

By: Representatives Turner, Arnold

To: Insurance

COMMITTEE SUBSTITUTE  
FOR  
HOUSE BILL NO. 888

1 AN ACT TO AMEND SECTION 27-7-1001, MISSISSIPPI CODE OF 1972,  
2 TO DEFINE "DISASTER MITIGATION EXPENSE", "DISASTER RECOVERY  
3 EXPENSES" AND "QUALIFIED CATASTROPHE EXPENSES"; TO AMEND SECTION  
4 27-7-1003, MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE LIMITS ON  
5 THE TOTAL AMOUNT THAT MAY BE CONTRIBUTED TO A CATASTROPHE SAVINGS  
6 ACCOUNT IS AN ANNUAL LIMIT; TO AMEND SECTION 27-7-1005,  
7 MISSISSIPPI CODE OF 1972, TO CLARIFY THAT CATASTROPHE SAVINGS  
8 ACCOUNTS MAY BE USED FOR QUALIFIED DISASTER MITIGATION EXPENSES;  
9 TO AMEND SECTION 83-1-191, MISSISSIPPI CODE OF 1972, TO PROVIDE  
10 THAT THE MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE  
11 MITIGATION TRUST FUND SHALL FUND THE COMPREHENSIVE HURRICANE AND  
12 WIND DAMAGE MITIGATION PROGRAM; TO ADD "WIND" TO THE MISSISSIPPI  
13 COMPREHENSIVE HURRICANE DAMAGE MITIGATION PROGRAM; TO DELETE THE  
14 REPEALER; TO CREATE A SPECIAL FUND IN THE STATE TREASURY TO BE  
15 DESIGNATED AS THE "MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND  
16 DAMAGE MITIGATION PROGRAM TRUST FUND"; TO AMEND SECTION 83-2-33,  
17 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT ALL PROPERTY AND  
18 CASUALTY INSURANCE COMPANIES DOING BUSINESS IN THIS STATE SHALL  
19 CONTRIBUTE, IN PROPORTION TO THEIR GROSS PREMIUMS, TO THE  
20 MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE MITIGATION  
21 PROGRAM TRUST FUND; TO PROVIDE THAT TOTAL CONTRIBUTIONS COLLECTED  
22 FOR THE MISSISSIPPI COMPREHENSIVE HURRICANE AND WIND DAMAGE  
23 MITIGATION PROGRAM TRUST FUND SHALL NOT EXCEED ONE MILLION FIVE  
24 HUNDRED THOUSAND DOLLARS; TO TRANSFER FIVE MILLION DOLLARS FROM  
25 THE MISSISSIPPI SURPLUS LINES ASSOCIATION TO THE MISSISSIPPI  
26 COMPREHENSIVE HURRICANE AND WIND DAMAGE MITIGATION PROGRAM TRUST  
27 FUND; TO BRING FORWARD SECTION 83-2-3, MISSISSIPPI CODE OF 1972,  
28 FOR THE PURPOSE OF POSSIBLE AMENDMENTS; AND FOR RELATED PURPOSES.

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

30 **SECTION 1.** Section 27-7-1001, Mississippi Code of 1972, is  
31 amended as follows:



32 27-7-1001. As used in this article, the following terms  
33 shall have the meanings as defined in this section:

34 (a) "Catastrophe savings account" means a regular  
35 savings account or money market account established by an  
36 insurance policyholder who is a state income taxpayer (i) to pay  
37 an insurance deductible under an insurance policy that covers the  
38 taxpayer's legal residence that covers hurricane, flood, windstorm  
39 or other catastrophic event damage, (ii) to pay for catastrophic  
40 event damage to the taxpayer's legal residence that is not covered  
41 by the policy of insurance that covers the taxpayer's legal  
42 residence for such damage after the deductible under such policy  
43 has been paid, \* \* \* (iii) to pay self-insured losses for the  
44 taxpayer's legal residence from a hurricane, flood, windstorm, or  
45 other catastrophic event, or (iv) to pay qualified disaster  
46 mitigation expenses. The account must be labeled as a  
47 "catastrophe savings account" in order to qualify as a catastrophe  
48 savings account for the purposes of this article. A taxpayer may  
49 establish only one (1) catastrophe savings account and shall  
50 specify that the purpose of the account is to cover the aggregate  
51 amount of insurance policy deductibles and other uninsured  
52 portions of risks of loss from a hurricane, flood, windstorm or  
53 other catastrophic event or disaster mitigation expenses.

