

By: Representative Fondren

To: Judiciary A

HOUSE BILL NO. 1687

1 AN ACT TO PROVIDE THAT BEFORE ISSUING A PERSONAL LINES
 2 RESIDENTIAL PROPERTY INSURANCE POLICY, THE INSURER SHALL OFFER A
 3 POLICY THAT PROVIDES A COVERAGE LIMIT ON THE DWELLING EQUAL TO THE
 4 UNPAID PRINCIPAL BALANCE OF ALL DEEDS OF TRUST ON THE COLLATERAL;
 5 TO EXCLUDE CONDOMINIUMS FROM THE PROVISIONS OF THIS ACT; AND FOR
 6 RELATED PURPOSES.

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

8 **SECTION 1.** (1) Before issuing a personal lines residential
 9 property insurance policy, the insurer shall offer a policy that
 10 provides a coverage limit on the dwelling equal to the unpaid
 11 principal balance of all deeds of trust on the collateral. Before
 12 issuing any policy that limits coverage on the dwelling equal to
 13 the unpaid principal balance of all deeds of trust on the
 14 collateral, the insurer shall obtain a statement signed by all
 15 insureds which contains the following notice in boldfaced type no
 16 smaller than eighteen (18) point: "YOU ARE ELECTING TO PURCHASE
 17 COVERAGE AT A LIMIT THAT IS EQUAL TO ONLY THE UNPAID PRINCIPAL
 18 BALANCE OF THE DEED OF TRUST ON YOUR HOME. ACCORDINGLY, IN THE
 19 EVENT OF THE TOTAL LOSS OF YOUR HOME OR A LOSS FOR WHICH THE COST
 20 TO REPAIR YOUR HOME EXCEEDS THE UNPAID BALANCE ON YOUR DEED OF



21 TRUST, YOU WILL INCUR SIGNIFICANT FINANCIAL LOSSES, INCLUDING THE
22 POTENTIAL LOSS OF SOME OF YOUR HOME'S EQUITY."

23 (2) Each time an insured's policy is being renewed, under
24 this unpaid principal option, the insured shall provide the
25 insurer with an unpaid principal balance that has been verified by
26 the lender and the insurer shall offer a policy that provides a
27 coverage limit equal to that unpaid principal, in addition to any
28 other policies the insurer offers.

29 (3) The provisions of this section shall only apply to
30 single-family residences and investment property. This section
31 shall not apply to condominiums.

32 **SECTION 2.** This act shall take effect and be in force from
33 and after July 1, 2024.

