taxpayer. Upon the death of the surviving spouse, the amount of
171 money in the account shall be included in the taxable gross income
172 of the person who receives the account. The additional tax
173 imposed in subsection (4) of this section does not apply to a
174 distribution from the account upon the death of the taxpayer or
175 the surviving spouse.

176 **SECTION 4.** Section 83-1-191, Mississippi Code of 1972, is
177 amended as follows:

178 83-1-191. (1) There is established within the Department of
179 Insurance a Comprehensive Hurricane and Wind Damage Mitigation
180 Program. This section does not create an entitlement for property
181 owners or obligate the state in any way to fund the inspection or



182 retrofitting of residential property or commercial property in
183 this state. * * * The Mississippi Comprehensive Hurricane and
184 Wind Damage Mitigation Trust Fund, upon appropriation from the
185 Legislature, shall fund this program. The Department of Insurance
186 may contract with a third party vendor to administer this program
187 and may expend not more than ten percent (10%) of the monies in
188 the fund for the administration and management of the fund and
189 carrying out the purposes of this section. The program may
190 develop and implement a comprehensive and coordinated approach for
191 hurricane and wind damage mitigation that may include the
192 following:

193 (a) **Cost-benefit study on wind hazard mitigation**
194 **construction measures.** The performance of a cost-benefit study to
195 establish the most appropriate wind hazard mitigation construction
196 measures for both new construction and the retrofitting of
197 existing construction for both residential and commercial
198 facilities within the wind-borne debris regions of Mississippi as
199 defined by the International Building Code. The recommended wind
200 construction techniques shall be based on both the newly adopted
201 Mississippi building code sections for wind load design and the
202 wind-borne debris region. The list of construction measures to be
203 considered for evaluation in the cost-benefit study shall be based
204 on scientifically established and sound, but common, construction
205 techniques that go above and beyond the basic recommendations in
206 the adopted building codes. This allows residents to utilize



207 multiple options that will further reduce risk and loss and still
208 be awarded for their endeavors with appropriate wind insurance
209 discounts. It is recommended that existing accepted scientific
210 studies that validate the wind hazard construction techniques
211 benefits and effects be taken into consideration when establishing
212 the list of construction techniques that homeowners and business
213 owners can employ. This will ensure that only established
214 construction measures that have been studied and modeled as
215 successful mitigation measures will be considered to reduce the
216 chance of including risky or unsound data that will cost both the
217 property owner and state unnecessary losses. The cost-benefit
218 study shall be based on actual construction cost data collected
219 for several types of residential construction and commercial
220 construction materials, building techniques and designs that are
221 common to the region. The study shall provide as much information
222 as possible that will enhance the data and options provided to the
223 public, so that homeowners and business owners can make informed
224 and educated decisions as to their level of involvement. Based on
225 the construction data, modeling shall be performed on a variety of
226 residential and commercial designs, so that a broad enough
227 representative spectrum of data can be obtained. The data from
228 the study will be utilized in a report to establish tables
229 reflecting actuarially appropriate levels of wind insurance
230 discounts (in percentages) for each mitigation construction
231 technique/combination of techniques. This report will be utilized



232 as a guide for the Department of Insurance and the insurance
233 industry for developing actuarially appropriate discounts, credits
234 or other rate differentials, or appropriate reductions in
235 deductibles, for properties on which fixtures or construction
236 techniques demonstrated to reduce the amount of loss in a
237 windstorm have been installed or implemented. Additional data
238 that will enhance the program, such as studies to reflect property
239 value increases for retrofitting or building to the established
240 wind hazard mitigation construction techniques and cost comparison
241 data collected to establish the value of this program against the
242 investment required to include the mitigation measures, also may
243 be provided.

244 (b) **Wind certification and hurricane mitigation**
245 **inspections.**

246 (i) Home-retrofit inspections of site-built,
247 residential property, including single-family, two-family,
248 three-family or four-family residential units, and a set of
249 representative commercial facilities may be offered to determine
250 what mitigation measures are needed and what improvements to
251 existing residential properties are needed to reduce the
252 property's vulnerability to hurricane or wind damage. A state
253 program may be established within the Department of Insurance to
254 provide homeowners and business owners wind certification and
255 hurricane mitigation inspections. The inspections provided to
256 homeowners and business owners, at a minimum, must include:



257 1. A home inspection and report that
258 summarizes the results and identifies corrective actions a
259 homeowner may take to mitigate hurricane or wind damage.

260 2. A range of cost estimates regarding the
261 mitigation features.

262 3. Insurer-specific information regarding
263 premium discounts correlated to recommended mitigation features
264 identified by the inspection.

265 4. A hurricane resistance rating scale
266 specifying the home's current as well as projected wind resistance
267 capabilities.