54 (b) "Catastrophic event" means windstorms, cyclones,  
55 earthquakes, hurricanes, ice storms, tornadoes, high winds, flood,  
56 hail and force majeure, and similar perils not normally among



57 those covered under most property casualty insurance policies, but  
58 obtainable through the purchase of wind, wind and hail, flood, or  
59 storm or windstorm coverage, or any combination of those  
60 coverages. The term "catastrophic event" also includes any event  
61 or occurrence for which a Presidential declaration of disaster or  
62 declaration of disaster by the Governor is issued.

63 (c) "Disaster mitigation expenses" means expenses for  
64 any of the following with respect to the taxpayer's legal  
65 residence:

66 (i) Tornado safe rooms manufactured or constructed  
67 in accordance with FEMA 320 or FEMA 361 guidance or tornado  
68 shelters manufactured or constructed in accordance with the  
69 National Storm Shelter/International Code Council 500 standard.

70 (ii) Opening protection, including impact and wind  
71 resistance windows, exterior doors and garage doors.

72 (iii) Reinforcement of roof-to-wall and  
73 floor-to-wall connection for wind or seismic activity.

74 (iv) Roof covering for impact, fire or high wind  
75 resistance.

76 (v) Cripple and shear walls to resist seismic  
77 activity.

78 (vi) Flood resistance building materials.

79 (vii) Elevating structures and utilities above  
80 base flood elevation.



81 (viii) Fire resistance exterior wall  
82 assemblies/systems.

83 (ix) Lightning protection systems.

84 (x) Whole home standby generators.

85 (xi) Any activity specified by the Commissioner of  
86 Insurance as appropriate to mitigate the risks of future hazards  
87 (including earthquake, flood, hail, wind, hurricane, sinkhole,  
88 lightning, power outage, tornado, wildfire and other natural  
89 disasters.

90 (d) "Disaster recovery expenses" means, with respect to  
91 the taxpayer's legal residence, any expense incurred to replace or  
92 repair catastrophic event related uninsured personal property  
93 losses totaling One Thousand Dollars (\$1,000.000) or greater.

94 (e) "Qualified catastrophe expenses" means disaster  
95 mitigation expenses and disaster recovery expenses.

96 **SECTION 2.** Section 27-7-1003, Mississippi Code of 1972, is  
97 amended as follows:

98 27-7-1003. (1) Except as otherwise provided in Section  
99 27-7-1005, the amounts contributed to a catastrophe savings  
100 account in accordance with subsection (3) of this section,  
101 interest income earned on a catastrophe savings account, and  
102 distributions from a catastrophe savings account shall be excluded  
103 from the taxable gross income of the account holder under Section  
104 27-7-15.



105           (2) A catastrophe savings account is not subject to  
106 attachment, levy, garnishment, or legal process in this state,  
107 provided that no funds in an account are derived from or the  
108 result of a fraudulent conveyance making contributions to the  
109 account.

110           (3) The total amount that may be contributed annually to a  
111 catastrophe savings account shall not exceed any of the following:

112                   (a) In the case of an individual whose qualified  
113 insurance deductible is less than or equal to One Thousand Dollars  
114 (\$1,000.00), the amount of Two Thousand Dollars (\$2,000.00).

115                   (b) In the case of an individual whose qualified  
116 insurance deductible is greater than One Thousand Dollars  
117 (\$1,000.00), the amount equal to the lesser of Fifteen Thousand  
118 Dollars (\$15,000.00) or twice the amount of the taxpayer's  
119 qualified insurance deductible.

120                   (c) In the case of a self-insured individual who  
121 chooses not to obtain insurance on his or her legal residence, the  
122 amount of Three Hundred Fifty Thousand Dollars (\$350,000.00), but  
123 in no event may the amount contributed exceed the value of the  
124 taxpayer's legal residence.

