MISSISSIPPI LEGISLATURE REGULAR SESSION 2025

By: Representative Turner

To: Insurance;
Appropriations A

HOUSE BILL NO. 1328

AN ACT TO AMEND SECTION 83-1-191, MISSISSIPPI CODE OF 1972, TO RENAME THE COMPREHENSIVE HURRICANE DAMAGE MITIGATION PROGRAM TO THE STRENGTHEN MISSISSIPPI HOMES PROGRAM; TO INCLUDE WIND MITIGATION IN THE STRENGTHEN MISSISSIPPI HOMES PROGRAM; TO REMOVE THE PROVISIONS FOR A COST-BENEFIT STUDY ON WIND HAZARD MITIGATION CONSTRUCTION MEASURES, WIND CERTIFICATION AND HURRICANE MITIGATION INSPECTIONS, AND AN ADVISORY COUNCIL; TO INCREASE THE AMOUNTS OF FINANCIAL GRANTS OFFERED BY THE STRENGTHEN MISSISSIPPI HOMES PROGRAM TO FIFTEEN THOUSAND DOLLARS PER HOME AND TO ALLOW THE COMMISSIONER OF INSURANCE TO ESTABLISH CRITERIA FOR ISSUING OF GRANTS BY REGULATION; TO AUTHORIZE THE DEPARTMENT OF INSURANCE TO ENTER INTO CONTRACTS FOR PERSONAL AND PROFESSIONAL SERVICES TO IMPLEMENT THE STRENGTHEN MISSISSIPPI HOMES PROGRAM; TO RENAME THE COMPREHENSIVE HURRICANE DAMAGE MITIGATION PROGRAM FUND TO THE STRENGTHEN MISSISSIPPI HOMES PROGRAM FUND; TO AMEND SECTION 83-34-4, MISSISSIPPI CODE OF 1972, TO REVISE THE DIVERSION AND DISTRIBUTION OF THE NONADMITTED POLICY FEE; TO AMEND SECTION 83-5-73, MISSISSIPPI CODE OF 1972, TO INCREASE THE FEES OF AN AGENT'S CERTIFICATE OF AUTHORITY AND PROVIDE THAT PART OF THE FEE SHALL BE DEPOSITED INTO THE STRENGTHEN MISSISSIPPI HOMES FUND; TO AMEND SECTION 83-34-7, MISSISSIPPI CODE OF 1972, TO REVISE THE MAKEUP OF THE BOARD OF DIRECTORS OF THE MISSISSIPPI INSURANCE UNDERWRITING ASSOCIATION; TO PROVIDE THAT THE BOARD SHALL GET THE ADVICE AND CONSENT OF THE COMMISSIONER OF INSURANCE BEFORE REMOVAL OF THE EXECUTIVE DIRECTOR OF THE ASSOCIATION; AND FOR RELATED PURPOSES.

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

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

83-1-191. (1) There is established within the Department of Insurance a *** * *** Strengthen Mississippi Homes Program. This section does not create an entitlement for property owners or obligate the state in any way to fund the inspection or retrofitting of residential property or commercial property in this state. Implementation of this program is subject to the availability of funds that may be appropriated by the Legislature for this purpose. The program may develop and implement a comprehensive and coordinated approach for hurricane and wind damage mitigation that may include the following:

(a) *** * * Strengthen Mississippi Homes Program**. The Strengthen Mississippi Homes Program shall provide financial grants *** * *** to encourage single-family, site-built, owner-occupied, residential property owners or commercial property owners to retrofit their properties to make them less vulnerable to hurricane or wind damage. No financial grant made under this section shall exceed *** * *** Fifteen Thousand Dollars ($15,000.00) per recipient. The commissioner shall promulgate rules governing eligibility requirements for grants and the administration of the program, including but not limited to, establishing applicant criteria, contractor and evaluator eligibility requirements and grant round eligibility and criteria.

(*** * ***b) **Education and consumer awareness.** Multimedia public education, awareness and advertising efforts designed to specifically address mitigation techniques may be employed, as

well as a component to support ongoing consumer resources and referral services. In addition, all insurance companies shall provide notification to their clients regarding the availability of this program, participation details, and directions to the state website promoting the program, along with appropriate contact phone numbers to the state agency administrating the program. The notification to the clients must be sent by the insurance company within thirty (30) days after filing their insurance discount schedules with the Department of Insurance.

