

By: Senator(s) Thames

To: Insurance

SENATE BILL NO. 2353

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, 2002.

