

By: Senator(s) Kirby

To: Insurance

SENATE BILL NO. 2743

1 AN ACT TO AMEND SECTION 83-18-109, MISSISSIPPI CODE OF 1972,  
2 TO DELETE THE PROVISION WHICH PROHIBITS AN INSURER FROM APPOINTING  
3 TO ITS BOARD OF DIRECTORS AN OFFICER, DIRECTOR, EMPLOYEE,  
4 SUBPRODUCER OR CONTROLLING SHAREHOLDER OF ITS MANAGING GENERAL  
5 AGENT; AND FOR RELATED PURPOSES.

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

7 SECTION 1. Section 83-18-109, Mississippi Code of 1972, is  
8 amended as follows:

9 83-18-109. (1) The insurer shall have on file an  
10 independent financial examination, in a form acceptable to the  
11 commissioner, of each managing general agent with which it has  
12 done business.

13 (2) If a managing general agent establishes loss reserves,  
14 the insurer shall annually obtain the opinion of an actuary  
15 attesting to the adequacy of loss reserves established for losses  
16 incurred and outstanding on business produced by the managing  
17 general agent. This is in addition to any other required loss  
18 reserve certification.

19 (3) The insurer shall periodically (at least semiannually)  
20 conduct an on-site review of the underwriting and claims  
21 processing operations of the managing general agent.

22 (4) Binding authority for all reinsurance contracts or  
23 participation in insurance or reinsurance syndicates shall rest  
24 with an officer of the insurer, who shall not be affiliated with  
25 the managing general agent.

26 (5) Within thirty (30) days of entering into or termination  
27 of a contract with a managing general agent, the insurer shall  
28 provide written notification of such appointment or termination to

29 the commissioner. Notices of appointment of a managing general  
30 agent shall include a statement of duties which the applicant is  
31 expected to perform on behalf of the insurer, the lines of  
32 insurance for which the applicant is to be authorized to act and  
33 any other information the commissioner may request.

34 (6) An insurer shall review its books and records each  
35 quarter to determine if any producer as defined by Section  
36 83-18-103 has become, by operation of Section 83-18-103, a  
37 managing general agent as defined in that section. If the insurer  
38 determines that a producer has become a managing general agent  
39 pursuant to the above, the insurer shall promptly notify the  
40 producer and the commissioner of such determination and the  
41 insurer and producer must fully comply with the provisions of  
42 Sections 83-18-101 and 83-18-111 within thirty (30) days.

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44 (7) The acts of the managing general agent are considered to  
45 be the acts of the insurer on whose behalf it is acting. A  
46 managing general agent may be examined as if it were the insurer.

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