125           (4) If a taxpayer contributes in excess of the limits  
126 provided in subsection (3) of this section, the taxpayer shall  
127 withdraw the amount of the excess contributions and include that  
128 amount in the taxable gross income of the taxpayer in the year of  
129 withdrawal.



130           **SECTION 3.** Section 27-7-1005, Mississippi Code of 1972, is  
131 amended as follows:

132           27-7-1005. (1) A distribution from a catastrophe savings  
133 account shall be included in the taxable gross income of the  
134 taxpayer unless the amount of the distribution is used to pay  
135 qualified catastrophe expenses or qualified disaster mitigation  
136 expenses.

137           (2) No amount of a distribution shall be included in the  
138 taxable gross income of the taxpayer if the qualified catastrophe  
139 expenses and qualified disaster mitigation expenses of the  
140 taxpayer during the taxable year are equal to or greater than the  
141 aggregate distributions during the taxable year.

142           (3) If the aggregate distributions exceed the qualified  
143 catastrophe expenses and qualified disaster mitigation expenses  
144 during the taxable year, the amount otherwise included in the  
145 taxable gross income of the taxpayer shall be reduced by the  
146 amount of the distributions for qualified catastrophe expenses and  
147 qualified disaster mitigation expenses.

148           (4) (a) The tax paid under Section 27-7-5 that is  
149 attributable to a taxable distribution shall be increased by two  
150 and one-half percent (2-1/2%) of the amount of the distribution  
151 that is includable in the taxable gross income of the taxpayer.

152           (b) The additional tax imposed by this subsection does  
153 not apply if either of the following apply:



154 (i) The taxpayer no longer owns a legal residence  
155 that qualifies for homestead exemption under Section 27-33-1 et  
156 seq.; or

157 (ii) The distribution is from a catastrophe  
158 savings account conforming with Section 27-7-1003(3)(c) and is  
159 made on or after the date on which the taxpayer attains the age of  
160 seventy (70) years.

161 (5) If a taxpayer who owns a catastrophe savings account  
162 dies, the amount of money in his or her account shall be included  
163 in the taxable gross income of the person who receives the  
164 account, unless that person is the surviving spouse of the  
165 taxpayer. Upon the death of the surviving spouse, the amount of  
166 money in the account shall be included in the taxable gross income  
167 of the person who receives the account. The additional tax  
168 imposed in subsection (4) of this section does not apply to a  
169 distribution from the account upon the death of the taxpayer or  
170 the surviving spouse.

171 **SECTION 4.** Section 83-1-191, Mississippi Code of 1972, is  
172 amended as follows:

173 83-1-191. (1) There is established within the Department of  
174 Insurance a Comprehensive Hurricane and Wind Damage Mitigation  
175 Program. This section does not create an entitlement for property  
176 owners or obligate the state in any way to fund the inspection or  
177 retrofitting of residential property or commercial property in  
178 this state. \* \* \* The Mississippi Comprehensive Hurricane and



179 Wind Damage Mitigation Trust Fund, upon appropriation from the  
180 Legislature, shall fund this program. The Department of Insurance  
181 may contract with a third-party vendor to administer this program;  
182 however, in entering into any such contract, the provisions of the  
183 public purchasing laws on state contracts shall be followed and  
184 may expend not more than ten percent (10%) of the monies in the  
185 fund for the administration and management of the fund and  
186 carrying out the purposes of this section. The program may  
187 develop and implement a comprehensive and coordinated approach for  
188 hurricane and wind damage mitigation that may include the  
189 following:

190           (a) **Cost-benefit study on wind hazard mitigation**  
191 **construction measures.** The performance of a cost-benefit study to  
192 establish the most appropriate wind hazard mitigation construction  
193 measures for both new construction and the retrofitting of  
194 existing construction for both residential and commercial  
195 facilities within the wind-borne debris regions of Mississippi as  
196 defined by the International Building Code. The recommended wind  
197 construction techniques shall be based on both the newly adopted  
198 Mississippi building code sections for wind load design and the  
199 wind-borne debris region. The list of construction measures to be  
200 considered for evaluation in the cost-benefit study shall be based  
201 on scientifically established and sound, but common, construction  
202 techniques that go above and beyond the basic recommendations in  
203 the adopted building codes. This allows residents to utilize





