

**MISSISSIPPI  
WINDSTORM UNDERWRITING ASSOCIATION**

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**Nonadmitted Carriers and Agents Transacting Business in Mississippi**  
**Notice of Actions Required by H.B. 1500**

The Mississippi legislature passed House Bill 1500, effective March 22, 2007, amending the current law pertaining to the Mississippi Windstorm Underwriting Association ("MWUA"). Included in this bill are sections that apply to nonadmitted insurance carriers and their licensed representatives in Mississippi. Nonadmitted insurers are not assessable for losses as are admitted carriers, however a nonadmitted policy fee is to be collected by the agent for any and all risks on real property and contents in Mississippi. This fee is to be effective on all nonadmitted real property and contents premiums collected after January 1, 2008, for policies effective January 1, 2008 and after. The fee will be a minimum of five percent (5%) and is not subject to commissions and premium taxes. The Insurance Commissioner may change the fee from time to time.

In addition, should there be an assessable storm loss, property and casualty policyholders, including nonadmitted policyholders, may be subject to a surcharge declared by the Insurance Commissioner. This surcharge will also be collected by the agent and remitted.

Fees and surcharges should be remitted to the MWUA or its designee within twenty (20) days of the end of the quarter.

The MWUA is currently discussing with the Mississippi Surplus Lines Association ("MSLA") the possibility of assisting the MWUA as said designee in the collection process for both the "nonadmitted policy fees" and any future "policy surcharges" that are necessary. Additional information will be made available as this process continues.

A copy of Section 7 of the Act related to nonadmitted policy fees is attached for your review. It is suggested that all interested parties obtain a copy of HB 1500 for review.

This notification and other future instructions will be posted on the MWUA website.

**More definitive information will be available in the next thirty (30) days.** Should you have any questions please contact Mr. Joel Ferriss at 601-981-2915, or email at [jferriss@msratingbureau.com](mailto:jferriss@msratingbureau.com).

**Notice of Actions Required by H.B. 1500 - Continued**

**The following excerpt from Mississippi House Bill 1500 concerns all nonadmitted insurers and their representatives licensed in the State.**

**Section 7.** The following section shall be codified as section 83 - 34 - 4, Mississippi Code of 1972:

83-34-4. (1) Nonadmitted insurers shall not be assessable insurers of the association. All agents placing insurance through nonadmitted insurers shall collect from the insured and remit to the association a nonadmitted policy fee on all premiums collected after January 1, 2008, for all insurance written by such agent for a policy from a nonadmitted insurer for any and all risks on real property and contents in this state. By procuring or selling insurance on property in this state from a nonadmitted insurer, each agent placing insurance through a nonadmitted insurer agrees to be bound by the provisions of this chapter and to collect and remit the nonadmitted policy fee provided for herein.

(2) The nonadmitted policy fee shall be a percentage of the total policy premium but the nonadmitted policy fee shall not be considered premium and is not subject to premium taxes or commissions. However, failure to pay the nonadmitted policy fee shall be treated the same as failure to pay premium. "Total policy premium" includes taxes and commissions.

(3) The nonadmitted policy fee percentage shall be set by the commissioner. Such percentage may be changed from time to time in the discretion of the commissioner, but in no event shall the nonadmitted policy fee percentage be less than five percent (5%).

(4) Within twenty (20) days of the end of the quarter, agents placing insurance through nonadmitted insurers shall remit directly to the association all nonadmitted policy fees collected in the preceding quarter. In addition to the nonadmitted policy fee provided for herein, agents placing insurance through nonadmitted insurers shall collect and remit surcharges as provided by this chapter. Agents placing insurance through nonadmitted insurers may designate another agent that actually procured the insurance from the nonadmitted carrier to collect and remit the nonadmitted policy fees subject to the procedures and requirements provided for premium taxes in Section 83 - 21 - 25.

In addition to Section 7 above, Section 13 of the bill addresses policyholder surcharges resulting from storm losses. Policyholders of nonadmitted carriers are subject to surcharges and their agents are responsible for the collection and remittance to the MWUA. See the MWUA website for further details.

A complete copy of HB 1500 can be down loaded from the Mississippi Windstorm Underwriting Association website, <http://www.msplans.com/mwua/>.