268 This data may be provided by trained and certified inspectors
269 in standardized reporting formats and forms to ensure all data
270 collected during inspections is equivalent in style and content
271 that allows construction data, estimates and discount information
272 to be easily assimilated into a database. Data pertaining to the
273 number of inspections and inspection reports may be stored in a
274 state database for evaluation of the program's success and review
275 of state goals in reducing wind hazard loss in the state.

276 (ii) To qualify for selection by the department as
277 a provider of wind certification and hurricane mitigation
278 inspections services, the entity shall, at a minimum, and on a
279 form and in the manner prescribed by the commissioner:

280 1. Use wind certification and hurricane
281 mitigation inspectors who:



282 a. Have prior experience in residential
283 and/or commercial construction or inspection and have received
284 specialized training in hurricane and wind mitigation procedures
285 through the state certified program. In order to qualify for
286 training in the inspection process, the individual should be
287 either a licensed building code official, a licensed contractor or
288 inspector in the State of Mississippi, or a civil engineer.

289 b. Have undergone drug testing and
290 background checks.

291 c. Have been certified through a state
292 mandated training program, in a manner satisfactory to the
293 department, to conduct the inspections.

294 d. Have not been convicted of a felony
295 crime of violence or of a sexual offense; have not received a
296 first-time offender pardon or nonadjudication order for a felony
297 crime of violence or of a sexual offense; or have not entered a
298 plea of guilty or nolo contendere to a felony charge of violence
299 or of a sexual offense.

300 e. Submit a statement authorizing the
301 Commissioner of Insurance to order fingerprint analysis or any
302 other analysis or documents deemed necessary by the commissioner
303 for the purpose of verifying the criminal history of the
304 individual. The commissioner shall have the authority to conduct
305 criminal history verification on a local, state or national level,



306 and shall have the authority to require the individual to pay for
307 the costs of such criminal history verification.

308 2. Provide a quality assurance program
309 including a reinspection component.

310 3. Have data collection equipment and
311 computer systems, so that data can be submitted electronically to
312 the state's database of inspection reports, insurance
313 certificates, and other industry information related to this
314 program. It is mandatory that all inspectors provide original
315 copies to the property owner of any inspection reports, estimates,
316 etc., pertaining to the inspection and keep a copy of all
317 inspection materials on hand for state audits.

318 (c) **Financial grants to retrofit properties.** Financial
319 grants may be used to encourage single-family, site-built,
320 owner-occupied, residential property owners or commercial property
321 owners to retrofit their properties to make them less vulnerable
322 to hurricane and wind damage.

323 (d) **Education and consumer awareness.** Multimedia
324 public education, awareness and advertising efforts designed to
325 specifically address mitigation techniques may be employed, as
326 well as a component to support ongoing consumer resources and
327 referral services. In addition, all insurance companies shall
328 provide notification to their clients regarding the availability
329 of this program, participation details, and directions to the
330 state website promoting the program, along with appropriate



331 contact phone numbers to the state agency administrating the
332 program. The notification to the clients must be sent by the
333 insurance company within thirty (30) days after filing their
334 insurance discount schedules with the Department of Insurance.

335 (e) **Advisory council.** There is created an advisory
336 council to provide advice and assistance to the program
337 administrator with regard to his or her administration of the
338 program. The advisory council shall consist of:

339 (i) An agent, selected by the Independent
340 Insurance Agents of Mississippi.

341 (ii) Two (2) representatives of residential
342 property insurers, selected by the Department of Insurance.

343 (iii) One (1) representative of homebuilders,
344 selected by the Home Builders Association of Mississippi.

345 (iv) The Chairman of the House Insurance
346 Committee, or his designee.

347 (v) The Chairman of the Senate Insurance
348 Committee, or his designee.

349 (vi) The Executive Director of the Mississippi
350 Windstorm Underwriting Association, or his designee.

351 (vii) The Director of the Mississippi Emergency
352 Management Agency, or his designee.

353 Members appointed under subparagraphs (i) and (ii) shall
354 serve at the pleasure of the Department of Insurance. All other
355 members shall serve as voting ex officio members. Members of the



356 advisory council who are not legislators, state officials or state
357 employees shall be compensated at the per diem rate authorized by
358 Section 25-3-69, and shall be reimbursed in accordance with
359 Section 25-3-41, for mileage and actual expenses incurred in the
360 performance of their duties. Legislative members of the advisory
361 council shall be paid from the contingent expense funds of their
362 respective houses in the same manner as provided for committee
363 meetings when the Legislature is not in session; however, no per
364 diem or expense for attending meetings of the advisory council may
365 be paid while the Legislature is in session. No advisory council
366 member may incur per diem, travel or other expenses unless
367 previously authorized by vote, at a meeting of the council, which
368 action shall be recorded in the official minutes of the meeting.
369 Nonlegislative members shall be paid from any funds made available
370 to the advisory council for that purpose.