204 multiple options that will further reduce risk and loss and still  
205 be awarded for their endeavors with appropriate wind insurance  
206 discounts. It is recommended that existing accepted scientific  
207 studies that validate the wind hazard construction techniques  
208 benefits and effects be taken into consideration when establishing  
209 the list of construction techniques that homeowners and business  
210 owners can employ. This will ensure that only established  
211 construction measures that have been studied and modeled as  
212 successful mitigation measures will be considered to reduce the  
213 chance of including risky or unsound data that will cost both the  
214 property owner and state unnecessary losses. The cost-benefit  
215 study shall be based on actual construction cost data collected  
216 for several types of residential construction and commercial  
217 construction materials, building techniques and designs that are  
218 common to the region. The study shall provide as much information  
219 as possible that will enhance the data and options provided to the  
220 public, so that homeowners and business owners can make informed  
221 and educated decisions as to their level of involvement. Based on  
222 the construction data, modeling shall be performed on a variety of  
223 residential and commercial designs, so that a broad enough  
224 representative spectrum of data can be obtained. The data from  
225 the study will be utilized in a report to establish tables  
226 reflecting actuarially appropriate levels of wind insurance  
227 discounts (in percentages) for each mitigation construction  
228 technique/combination of techniques. This report will be utilized



229 as a guide for the Department of Insurance and the insurance  
230 industry for developing actuarially appropriate discounts, credits  
231 or other rate differentials, or appropriate reductions in  
232 deductibles, for properties on which fixtures or construction  
233 techniques demonstrated to reduce the amount of loss in a  
234 windstorm have been installed or implemented. Additional data  
235 that will enhance the program, such as studies to reflect property  
236 value increases for retrofitting or building to the established  
237 wind hazard mitigation construction techniques and cost comparison  
238 data collected to establish the value of this program against the  
239 investment required to include the mitigation measures, also may  
240 be provided.

241 (b) **Wind certification and hurricane mitigation**  
242 **inspections.**

243 (i) Home-retrofit inspections of site-built,  
244 residential property, including single-family, two-family,  
245 three-family or four-family residential units, and a set of  
246 representative commercial facilities may be offered to determine  
247 what mitigation measures are needed and what improvements to  
248 existing residential properties are needed to reduce the  
249 property's vulnerability to hurricane or wind damage. A state  
250 program may be established within the Department of Insurance to  
251 provide homeowners and business owners wind certification and  
252 hurricane mitigation inspections. The inspections provided to  
253 homeowners and business owners, at a minimum, must include:



254                   1. A home inspection and report that  
255 summarizes the results and identifies corrective actions a  
256 homeowner may take to mitigate hurricane or wind damage.

257                   2. A range of cost estimates regarding the  
258 mitigation features.

259                   3. Insurer-specific information regarding  
260 premium discounts correlated to recommended mitigation features  
261 identified by the inspection.

262                   4. A hurricane resistance rating scale  
263 specifying the home's current as well as projected wind resistance  
264 capabilities.

265           This data may be provided by trained and certified inspectors  
266 in standardized reporting formats and forms to ensure all data  
267 collected during inspections is equivalent in style and content  
268 that allows construction data, estimates and discount information  
269 to be easily assimilated into a database. Data pertaining to the  
270 number of inspections and inspection reports may be stored in a  
271 state database for evaluation of the program's success and review  
272 of state goals in reducing wind hazard loss in the state.

273                   (ii) To qualify for selection by the department as  
274 a provider of wind certification and hurricane mitigation  
275 inspections services, the entity shall, at a minimum, and on a  
276 form and in the manner prescribed by the commissioner:

277                   1. Use wind certification and hurricane  
278 mitigation inspectors who:



279                   a. Have prior experience in residential  
280 and/or commercial construction or inspection and have received  
281 specialized training in hurricane and wind mitigation procedures  
282 through the state certified program. In order to qualify for  
283 training in the inspection process, the individual should be  
284 either a licensed building code official, a licensed contractor or  
285 inspector in the State of Mississippi, or a civil engineer.