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(*** * ***c) **Rules and regulations.** The Department of Insurance may adopt rules and regulations governing the *** * *** Strengthen Mississippi Homes Program. The department also may adopt rules and regulations establishing priorities for grants provided under this section based on objective criteria that gives priority to reducing the state's probable maximum loss from hurricanes and wind. However, pursuant to this overall goal, the department may further establish priorities based on the insured value of the dwelling, whether or not the dwelling is insured by the Mississippi Windstorm Underwriting Association and whether or not the area under consideration has sufficient resources and the ability to perform the retrofitting required.

(2) Nothing in this section shall prohibit the Department of Insurance from entering into an agreement with any other

appropriate state agency to assist with or perform any of the duties set forth hereunder.

(3) In implementing, establishing and administering the Strengthen Mississippi Homes Program, the Department of Insurance * * * may enter into contracts for personal or professional services and may access monies in the * * * Strengthen Mississippi Homes Program Fund created in subsection (4) of this section * * *.

(4) There is created a special fund in the State Treasury to be known as the * * * Strengthen Mississippi Homes Program Fund. The fund shall consist of any monies from any source that are designated or made available for deposit into the fund. The Department of Insurance may apply for any federal or private grants to provide additional funds for the special fund. Monies in the fund shall be expended by the Department of Insurance, upon appropriation by the Legislature, for the purposes as provided in this section. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned or investment earnings on amounts in the fund shall be deposited into such fund.

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SECTION 2. Section 83-34-4, Mississippi Code of 1972, is amended as follows:

83-34-4. (1) Nonadmitted insurers shall not be assessable insurers of the association. All surplus lines insurance

producers placing insurance through nonadmitted insurers shall collect from the insured and remit to the association a nonadmitted policy fee on all premiums for all insurance written by such surplus lines insurance producer for a policy from a nonadmitted insurer for any and all risks in this state, except that policies or portions thereof that cover residential earthquake risks or residential flood risks that are not written through the National Flood Insurance Program shall be exempt from the nonadmitted policy fee. By procuring or selling insurance on property in this state from a nonadmitted insurer, each surplus lines insurance producer placing insurance through a nonadmitted insurer agrees to be bound by the provisions of this chapter and to collect and remit the nonadmitted policy fee provided for herein.

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

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

(4) Within twenty (20) days of the end of the quarter, surplus lines insurance producers placing insurance through nonadmitted insurers shall remit directly to the association all

nonadmitted policy fees collected in the preceding quarter. In addition to the nonadmitted policy fee 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 *** * ***.

(a) Beginning on July 1, 2018, and ending on June 30, 2019, before any fees are remitted to the association, One Million Five Hundred Thousand Dollars ($1,500,000.00) shall be diverted

and deposited into the Capital Expense Fund, and Four Million Five Hundred Thousand Dollars ($4,500,000.00) shall be diverted and deposited into the Rural Fire Truck Fund or Supplementary Rural Fire Truck Fund.

(b) * * * Beginning July 1, 2019, and ending on June 30, 2020, before any fees are remitted to the association, Three Million Five Hundred Thousand Dollars ($3,500,000.00) shall be diverted and deposited into the Rural Fire Truck Fund or Supplementary Rural Fire Truck Fund.

(c) * * * Beginning July 1, 2022, and ending June 30, 2025, 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, and ending June 30, 2025, but only if the association will receive at least sixty percent (60%) of the fees and the Mississippi First Responders Health and Safety Trust Fund has received the diversion of Five Hundred Thousand Dollars ($500,000.00), Three Million Five Hundred Thousand Dollars ($3,500,000.00) shall be diverted and deposited annually into the Annual Fire Fund created in Section 17-23-21. Further, beginning July 1, 2022, and ending June 30, 2025, after the association has received sixty percent (60%) of the fees and after all other diversions are made, fifty percent (50%) of any

excess amount shall be remitted to the association and fifty percent (50%) of any excess amount shall be diverted and deposited annually into the Annual Fire Fund.