371 (f) **Rules and regulations.** The Department of Insurance
372 may adopt rules and regulations * * * as necessary for the
373 administration and implementation of the Comprehensive Hurricane
374 and Wind Damage Mitigation Program. * * *

375 (2) Nothing in this section shall prohibit the Department of
376 Insurance from entering into an agreement with any other
377 appropriate state agency to assist with or perform any of the
378 duties set forth hereunder.

379 * * *



380 **SECTION 5.** There is created in the State Treasury a special
381 fund to be designated as the "Mississippi Comprehensive Hurricane
382 and Wind Damage Mitigation Program Trust Fund." The Legislature
383 may appropriate the amount necessary to fulfill the obligations
384 created under this act from the State General Fund to such special
385 fund. Furthermore, the Commissioner of Insurance is authorized to
386 apply for any federal or private grants that will provide funds
387 for this program. Unexpended amounts remaining in the fund at the
388 end of a fiscal year shall not lapse into the State General Fund,
389 and any interest earned on amounts in the fund shall be deposited
390 to the credit of the fund.

391 **SECTION 6.** Section 83-2-33, Mississippi Code of 1972, is
392 amended as follows:

393 83-2-33. All property and casualty insurance companies doing
394 business in this state shall contribute annually, at such times as
395 the Insurance Commissioner shall determine, in proportion to their
396 gross premiums collected within the State of Mississippi during
397 the preceding year, to a special fund in the State Treasury to be
398 known as the * * * "Mississippi Comprehensive Hurricane and Wind
399 Damage Mitigation Program Trust Fund". The commissioner is hereby
400 authorized to employ such actuarial and other assistance as shall
401 be necessary to carry out the duties of the department; and such
402 employees shall be under the authority and direction of the
403 Insurance Commissioner. The amount to be contributed annually to
404 the fund shall be fixed each year by the Insurance Commissioner at



405 a percentage of the gross premiums so collected during the
406 preceding year. However, a minimum assessment of One Hundred
407 Dollars (\$100.00) shall be charged to each licensed property and
408 casualty insurance company regardless of the gross premium amount
409 collected during the preceding year.

410 The total contributions collected for the * * * Mississippi
411 Comprehensive Hurricane and Wind Damage Mitigation Program Trust
412 Fund shall not exceed the sum of * * * One Million Five Hundred
413 Thousand Dollars (\$1,500,000.00) in each fiscal year.

414 * * *

415 From and after July 1, 2016, no state agency shall charge
416 another state agency a fee, assessment, rent or other charge for
417 services or resources received by authority of this section.

418 **SECTION 7.** Upon the effective date of this act, the State
419 Treasurer, in conjunction with the State Fiscal Officer, shall
420 transfer the sum of Five Million Dollars (\$5,000,000.00) from the
421 Mississippi Surplus Lines Association to the Mississippi
422 Comprehensive Hurricane and Wind Damage Mitigation Program Trust
423 Fund.

424 **SECTION 8.** Section 83-2-3, Mississippi Code of 1972, is
425 amended as follows:

426 83-2-3. (1) Rates shall comply with the following
427 standards:

428 (a) Rates shall not be excessive, inadequate or
429 unfairly discriminatory.



430 (b) A rate is excessive if it is likely to produce a
431 profit that is unreasonably high for the insurance provided or if
432 the expense provision included therein is unreasonably high in
433 relation to the services rendered.

434 (c) A rate is inadequate if it threatens the solvency
435 of the insurance company or tends to create a monopoly.

436 (d) Unfair discrimination exists if, after allowing for
437 practical limitations, price differentials fail to reflect
438 equitably the differences in expected losses and expenses. A rate
439 is not unfairly discriminatory because different premiums result
440 for policyholders with like loss exposures with different
441 expenses, or like expenses but different loss exposures, so long
442 as the rate reflects the differences with reasonable accuracy.

443 (2) In determining whether rates comply with the standards
444 set forth in subsection (1), the following criteria shall apply:

445 (a) Due consideration shall be given to past and
446 prospective loss and expense experience within and outside this
447 state; to catastrophe hazards; to any residual market loss
448 redistributions and other similar obligations; to a reasonable
449 provision for profit and contingencies; to trends within and
450 outside this state; to loadings for leveling premium rates over a
451 reasonable period of time or for dividends or savings to be
452 allowed or returned by insurers to their policyholders, members or
453 subscribers; and to all other relevant factors, including the
454 judgment of the filer.



455 (b) Risks may be classified in any reasonable way for
456 the establishment of rates except that no risks may be grouped by
457 classifications based, in whole or in part, on race, color, creed,
458 or national origin of the risk. Rates may be modified for
459 individual risks in accordance with rating plans or schedules
460 which provide for recognition of probable variations in hazards,
461 expenses or both.