286                   b. Have undergone drug testing and  
287 background checks.

288                   c. Have been certified through a state  
289 mandated training program, in a manner satisfactory to the  
290 department, to conduct the inspections.

291                   d. Have not been convicted of a felony  
292 crime of violence or of a sexual offense; have not received a  
293 first-time offender pardon or nonadjudication order for a felony  
294 crime of violence or of a sexual offense; or have not entered a  
295 plea of guilty or nolo contendere to a felony charge of violence  
296 or of a sexual offense.

297                   e. Submit a statement authorizing the  
298 Commissioner of Insurance to order fingerprint analysis or any  
299 other analysis or documents deemed necessary by the commissioner  
300 for the purpose of verifying the criminal history of the  
301 individual. The commissioner shall have the authority to conduct  
302 criminal history verification on a local, state or national level,



303 and shall have the authority to require the individual to pay for  
304 the costs of such criminal history verification.

305                   2. Provide a quality assurance program  
306 including a reinspection component.

307                   3. Have data collection equipment and  
308 computer systems, so that data can be submitted electronically to  
309 the state's database of inspection reports, insurance  
310 certificates, and other industry information related to this  
311 program. It is mandatory that all inspectors provide original  
312 copies to the property owner of any inspection reports, estimates,  
313 etc., pertaining to the inspection and keep a copy of all  
314 inspection materials on hand for state audits.

315                   (c) **Financial grants to retrofit properties.** Financial  
316 grants may be used to encourage single-family, site-built,  
317 owner-occupied, residential property owners or commercial property  
318 owners to retrofit their properties to make them less vulnerable  
319 to hurricane and wind damage.

320                   (d) **Education and consumer awareness.** Multimedia  
321 public education, awareness and advertising efforts designed to  
322 specifically address mitigation techniques may be employed, as  
323 well as a component to support ongoing consumer resources and  
324 referral services. In addition, all insurance companies shall  
325 provide notification to their clients regarding the availability  
326 of this program, participation details, and directions to the  
327 state website promoting the program, along with appropriate



328 contact phone numbers to the state agency administrating the  
329 program. The notification to the clients must be sent by the  
330 insurance company within thirty (30) days after filing their  
331 insurance discount schedules with the Department of Insurance.

332 (e) **Advisory council.** There is created an advisory  
333 council to provide advice and assistance to the program  
334 administrator with regard to his or her administration of the  
335 program. The advisory council shall consist of:

336 (i) An agent, selected by the Independent  
337 Insurance Agents of Mississippi.

338 (ii) Two (2) representatives of residential  
339 property insurers, selected by the Department of Insurance.

340 (iii) One (1) representative of homebuilders,  
341 selected by the Home Builders Association of Mississippi.

342 (iv) The Chairman of the House Insurance  
343 Committee, or his designee.

344 (v) The Chairman of the Senate Insurance  
345 Committee, or his designee.

346 (vi) The Executive Director of the Mississippi  
347 Windstorm Underwriting Association, or his designee.

348 (vii) The Director of the Mississippi Emergency  
349 Management Agency, or his designee.

350 Members appointed under subparagraphs (i) and (ii) shall  
351 serve at the pleasure of the Department of Insurance. All other  
352 members shall serve as voting ex officio members. Members of the



353 advisory council who are not legislators, state officials or state  
354 employees shall be compensated at the per diem rate authorized by  
355 Section 25-3-69, and shall be reimbursed in accordance with  
356 Section 25-3-41, for mileage and actual expenses incurred in the  
357 performance of their duties. Legislative members of the advisory  
358 council shall be paid from the contingent expense funds of their  
359 respective houses in the same manner as provided for committee  
360 meetings when the Legislature is not in session; however, no per  
361 diem or expense for attending meetings of the advisory council may  
362 be paid while the Legislature is in session. No advisory council  
363 member may incur per diem, travel or other expenses unless  
364 previously authorized by vote, at a meeting of the council, which  
365 action shall be recorded in the official minutes of the meeting.  
366 Nonlegislative members shall be paid from any funds made available  
367 to the advisory council for that purpose.

