MISSISSIPPI LEGISLATURE REGULAR SESSION 2020

By: Senator(s) Michel To: Insurance

SENATE BILL NO. 2709
(As Sent to Governor)

AN ACT TO AMEND SECTIONS 83-75-1, 83-75-3 AND 83-75-5, MISSISSIPPI CODE OF 1972, TO INCLUDE COMMERCIAL PROPERTY IN THE INSURANCE PREMIUM DISCOUNT OR RATE REDUCTION FOR HURRICANE OR WINDSTORM DAMAGE MITIGATION; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-75-1, Mississippi Code of 1972, is amended as follows:

83-75-1. (1) Not later than July 1, 2013, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (* * *6) of this section and according to Section 83-75-5. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who builds or locates a new insurable property in Harrison, Hancock, Jackson, Stone and Pearl River Counties, to resist loss due to hurricane or other catastrophic windstorm events.

(2) Not later than July 1, 2019, insurance companies shall provide a premium discount or insurance rate reduction for new residential insurable property in an amount and manner as established in subsection (* * *6) of this section and according to Section 83-75-5. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who builds or locates a new residential insurable property to resist loss due to tornado or other catastrophic windstorm events in any county located in the State of Mississippi.

(3) Not later than July 1, 2021, insurance companies shall provide a premium discount or insurance rate reduction for new commercial insurable property in an amount and manner as established in subsection (6) of this section and according to Section 83-75-5. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who builds or locates a new commercial insurable property to resist loss due to hurricane, tornado or other catastrophic windstorm events in any county located in the State of Mississippi.

(* * *4) To obtain the adjustment provided in this section, an insurable property located in this state shall be certified as constructed * * * in accordance with (a) the 2006 or newer version of the International Residential Code, as amended, including the entire coastal construction supplement as recommended by the Mississippi Windstorm Mitigation Coordination Council; or (b) the 2012 or newer version of the International Building Code, as amended; or * * * (c) the Fortified for Safer Living or similar programs adopted by the Insurance Institute for Business and Home Safety; or * * * (d) any other mitigation program recommended by the Mississippi Windstorm Mitigation Coordination Council and approved by the Commissioner of Insurance. An insurable property shall be certified as conforming to the applicable building codes only after an evaluation of the insurable property has been satisfactorily completed by a building official or a certified and licensed building evaluator. An insurable property shall be certified as conforming to Fortified for Safer Living criteria only after evaluation and certification by an Insurance Institute for Business and Home Safety certified evaluator.

(* * *5) An owner of insurable property claiming an adjustment under this section shall maintain sufficient certification records and construction records including, but not limited to, a Certificate of Occupancy denoting compliance with the applicable building code in subsection (* * *4)(a) of this section or valid certification from the Insurance Institute for

Business and Home Safety for compliance with the program described in subsection (* * *4)(b) of this section.

(* * *6) Insurers required to submit rates and rating plans to the commissioner shall submit an actuarially justified rating plan for any person who builds an insurable property to comply with the sets of requirements of subsection (* * *4) of this section. An insurer is not required to provide the same amount of adjustment for a building code insurable property as the insurer would to a Fortified for Safer Living insurable property. An adjustment shall only apply to policies that provide wind coverage and may apply to that portion of the premium for wind coverage or to the total premium if the insurer does not separate out its premium for wind coverage in its rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

SECTION 2. Section 83-75-3, Mississippi Code of 1972, is amended as follows:

83-75-3. (1) Not later than July 1, 2013, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (* * *5) of this section and according to Section 83-75-5. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or

a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who retrofits his or her insurable property in Harrison, Hancock, Jackson, Stone and Pearl River Counties to resist loss due to hurricane or other catastrophic windstorm events.

(2) Not later than July 1, 2021, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (5) of this section and according to Section 83-75-5. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who retrofits existing commercial insurable property to resist loss due to tornado or other catastrophic windstorm events in any county located in the State of Mississippi.

(* * *3) To obtain the adjustment provided in this section, an insurable property shall be retrofitted to one (1) of the tiered mitigation levels as defined * * * by the Insurance Institute for Business and Home Safety, or other mitigation program, or other construction technique, or standardized code that is recommended by the Mississippi Windstorm Mitigation Coordination Council and approved by the Commissioner of Insurance. Zone three HUD code manufactured homes installed to

specifications and regulations promulgated by the Commissioner of Insurance shall be considered. An insurable property shall be certified as conforming to Fortified for Safer Homes requirements only after evaluation and certification by an Insurance Institute for Business and Home Safety certified evaluator. Certification of conformity of an insurable property with the other mitigation program, other construction technique, or other standardized code shall be made only by a building official or other certified or licensed building evaluator.

(* * *4) An owner of insurable property claiming an adjustment under this section shall maintain sufficient certification records and construction records including, but not limited to, a certification of compliance with an approved mitigation program as promulgated by the Mississippi Windstorm Mitigation Coordination Council and approved by the Commissioner of Insurance or valid certification from the Insurance Institute for Business and Home Safety for compliance with a program described in subsection (* * *3) of this section.

(* * *5) Insurers required to submit rates and rating plans to the commissioner shall submit actuarially justified rating plans for any person who retrofits an insurable property to comply with the sets of alternatives provided in subsection (* * *3) of this section. The adjustment shall only apply to policies that provide wind coverage and may apply to that portion of the premium for wind coverage or to the total premium if the insurer does not

separate out its premium for wind coverage in its rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

SECTION 3. Section 83-75-5, Mississippi Code of 1972, is amended as follows:

[Until July 1, 2021, this section shall read as follows:]

83-75-5. For the purposes of this chapter, the term "insurable property" includes single-family residential property. "Insurable property" also includes modular homes satisfying the codes, standards, or techniques as provided in Section 83-75-1 or 83-75-3. Manufactured homes or mobile homes are excluded from "insurable property," except as expressly provided in Section 83-75-3(* * *3).

[From and after July 1, 2021, this section shall read as follows:]

83-75-5. For the purposes of this chapter, the term "insurable property" includes single-family residential and commercial property. "Insurable property" also includes modular homes satisfying the codes, standards, or techniques as provided in Section 83-75-1 or 83-75-3. Manufactured homes or mobile homes are excluded from "insurable property," except as expressly provided in Section 83-75-3(* * *3).

SECTION 4. This act shall take effect and be in force from and after July 1, 2020.

ST: Insurance premium discount for hurricane or windstorm damage mitigation; include commercial property.