(d) Beginning July 1, 2025, before any fees are remitted to the association, Ten Million Dollars ($10,000,000.00) shall be diverted and deposited annually to the Strengthen Mississippi Homes Program Fund created in Section 83-1-191; 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 25-15-401 et seq.; Three Million Five Hundred Thousand Dollars ($3,500,000.00) shall be diverted and deposited annually into the Annual Fire Fund created in Section 17-23-21; and further, beginning July 1, 2025, after all other diversions are made, Eight Million Dollars ($8,000,000.00) shall be remitted to the association. Further, beginning July 1, 2025, after the association has received Eight Million Dollars ($8,000,000.00) and all other diversions are made, fifty percent (50%) of any excess amount shall be remitted to the Strengthen Mississippi Homes Program Fund and fifty percent (50%) of any excess amount shall be diverted and deposited annually into the Annual Fire Fund.

In the event the value of the association's Total Admitted Assets, as defined by the audited financial statement, is less than Two Hundred Fifty Million Dollars ($250,000,000.00), the monies diverted and not remitted to the association under this

subsection (6) during that fiscal year and subsequent fiscal years shall immediately be diverted to the association and shall not be considered public funds.

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

SECTION 3. Section 83-5-73, Mississippi Code of 1972, is amended as follows:

83-5-73. The commissioner shall collect and pay into the special fund in the State Treasury designated as the "Insurance Department Fund" the following fees: for certificate of authority to each general or district agent or manager, Twenty-five Dollars ($25.00); for filing and processing an agent's certificate of authority, *** * *** Fifty Dollars ($50.00); for filing and examining statement preliminary to admission, One Thousand Dollars ($1,000.00); for filing and processing a Form A application, Two Thousand Dollars ($2,000.00); for filing and auditing annual statement, Five Hundred Dollars ($500.00); for filing any other paper required by law, Fifty Dollars ($50.00); for continuing education courses or programs filed by the providers for approval, Fifty Dollars ($50.00); for each certification company licensed status, Forty Dollars ($40.00); for each seal when required, Twenty Dollars ($20.00); for service of process on the commissioner as attorney, Twenty-five Dollars ($25.00).

From and after July 1, 2016, the expenses of this agency shall be defrayed by appropriation from the State General Fund and all user charges and fees authorized under this section shall be deposited into the State General Fund as authorized by law, except that from and after July 1, 2025, of the Fifty Dollar ($50.00) fee charged for the filing and processing of an agent's certificate of authority, Twenty-five Dollars ($25.00) shall be deposited into the State General Fund and Twenty-five Dollars ($25.00) shall be deposited into the Strengthen Mississippi Homes Fund.

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

SECTION 4. Section 83-34-7, Mississippi Code of 1972, is amended as follows:

83-34-7. (1) The Board of Directors of the Mississippi Insurance Underwriting Association as presently constituted shall serve as the temporary board of directors of the association. Such temporary board of directors shall prepare and submit a plan of operation in accordance with Section 83-34-13 and shall serve until the permanent board of directors shall take office in accordance with the plan of operation. The permanent board shall consist of five (5) representatives of the members to be appointed by the temporary board of directors subject to the approval of the commissioner and three (3) agents from the coast area to be appointed by the commissioner. The terms of the members of the

board of directors in place before March 22, 2007, shall expire on March 22, 2007, and such persons shall cease to serve on the board and shall relinquish all power and control of the association.

(2) (a) From and after * * * July 1, 2025, the board of directors of the association shall consist of the following:

(i) The State Treasurer, who shall serve as an ex-officio, nonvoting member;

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

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

(iv) * * * One (1) business * * * leader who * * * has been * * * a resident of the coast area for no less than ten (10) years and who * * * has no less than ten (10) years'

experience in management of a business *** * *** to be appointed by the Governor *** * ***.

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

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

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

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

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

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

(vi) The initial term * * * of * * * noncoast agent to be appointed by the Lieutenant Governor shall begin on * * * July 1, 2025, and expire on December 31, * * * 2028, thereafter to be appointed for three-year terms;

(vii) * * * The initial term for * * * the business * * * leader appointed by the Governor shall begin on * * * July 1, 2025, and expire on December 31, * * * 2028, thereafter to be appointed for three-year terms.

(3) On or before * * * July 1, 2025, the appropriate public official shall make such appointments and request such resignations from the existing board as are appropriate to comply with this section.

(4) The board shall be staffed by as many employees as it deems necessary; however, the board shall receive the advice and consent of the Commissioner of Insurance before removal of the executive director of the association.

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

SECTION 5. Section 1 of this act shall take effect and be in force from and after its passage and the remainder of this act shall take effect and be in force from and after July 1, 2025.