368 (f) **Rules and regulations.** The Department of Insurance  
369 may adopt rules and regulations \* \* \* as necessary for the  
370 administration and implementation of the Comprehensive Hurricane  
371 and Wind Damage Mitigation Program. \* \* \*

372 (2) Nothing in this section shall prohibit the Department of  
373 Insurance from entering into an agreement with any other  
374 appropriate state agency to assist with or perform any of the  
375 duties set forth hereunder.

376 \* \* \*



377           **SECTION 5.** There is created in the State Treasury a special  
378 fund to be designated as the "Mississippi Comprehensive Hurricane  
379 and Wind Damage Mitigation Program Trust Fund." The Legislature  
380 may appropriate the amount necessary to fulfill the obligations  
381 created under this act from the State General Fund to such special  
382 fund. Furthermore, the Commissioner of Insurance is authorized to  
383 apply for any federal or private grants that will provide funds  
384 for this program. Unexpended amounts remaining in the fund at the  
385 end of a fiscal year shall not lapse into the State General Fund,  
386 and any interest earned on amounts in the fund shall be deposited  
387 to the credit of the fund.

388           **SECTION 6.** Section 83-2-33, Mississippi Code of 1972, is  
389 amended as follows:

390           83-2-33. All property and casualty insurance companies doing  
391 business in this state shall contribute annually, at such times as  
392 the Insurance Commissioner shall determine, in proportion to their  
393 gross premiums collected within the State of Mississippi during  
394 the preceding year, to a special fund in the State Treasury to be  
395 known as the \* \* \* "Mississippi Comprehensive Hurricane and Wind  
396 Damage Mitigation Program Trust Fund". The commissioner is hereby  
397 authorized to employ such actuarial and other assistance as shall  
398 be necessary to carry out the duties of the department; and such  
399 employees shall be under the authority and direction of the  
400 Insurance Commissioner. The amount to be contributed annually to  
401 the fund shall be fixed each year by the Insurance Commissioner at





402 a percentage of the gross premiums so collected during the  
403 preceding year. However, a minimum assessment of One Hundred  
404 Dollars (\$100.00) shall be charged to each licensed property and  
405 casualty insurance company regardless of the gross premium amount  
406 collected during the preceding year.

407 The total contributions collected for the \* \* \* Mississippi  
408 Comprehensive Hurricane and Wind Damage Mitigation Program Trust  
409 Fund shall not exceed the sum of \* \* \* One Million Five Hundred  
410 Thousand Dollars (\$1,500,000.00) in each fiscal year.

411 \* \* \*

412 From and after July 1, 2016, no state agency shall charge  
413 another state agency a fee, assessment, rent or other charge for  
414 services or resources received by authority of this section.

415 **SECTION 7.** Upon the effective date of this act, the State  
416 Treasurer, in conjunction with the State Fiscal Officer, shall  
417 transfer the sum of Five Million Dollars (\$5,000,000.00) from the  
418 Mississippi Surplus Lines Association to the Mississippi  
419 Comprehensive Hurricane and Wind Damage Mitigation Program Trust  
420 Fund.

421 **SECTION 8.** Section 83-2-3, Mississippi Code of 1972, is  
422 brought forward as follows:

423 83-2-3. (1) Rates shall comply with the following  
424 standards:

425 (a) Rates shall not be excessive, inadequate or  
426 unfairly discriminatory.



427 (b) A rate is excessive if it is likely to produce a  
428 profit that is unreasonably high for the insurance provided or if  
429 the expense provision included therein is unreasonably high in  
430 relation to the services rendered.

431 (c) A rate is inadequate if it threatens the solvency  
432 of the insurance company or tends to create a monopoly.

