

By: Representative Hood

To: Banking and Financial
Services

HOUSE BILL NO. 1450

1 AN ACT TO BRING FORWARD SECTION 75-67-121, MISSISSIPPI CODE
2 OF 1972, WHICH CONTAINS PROVISIONS RELATED TO NONFILE INSURANCE
3 UNDER THE SMALL LOAN REGULATORY LAW; FOR THE PURPOSE OF POSSIBLE
4 AMENDMENT; AND FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 75-67-121, Mississippi Code of 1972, is
7 brought forward as follows:

8 75-67-121. (1) Any licensee under this article may charge
9 any borrower on loans of One Hundred Dollars (\$100.00) or more the
10 actual cost of recording any instrument executed as security for a
11 loan; any reasonable fee paid to an attorney for investigating the
12 title to any property given as security for a loan; the actual
13 cost of any premium paid for insurance upon any property given as
14 security for a loan, such insurance to be placed with an insurance
15 company agent of the borrower's selection so long as it is
16 licensed to do business in the State of Mississippi; the actual
17 cost of any premium paid for credit life, health and/or accident
18 insurance and/or involuntary unemployment insurance on any
19 borrower where the amount of insurance required is not in excess



20 of the amount of the loan; and the premium for the insurance is in
21 keeping with that usually and customarily paid for like insurance.

22 (2) In addition, after the licensee has fully approved the
23 loan to the borrower, the licensee may offer the borrower the
24 opportunity to purchase an auto club membership. The licensee
25 shall inform the borrower in writing that the purchase of an auto
26 club membership is optional and is not required as a condition of
27 receiving the loan, and that failure to purchase an auto club
28 membership will not affect the licensee's approval of the loan or
29 the receipt of the loan by the borrower. The notification shall
30 be initialed by the borrower. If the borrower chooses to purchase
31 an auto club membership, the licensee shall allow the borrower to
32 pay the cost of the auto club membership using funds other than
33 the proceeds of a loan or have the cost deducted from the proceeds
34 of any loan obtained from the licensee. The borrower shall be
35 allowed to cancel the auto club membership for a full refund of
36 the purchase price at any time within thirty (30) days after the
37 date of purchase from the licensee if the borrower has not used
38 any of the services provided through the auto club membership.
39 The commissioner shall monitor the number of loans made by
40 licensees with which the borrower chooses to purchase an auto club
41 membership, and shall report that information to the Chairmen of
42 the House Banking and Financial Services Committee and the Senate
43 Business and Financial Institutions Committee by January 1, 2009.



44 (3) On loans of One Hundred Dollars (\$100.00) or more, any
45 licensee under this article may solicit and collect from any
46 purchasing borrower the actual cost of any insurance premium paid
47 for any one or more noncredit insurance policies, provided that
48 such insurance is optional, is filed with the Department of
49 Insurance, and is underwritten by an insurance company qualified
50 to do business in Mississippi, and provided that the following
51 conditions are met:

52 (a) The licensee shall not require the purchase of the
53 noncredit insurance as a condition of receiving any loan or other
54 extension of credit from the licensee;

55 (b) The licensee's employees offering the noncredit
56 insurance are:

57 (i) Properly licensed with the Department of
58 Insurance as an insurance producer for the type of insurance being
59 offered to the borrower by that employee; and

60 (ii) Appointed with the insurance company
61 providing the insurance policy to the purchasing borrower;

62 (c) The licensee shall not make the borrower's ability
63 to obtain any current or future loan or other extension of credit
64 from the licensee contingent upon the borrower's agreement to
65 purchase the noncredit insurance or otherwise transact business
66 with the licensee; and

67 (d) The licensee shall allow the borrower the option to
68 pay the cost of the noncredit insurance policy using funds other



69 than the proceeds of a loan obtained from the licensee, or to have
70 the cost of the noncredit insurance paid from the proceeds of any
71 loan obtained from the licensee.

72 The limitations on the amount of insurance contained in
73 subsection (1) of this section shall not apply to insurance sold
74 under this subsection (3).

75 (4) Whenever he finds it necessary, the Commissioner of
76 Banking and Consumer Finance shall have the power to adopt and
77 enforce reasonable rules and regulations to prevent the abuse of
78 this section and the making of excessive charges under this
79 section.

80 **SECTION 2.** This act shall take effect and be in force from
81 and after July 1, 2025.