462 (c) The systems of expense provisions included in rates
463 for use by an insurer or group of insurers may differ from those
464 of other insurers or group of insurers to reflect the operating
465 methods of such insurer or group with respect to any kind of
466 insurance, or with respect to any subdivision or combination
467 thereof.

468 (d) Any homeowners' insurance policy filed with the
469 Commissioner of Insurance that offers a percentage deductible for
470 the peril of windstorm from a named storm shall offer a buy-back
471 provision for that deductible which is actuarially sound; however,
472 the Commissioner of Insurance may grant a waiver from the
473 mandatory buy-back provision in accordance with the following
474 procedure and criteria:

475 (i) An insurance company shall make a formal
476 filing requesting a waiver from the buy-back provision requirement
477 with the Commissioner of Insurance.

478 (ii) An insurance company shall submit written
479 proof in its formal filing as to why it is in the best interest of



480 Mississippi policyholders to receive a waiver from the buy-back
481 provision requirement and shall provide any supporting
482 documentation requested by the commissioner deemed appropriate to
483 make his decision.

484 (iii) All expenses incurred by the Commissioner of
485 Insurance or his designee in determining the validity of the
486 waiver request shall be borne by the petitioning insurer. Such
487 expenses may include, but not be limited to, the cost of reviewing
488 the filing by actuaries, and if the commissioner deems a public
489 hearing appropriate, the cost of a facility, the cost of publicity
490 and the cost of a court reporter for the hearing.

491 (e) The commissioner shall establish by regulation
492 uniform policy language regarding the applicability of hurricane
493 deductibles and the form of notice to be provided to an insured
494 under a homeowner's insurance policy by an insurer utilizing a
495 hurricane deductible program or programs. The term "hurricane,"
496 for the purpose of a hurricane deductible program, means a storm
497 system that has been declared to be a hurricane by the National
498 Hurricane Center of the National Weather Service. The duration of
499 the hurricane includes the time period, in Mississippi:

500 (i) Beginning at the time a hurricane watch or
501 hurricane warning is issued for any part of Mississippi by the
502 National Hurricane Center of the National Weather Service;

503 (ii) Continuing for the time period during which
504 the hurricane conditions exist anywhere in Mississippi; and



505 (iii) Ending twenty-four (24) hours following the
506 termination of the last hurricane watch or hurricane warning
507 issued for any part of Mississippi by the National Hurricane
508 Center of the National Weather Service.

509 (f) (i) The hurricane deductible of any personal lines
510 residential property insurance policy issued or renewed on or
511 after January 1, 2025, shall be applied as follows:

512 1. The hurricane deductible shall apply on an
513 annual basis to all covered hurricane losses that occur during the
514 calendar year for losses that are covered under one or more
515 policies issued by the same insurer or an insurer in the same
516 insurer group.

517 2. If a hurricane deductible applies
518 separately to each of one or more structures insured under a
519 single policy, the requirements of this paragraph apply with
520 respect to the deductible for each structure.

521 3. If there was a hurricane loss for a prior
522 hurricane or hurricanes during the calendar year, the insurer may
523 apply a deductible to a subsequent hurricane which is the greater
524 of the remaining amount of the hurricane deductible or the amount
525 of the deductible that applies to perils other than a hurricane.
526 Insurers may require policyholders to report hurricane losses that
527 are below the hurricane deductible or to maintain receipts or
528 other records of such hurricane losses in order to apply such
529 losses to subsequent hurricane claims.



530 4. If there are hurricane losses in a
531 calendar year on more than one (1) policy issued by the same
532 insurer or an insurer in the same insurer group, the hurricane
533 deductible shall be the highest amount stated in any one (1) of
534 the policies. If a policyholder who had a hurricane loss under
535 the prior policy is provided or offered a lower hurricane
536 deductible under the new or renewal policy, the insurer must
537 notify the policyholder, in writing, at the time the lower
538 hurricane deductible is provided or offered, that the lower
539 hurricane deductible will not apply until January 1 of the
540 following calendar year.

541 (ii) For commercial residential property insurance
542 policies issued or renewed on or after January 1, 2025, the
543 insurer must offer the policyholder the following alternative
544 hurricane deductibles:

545 1. A hurricane deductible that applies on an
546 annual basis as provided in paragraph (i); and

547 2. A hurricane deductible that applies to
548 each hurricane.

549 (3) To ensure the most appropriate use of state resources
550 with respect to the engagement of actuarial services for the
551 review of rate filings under this chapter, the commissioner may
552 adopt rules and regulations to establish the criteria and
553 procedures for determining when a rate filing should be submitted
554 to an actuary for review.



555 **SECTION 9.** This act shall take effect and be in force from
556 and after July 1, 2024.

