

By: Thames, Kirby

To: Insurance

SENATE BILL NO. 2471  
(As Passed the Senate)

1 AN ACT TO AMEND SECTION 83-38-3, MISSISSIPPI CODE OF 1972, TO  
2 REVISE THE DEFINITION OF THE TERM "RURAL AREAS" AS IT RELATES TO  
3 THE MISSISSIPPI RURAL RISK UNDERWRITING ASSOCIATION LAW; AND FOR  
4 RELATED PURPOSES.

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

6 SECTION 1. Section 83-38-3, Mississippi Code of 1972, is  
7 amended as follows:

8 83-38-3. In this chapter, unless the context otherwise  
9 requires:

10 (a) "Essential property insurance" means insurance  
11 against direct loss to residential property as defined and limited  
12 in the standard fire policy and extended coverage endorsement  
13 thereon, as approved by the Mississippi Insurance Commissioner.

14 For the purposes of this chapter, essential property  
15 insurance coverage shall be limited to ninety-five percent (95%)  
16 of the market value of real and personal property that is insured  
17 by the association, excluding the value of land.

18 (b) "Association" means the Mississippi Rural Risk  
19 Insurance Underwriting Association established pursuant to the  
20 provisions of this chapter.

21 (c) "Plan of operation" means the plan of operation of  
22 the association approved or promulgated by the Mississippi  
23 Insurance Commissioner pursuant to the provisions of this chapter.

24 (d) "Insurable interest" means any lawful and  
25 substantial economic interest in the safety or preservation of  
26 property from loss, destruction or pecuniary damage.

27 (e) "Insurable property" means residential builder's

28 risk and residential real property in unprotected rural areas or  
29 the contents located therein, but shall not include insurance on  
30 motor vehicles, which property is determined by the association  
31 after inspection and pursuant to the criteria specified in the  
32 plan of operation, to be in an insurable condition; provided,  
33 however, any one- and two-family dwelling built in substantial  
34 accordance with the local building code if applicable, which is  
35 not otherwise rendered uninsurable by reason of use, occupancy or  
36 state of repair, shall be an insurable risk within the meaning of  
37 this chapter, but neighborhood, area, location, environmental  
38 hazards beyond the control of the applicant or owner of the  
39 property shall not be considered in determining insurable  
40 condition. Unprotected rural areas shall include those areas of  
41 the state with fire protection classed as eight (8), nine (9) or  
42 ten (10) by the Insurance Department.

43 (f) "Commissioner" means the Mississippi Insurance  
44 Commissioner as provided in Section 83-1-3.

45 (g) "Net direct premiums" means gross direct premiums,  
46 excluding reinsurance assumed and ceded, written on property in  
47 this state for fire and extended coverage insurance, including the  
48 fire and extended coverage components of comprehensive dwelling  
49 policies and homeowner policies, less return premiums upon  
50 cancelled contracts, dividends paid or credited to the  
51 policyholders or the unused or unabsorbed portion of premium  
52 deposits, and further excluding premiums on farm property.

53 (h) "Rural areas" means all areas in the State of  
54 Mississippi designated as fire protection Class 8, 9 or 10 by the  
55 Insurance Department.

56 SECTION 2. This act shall take effect and be in force from  
57 and after July 1, 2000.