

By: Kirby

To: Insurance

SENATE BILL NO. 2046
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 83-21-19, MISSISSIPPI CODE OF 1972,
2 TO ALLOW NONRESIDENT AGENTS TO OBTAIN PRIVILEGE LICENSES FOR
3 PLACING SURPLUS LINES INSURANCE UNDER CERTAIN CIRCUMSTANCES; TO
4 AMEND SECTION 83-21-23, MISSISSIPPI CODE OF 1972, TO ELIMINATE THE
5 REQUIREMENT THAT THE INSURED EXECUTE THE DUE DILIGENCE AFFIDAVIT
6 FOR SURPLUS LINES INSURANCE, AND TO AUTHORIZE THE COMMISSIONER OF
7 INSURANCE TO IMPOSE ADMINISTRATIVE PENALTIES FOR AN AGENT'S
8 NONCOMPLIANCE WITH SURPLUS LINES STATUTES OR RULES AND
9 REGULATIONS; AND FOR RELATED PURPOSES.

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

11 SECTION 1. Section 83-21-19, Mississippi Code of 1972, is
12 amended as follows:[JMR1]

13 83-21-19. The Commissioner of Insurance, upon the annual
14 payment of a fee of Fifty Dollars (\$50.00), may issue to a
15 licensed resident or nonresident agent (based on a reciprocal
16 agreement with the state of the nonresident agent), who is
17 regularly commissioned to represent two (2) or more fire, marine,
18 casualty or surety insurance companies licensed to do business in
19 the state, a privilege license to place kinds of direct insurance
20 affected hereby, to be evidenced by policies of insurance or
21 certificates of insurance, in eligible nonadmitted insurers
22 authorized to do business in this state. Every insurance contract
23 procured and delivered pursuant to Sections 83-21-17 through
24 83-21-31 shall have stamped upon it in bold ten-point type,
25 and * * * bear the name of the agent who procured it, the
26 following: "NOTE: This insurance policy is issued pursuant to
27 Mississippi law covering surplus lines insurance. The company
28 issuing the policy is not licensed by the State of Mississippi,
29 but is authorized to do business in Mississippi as a nonadmitted

30 company. The policy is not protected by the Mississippi Insurance
31 Guaranty Association in the event of the insurer's insolvency."
32 No diminution of the license fee herein provided shall occur as to
33 any license effective after January 1 of any year. The
34 Commissioner of Insurance may require written application for such
35 license.

36 SECTION 2. Section 83-21-23, Mississippi Code of 1972, is
37 amended as follows:[JMR2]

38 83-21-23. When any policy of insurance or certificate of
39 insurance is procured under the authority of such license, there
40 shall be executed by the agent * * * an affidavit setting forth
41 facts in complete detail as to what was done to place such kind of
42 insurance and showing that such agent therein was unable, after
43 diligent effort, to procure from any licensed company or companies
44 the full amount of insurance required to protect the property,
45 liability, or risk desired to be insured, and further showing that
46 the amount of insurance procured from the eligible nonadmitted
47 insurer or insurers is only the excess over the amount so
48 procurable from licensed companies. Each such affidavit, which
49 shall be effective for the term of the policy, shall be filed with
50 the Commissioner of Insurance along with the report required in
51 Section 83-21-25.

52 The Commissioner of Insurance may promulgate rules and
53 regulations and establish appropriate fees for the implementation
54 of Sections 83-21-17 through 83-21-31. The Commissioner of
55 Insurance shall also have authority to impose penalties for an
56 agent's noncompliance with Sections 83-21-17 through 83-21-31 or
57 rules and regulations hereunder including civil penalties not to
58 exceed Two Thousand Five Hundred Dollars (\$2,500.00) per violation
59 or revocation of the agent's license, or both.

60 SECTION 3. This act shall take effect and be in force from
61 and after July 1, 2000.