

By: Representative Guice

To: Insurance

COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1229

1 AN ACT TO AMEND SECTION 83-17-7, MISSISSIPPI CODE OF 1972, TO
2 AUTHORIZE AN INSURANCE AGENT, AGENCY OR AFFILIATE TO PAY A
3 REFERRAL FEE TO ANY UNLICENSED EMPLOYEE OF THE AGENT, AGENCY OR
4 AFFILIATE WHEN THE EMPLOYEE REFERS A PROSPECTIVE INSURED TO THE
5 LICENSED AGENT OR AGENCY; TO AUTHORIZE THE COMMISSIONER OF
6 INSURANCE TO PROMULGATE RULES AND REGULATIONS REGARDING THE
7 PAYMENT OF COMMISSIONS TO UNAUTHORIZED AGENTS; AND FOR RELATED
8 PURPOSES.

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

10 SECTION 1. Section 83-17-7, Mississippi Code of 1972, is
11 amended as follows:

12 83-17-7. It shall be unlawful for any insurance company or
13 any insurance agent to pay, directly or indirectly, any
14 commission, brokerage or other valuable consideration on account
15 of any policy or policies written on risks in this state to any
16 person, agent, firm or corporation not duly licensed as an
17 insurance agent in this state, except that property and other
18 risks of nonresident persons, and of foreign corporations not
19 qualified in this state, may be insured by brokers or other agents
20 duly licensed in other states.

21 It shall be lawful, however, for an insurance company or any
22 insurance agent to pay, directly or indirectly, to the surviving
23 spouse or heirs of a deceased licensed insurance agent in this
24 state any commissions or other valuable consideration to which the
25 deceased agent would be entitled, whether such surviving spouse or
26 heir is or is not a licensed agent.

27 It shall be lawful for an insurance agent, agency or
28 affiliate to pay a referral fee to any unlicensed employee of the
29 agent, agency or affiliate when the employee refers a prospective

30 insured to the licensed agent or agency. The referral fee shall
31 be a one-time nominal fee of a fixed dollar amount for each
32 referral customer. The payment of any referral fee shall not
33 depend on whether the referral results in a sale of any insurance
34 products. Furthermore, the referral fee shall not be based on a
35 percentage of any premiums or commissions collected by the
36 licensed agent. The referral fee shall not be paid, either
37 directly or indirectly, to the prospective insured.

38 The Commissioner of Insurance may promulgate rules and
39 regulations necessary to carry out the provisions of this section.

40 SECTION 2. This act shall take effect and be in force from
41 and after its passage.