

By: Representative Hood

To: Banking and Financial
Services

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1450

1 AN ACT TO AMEND SECTION 75-67-121, MISSISSIPPI CODE OF 1972,
2 TO AUTHORIZE A LICENSEE UNDER THE SMALL LOAN REGULATORY LAW TO
3 CHARGE A FEE FOR THE PURCHASE OF NONFILING OR NONRECORDING
4 INSURANCE IN LIEU OF THE ACTUAL COST OF RECORDING AN INSTRUMENT
5 EXECUTED AS SECURITY FOR A LOAN; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 75-67-121, Mississippi Code of 1972, is
8 amended as follows:

9 75-67-121. (1) Any licensee under this article may charge
10 any borrower on loans of One Hundred Dollars (\$100.00) or more the
11 actual cost of recording any instrument executed as security for a
12 loan; any reasonable fee paid to an attorney for investigating the
13 title to any property given as security for a loan; the actual
14 cost of any premium paid for insurance upon any property given as
15 security for a loan, such insurance to be placed with an insurance
16 company agent of the borrower's selection so long as it is
17 licensed to do business in the State of Mississippi; the actual
18 cost of any premium paid for credit life, health and/or accident
19 insurance and/or involuntary unemployment insurance on any



borrower where the amount of insurance required is not in excess of the amount of the loan; and the premium for the insurance is in keeping with that usually and customarily paid for like insurance.

In lieu of the actual cost of recording an instrument executed as security for a loan, a licensee may charge a fee for the purchase of nonfiling or nonrecording insurance on the instrument; however, the fee may not exceed the amount of the fee charged by the Secretary of State to file an initial financing statement commonly referred to as the Mississippi Financing Statement Form UCC1.

(2) In addition, after the licensee has fully approved the loan to the borrower, the licensee may offer the borrower the opportunity to purchase an auto club membership. The licensee shall inform the borrower in writing that the purchase of an auto club membership is optional and is not required as a condition of receiving the loan, and that failure to purchase an auto club membership will not affect the licensee's approval of the loan or the receipt of the loan by the borrower. The notification shall be initialed by the borrower. If the borrower chooses to purchase an auto club membership, the licensee shall allow the borrower to pay the cost of the auto club membership using funds other than the proceeds of a loan or have the cost deducted from the proceeds of any loan obtained from the licensee. The borrower shall be allowed to cancel the auto club membership for a full refund of the purchase price at any time within thirty (30) days after the



45 date of purchase from the licensee if the borrower has not used
46 any of the services provided through the auto club membership.
47 The commissioner shall monitor the number of loans made by
48 licensees with which the borrower chooses to purchase an auto club
49 membership, and shall report that information to the Chairmen of
50 the House Banking and Financial Services Committee and the Senate
51 Business and Financial Institutions Committee by January 1, 2009.

52 (3) On loans of One Hundred Dollars (\$100.00) or more, any
53 licensee under this article may solicit and collect from any
54 purchasing borrower the actual cost of any insurance premium paid
55 for any one or more noncredit insurance policies, provided that
56 such insurance is optional, is filed with the Department of
57 Insurance, and is underwritten by an insurance company qualified
58 to do business in Mississippi, and provided that the following
59 conditions are met:

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

63 (b) The licensee's employees offering the noncredit
64 insurance are:

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

68 (ii) Appointed with the insurance company
69 providing the insurance policy to the purchasing borrower;



70 (c) The licensee shall not make the borrower's ability
71 to obtain any current or future loan or other extension of credit
72 from the licensee contingent upon the borrower's agreement to
73 purchase the noncredit insurance or otherwise transact business
74 with the licensee; and

75 (d) The licensee shall allow the borrower the option to
76 pay the cost of the noncredit insurance policy using funds other
77 than the proceeds of a loan obtained from the licensee, or to have
78 the cost of the noncredit insurance paid from the proceeds of any
79 loan obtained from the licensee.

80 The limitations on the amount of insurance contained in
81 subsection (1) of this section shall not apply to insurance sold
82 under this subsection (3).

83 (4) Whenever he finds it necessary, the Commissioner of
84 Banking and Consumer Finance shall have the power to adopt and
85 enforce reasonable rules and regulations to prevent the abuse of
86 this section and the making of excessive charges under this
87 section.

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