433 (d) Unfair discrimination exists if, after allowing for  
434 practical limitations, price differentials fail to reflect  
435 equitably the differences in expected losses and expenses. A rate  
436 is not unfairly discriminatory because different premiums result  
437 for policyholders with like loss exposures with different  
438 expenses, or like expenses but different loss exposures, so long  
439 as the rate reflects the differences with reasonable accuracy.

440 (2) In determining whether rates comply with the standards  
441 set forth in subsection (1), the following criteria shall apply:

442 (a) Due consideration shall be given to past and  
443 prospective loss and expense experience within and outside this  
444 state; to catastrophe hazards; to any residual market loss  
445 redistributions and other similar obligations; to a reasonable  
446 provision for profit and contingencies; to trends within and  
447 outside this state; to loadings for leveling premium rates over a  
448 reasonable period of time or for dividends or savings to be  
449 allowed or returned by insurers to their policyholders, members or  
450 subscribers; and to all other relevant factors, including the  
451 judgment of the filer.



452 (b) Risks may be classified in any reasonable way for  
453 the establishment of rates except that no risks may be grouped by  
454 classifications based, in whole or in part, on race, color, creed,  
455 or national origin of the risk. Rates may be modified for  
456 individual risks in accordance with rating plans or schedules  
457 which provide for recognition of probable variations in hazards,  
458 expenses or both.

459 (c) The systems of expense provisions included in rates  
460 for use by an insurer or group of insurers may differ from those  
461 of other insurers or group of insurers to reflect the operating  
462 methods of such insurer or group with respect to any kind of  
463 insurance, or with respect to any subdivision or combination  
464 thereof.

465 (d) Any homeowners' insurance policy filed with the  
466 Commissioner of Insurance that offers a percentage deductible for  
467 the peril of windstorm from a named storm shall offer a buy-back  
468 provision for that deductible which is actuarially sound; however,  
469 the Commissioner of Insurance may grant a waiver from the  
470 mandatory buy-back provision in accordance with the following  
471 procedure and criteria:

472 (i) An insurance company shall make a formal  
473 filing requesting a waiver from the buy-back provision requirement  
474 with the Commissioner of Insurance.

475 (ii) An insurance company shall submit written  
476 proof in its formal filing as to why it is in the best interest of



477 Mississippi policyholders to receive a waiver from the buy-back  
478 provision requirement and shall provide any supporting  
479 documentation requested by the commissioner deemed appropriate to  
480 make his decision.

481 (iii) All expenses incurred by the Commissioner of  
482 Insurance or his designee in determining the validity of the  
483 waiver request shall be borne by the petitioning insurer. Such  
484 expenses may include, but not be limited to, the cost of reviewing  
485 the filing by actuaries, and if the commissioner deems a public  
486 hearing appropriate, the cost of a facility, the cost of publicity  
487 and the cost of a court reporter for the hearing.

488 (e) The commissioner shall establish by regulation  
489 uniform policy language regarding the applicability of hurricane  
490 deductibles and the form of notice to be provided to an insured  
491 under a homeowner's insurance policy by an insurer utilizing a  
492 hurricane deductible program or programs. The term "hurricane,"  
493 for the purpose of a hurricane deductible program, means a storm  
494 system that has been declared to be a hurricane by the National  
495 Hurricane Center of the National Weather Service. The duration of  
496 the hurricane includes the time period, in Mississippi:

497 (i) Beginning at the time a hurricane watch or  
498 hurricane warning is issued for any part of Mississippi by the  
499 National Hurricane Center of the National Weather Service;

500 (ii) Continuing for the time period during which  
501 the hurricane conditions exist anywhere in Mississippi; and



502 (iii) Ending twenty-four (24) hours following the  
503 termination of the last hurricane watch or hurricane warning  
504 issued for any part of Mississippi by the National Hurricane  
505 Center of the National Weather Service.

506 (3) To ensure the most appropriate use of state resources  
507 with respect to the engagement of actuarial services for the  
508 review of rate filings under this chapter, the commissioner may  
509 adopt rules and regulations to establish the criteria and  
510 procedures for determining when a rate filing should be submitted  
511 to an actuary for review.

512 **SECTION 9.** This act shall take effect and be in force from  
513 and after July 1, 2024.

