

3/17/14

4:49 p.m.

Chapter No. 389
14/HR40/R1655
job 1 js

HOUSE BILL NO. 544

Originated in House  Clerk

HOUSE BILL NO. 544

AN ACT TO AMEND SECTION 83-53-25, MISSISSIPPI CODE OF 1972, TO REVISE THE REQUIREMENTS OF A FORM PRESCRIBED BY THE COMMISSIONER OF INSURANCE REGARDING EXPERIENCE REFUND CALCULATIONS TO INCLUDE PREMIUM TAXES AND COMPENSATION EARNED; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-53-25, Mississippi Code of 1972, is amended as follows:

83-53-25. (1) No one shall pay, accrue, credit or otherwise allow, either directly or indirectly, any compensation to any creditor, person, partnership, corporation, association or other entity in connection with any policy, certificate or other contract of credit life insurance or credit disability insurance which exceeds forty-five percent (45%) of the premium rates approved for such policy, certificate or contract.

(2) "Compensation," as used herein, shall include, but not be limited to, all of the following:

(a) Commission, fees and expense allowances;

(b) The fair market value of all equipment, calculators, goods and services;

(c) The fair market value of benefits such as travel, vacations or other rewards of any kind; and

(d) All other accruals, payments and other compensation or expenditures in any form whatsoever.

(3) "Compensation" shall not include:

(a) Bona fide corporate dividends paid or accrued by an insurance company to a stockholder;

(b) Bona fide compensation paid to or reimbursement of expenses incurred by a director, officer or employee of an insurance company for the performance of the corporate duties of any such director, officer or employee;

(c) Experience refunds paid, allocated or accrued by an insurer pursuant to a written experience refund agreement which are paid only with respect to earned premiums produced by or attributable to the creditor or licensed agent designated to receive such experience refund; provided, however, that:

(i) All such experience refund agreements shall be on a form approved in writing by the commissioner;

(ii) All such experience refunds shall be calculated using only accounting methods approved by the commissioner;

(iii) All such experience refund calculations shall be made in accordance with the requirements of a form

prescribed by the commissioner which form shall provide, among other things, for the deduction of claims incurred, premium taxes * * * earned, compensation paid * * * or earned and expenses incurred during the preceding calendar year, all of which shall be determined in a manner acceptable to the commissioner; and

(iv) All such experience refunds shall be paid annually within thirty (30) days following the filing of the insurer's annual statement with the Department of Insurance;

(d) Corporate allocations or dividends paid, allocated or accrued by an insurer or insurance holding company from any part of the assets, income, earnings, profits or losses of any corporation, insurer or other legal entity with respect to any class or series of stock, or other equity interest, in the insurer or insurance holding company, including payments for the redemption or purchase by the issuer of such shares or other equity interest.

(4) The commissioner is hereby vested with full authority as provided by Section 83-53-29 to regulate, reduce and/or adjust experience refunds or corporate allocations in accordance with the provisions of paragraphs (c) and (d) of subsection (3) of this section.

SECTION 2. This act shall take effect and be in force from and after July 1, 2014.

PASSED BY THE HOUSE OF REPRESENTATIVES
February 11, 2014



SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 5, 2014



PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR



GOVERNOR

3/17/2014

4:49 pm