

5/12/16

8:31 a.m.

Chapter No. 481
16/SS26/R945CS
LR 10/16

SENATE BILL NO. 2349

Originated in Senate

Liz Welch

Secretary

SENATE BILL NO. 2349

AN ACT TO AMEND SECTION 75-67-121, MISSISSIPPI CODE OF 1972, TO PROVIDE THAT LICENSEES UNDER THE SMALL LOAN REGULATORY LAW MAY SOLICIT AND COLLECT THE INSURANCE PREMIUM REQUIRED FROM BORROWERS WHO PURCHASE NONCREDIT INSURANCE POLICIES, IF CERTAIN CONDITIONS ARE MET; AND FOR RELATED PURPOSES.

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

SECTION 1. Section 75-67-121, Mississippi Code of 1972, is amended as follows:

75-67-121. (1) Any licensee under this article may charge any borrower on loans of One Hundred Dollars (\$100.00) or more the actual cost of recording any instrument executed as security for a loan; any reasonable fee paid to an attorney for investigating the title to any property given as security for a loan; the actual cost of any premium paid for insurance upon any property given as security for a loan, such insurance to be placed with an insurance company agent of the borrower's selection so long as it is licensed to do business in the State of Mississippi; the actual cost of any premium paid for credit life, health and/or accident insurance and/or involuntary unemployment insurance on any

borrower where the amount of insurance required is not in excess of the amount of the loan; and the premium for the insurance is in keeping with that usually and customarily paid for like insurance.

(2) In addition, after the licensee has fully approved the loan to the borrower, the licensee may offer the borrower the opportunity to purchase an auto club membership. The licensee shall inform the borrower in writing that the purchase of an auto club membership is optional and is not required as a condition of receiving the loan, and that failure to purchase an auto club membership will not affect the licensee's approval of the loan or the receipt of the loan by the borrower. The notification shall be initialed by the borrower. If the borrower chooses to purchase an auto club membership, the licensee shall allow the borrower to pay the cost of the auto club membership using funds other than the proceeds of a loan or have the cost deducted from the proceeds of any loan obtained from the licensee. The borrower shall be allowed to cancel the auto club membership for a full refund of the purchase price at any time within thirty (30) days after the date of purchase from the licensee if the borrower has not used any of the services provided through the auto club membership. The commissioner shall monitor the number of loans made by licensees with which the borrower chooses to purchase an auto club membership, and shall report that information to the Chairmen of the House Banking and Financial Services Committee and the Senate Business and Financial Institutions Committee by January 1, 2009.

(3) On loans of One Hundred Dollars (\$100.00) or more, any licensee under this article may solicit and collect from any purchasing borrower the actual cost of any insurance premium paid for any one or more noncredit insurance policies, provided that such insurance is optional, is filed with the Department of Insurance, and is underwritten by an insurance company qualified to do business in Mississippi, and provided that the following conditions are met:

(a) The licensee shall not require the purchase of the noncredit insurance as a condition of receiving any loan or other extension of credit from the licensee;

(b) The licensee's employees offering the noncredit insurance are:

(i) Properly licensed with the Department of Insurance as an insurance producer for the type of insurance being offered to the borrower by that employee; and

(ii) Appointed with the insurance company providing the insurance policy to the purchasing borrower;

(c) The licensee shall not make the borrower's ability to obtain any current or future loan or other extension of credit from the licensee contingent upon the borrower's agreement to purchase the noncredit insurance or otherwise transact business with the licensee; and

(d) The licensee shall allow the borrower the option to pay the cost of the noncredit insurance policy using funds other

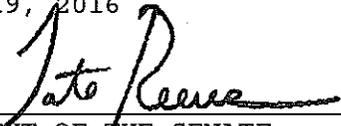
than the proceeds of a loan obtained from the licensee, or to have the cost of the noncredit insurance paid from the proceeds of any loan obtained from the licensee.

The limitations on the amount of insurance contained in subsection (1) of this section shall not apply to insurance sold under this subsection (3).

(4) Whenever he finds it necessary, the Commissioner of Banking and Consumer Finance shall have the power to adopt and enforce reasonable rules and regulations to prevent the abuse of this section and the making of excessive charges under this section.

SECTION 2. This act shall take effect and be in force from and after July 1, 2016.

PASSED BY THE SENATE
April 19, 2016



PRESIDENT OF THE SENATE

PASSED BY THE HOUSE OF REPRESENTATIVES
April 17, 2016



SPEAKER OF THE HOUSE OF REPRESENTATIVES

APPROVED BY THE GOVERNOR



GOVERNOR

May 12, 2016
8:31 Am