3/13/15 10:25 a.m.

Chapter No. 316
15/HR40/R1847
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HOUSE BILL NO. 1121

Originated in House _____ Clerk

HOUSE BILL NO. 1121

AN ACT TO AMEND SECTION 83-19-31, MISSISSIPPI CODE OF 1972, TO INCREASE THE MAXIMUM LIFE INSURANCE POLICY FOR AN INDUSTRIAL LIFE INSURER FROM FIVE THOUSAND DOLLARS TO TEN THOUSAND DOLLARS IN DEATH BENEFITS; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 83-19-31, Mississippi Code of 1972, is amended as follows:

83-19-31. (1) No corporation so formed shall transact any other business than that specified in its charter and articles of association. Companies so formed must meet the following capital and surplus requirements:

(a) Single-line companies so formed to write a classification listed in paragraphs (a) through (n) in Section 27-15-83, the minimum capital requirement shall be Four Hundred Thousand Dollars ($400,000.00) and the surplus shall be a minimum of Six Hundred Thousand Dollars ($600,000.00).

(b) Multi-line companies so formed to write a combination of the classifications listed in paragraphs (a)

through (n) in Section 27-15-83, the minimum capital requirement shall be Six Hundred Thousand Dollars ($600,000.00) and the surplus shall be a minimum of Nine Hundred Thousand Dollars ($900,000.00).

(c) Companies so formed for the purpose of transacting the business of life insurance on the industrial plan may organize with a minimum capital of One Hundred Thousand Dollars ($100,000.00) and a minimum surplus of Fifty Thousand Dollars ($50,000.00).

An industrial life insurer shall be limited to the following:

(* * *i) A life insurance policy, in the aggregate value of * * * Ten Thousand Dollars ($10,000.00) in death benefits, exclusive of multiple indemnity benefits.

(* * *ii) A disability policy in the aggregate benefits of Sixty Dollars ($60.00) per week.

(* * *iii) A policy providing benefits for dismembered and broken limbs and/or loss of eyesight in the aggregate of Five Thousand Dollars ($5,000.00) per policy year.

(* * *iv) A policy which provides benefits for the payment for or furnishing of hospitalization, drugs, attending physicians and surgical costs in the aggregate of Three Thousand Five Hundred Dollars ($3,500.00) per policy year.

(d) All mutual and reciprocal companies shall possess at the time of initial license and maintain thereafter a surplus, after deductions for services, in an amount equal to the capital

and surplus requirements of a stock company writing similar lines of insurance.

(e) If at any time the surplus of such domestic company or association shall be less than the minimum surplus noted above, such company or association shall be considered impaired; and it shall be the duty of the officers of such company or association to report any such impairment of surplus to the State Commissioner of Insurance in writing within ten (10) days after such impairment occurs. When any such impairment is reported, or if the Commissioner of Insurance should determine that the company is operating in an impaired condition, the commissioner may suspend the certificate of authority and license of such domestic insurance company or association to do business in this state until such company shall raise or increase its surplus to the minimum amount required herein.

(2) Any domestic company qualifying under the foregoing sections shall deposit with the State Treasurer fifty percent (50%) of its capital stock, either in cash or in such bonds or securities in which such company is authorized by law to invest its funds. Upon such deposit and evidence, by affidavit or otherwise, satisfactory to the Insurance Commissioner that the capital and surplus is all paid in and that the company is the actual and unqualified owner of the securities representing the paid-up capital and surplus, he shall issue to such company his certificate authorizing it to transact business in this state.

The provisions of this section as to the minimum requirements as to paid-up capital stock and cash surplus shall not become effective until January 1, 1988, concerning any domestic company which was authorized to do business and was writing business in this state on July 1, 1985.

Notwithstanding any other provision of law, the securities qualified for deposit under this section may be deposited with a clearing corporation or held in the Federal Reserve book-entry system. Securities deposited with a clearing corporation or held in the Federal Reserve book-entry system and used to meet the deposit requirements set forth in this section shall be under the control of the Insurance Commissioner and shall not be withdrawn by the insurance company without the approval of the Insurance Commissioner. Any insurance company holding securities in such manner shall provide to the Insurance Commissioner evidence issued by its custodian or member bank through which such insurance company has deposited such securities in a clearing corporation or through which such securities are held in the Federal Reserve book-entry system, respectively, in order to establish that the securities are actually recorded in an account in the name of the custodian or other direct participant or member bank, and that the records of the custodian, other participant or member bank reflect that such securities are held subject to the order of the Insurance Commissioner.

(3) No insurance company, including any mutual insurance company, organized under the laws of this state and transacting business in this state shall expose itself to loss on any one (1) risk or hazard to an amount exceeding ten percent (10%) of its paid-up capital and surplus unless the excess is reinsured in some other company duly authorized to transact similar business in this state or as otherwise provided in the insurance code. For purposes of this subsection, the terms "risk" and "hazard" apply to the subject matter of any one (1) insurance policy and not to any one (1) peril.

(4) The Commissioner of Insurance may require additional capital and surplus based on the type, nature or volume of business transacted.

SECTION 2. This act shall take effect and be in force from and after July 1, 2015.

PASSED BY THE HOUSE OF REPRESENTATIVES
January 29, 2015

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 4, 2015

PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

GOVERNOR

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