



MSLA Bulletin

2011-5
April 20, 2011

Mississippi Surplus Lines Association
2630 Ridgewood Road, Suite D
Jackson, MS 39216
601-713-1111
1-888-867-5633
601-713-1122 fax
www.msla.org

TO ALL LICENSED RESIDENT AND
NONRESIDENT SURPLUS LINES PRODUCERS,
AND ALL FOREIGN AND ALIEN SURPLUS LINES CARRIERS

RE: LEGISLATIVE CHANGES EFFECTING NONADMITTED POLICY FEES

On March 11, 2011, the Mississippi Legislature passed House Bill 785. This bill was passed to conform Mississippi's surplus lines statutes to the requirements of the federal Nonadmitted and Reinsurance Reform Act ("NRRRA"). The NRRRA's goal was to make the surplus lines market more efficient and more uniform on a national basis.

In order to satisfy the uniformity requirements of the NRRRA, House Bill 785 extends the nonadmitted policy fee, or as it is commonly referred to, the Windpool Assessment Fee, [Miss. Code Ann. § 83-34-4 (Supp. 2010)] to all surplus lines insurance policies written in Mississippi. Until the passage of House Bill 785, the nonadmitted policy fee was required only on real property and content risks. The 5% nonadmitted policy fee will now be imposed on nonadmitted insurance policies for any and all risks located within this state placed in the nonadmitted market. The imposition of this fee only applies to new or renewal policies; no midterm adjustments are required.

The extension of the nonadmitted policy fee to all risks in the nonadmitted market became effective on March 11, 2011. The Department expects full systems compliance for the collection of this fee by June 1, 2011.

In an effort to comply with House Bill 785, MSLA's functionality will be ready on June 1st.

MSLA is reprogramming the on-line filing system (SLIP) to assess the 5% nonadmitted policy fee to all risks - on all new and renewal policies - with a policy effective date of 6.1.11 and later. Please note that the extension of the 5% nonadmitted policy fee assesses all premium AND fees (broker fees, etc). Endorsements to policies will not be assessed (under the new rule) in SLIP with an original policy effective date before 6.1.11.

Policy extensions extending the original term of the policy are considered renewals and not an endorsement of the original policy.

Continue to separate and send the MWUA Nonadmitted Policy Fee to the lockbox at the following address:

Mississippi Windstorm Underwriting Association
P.O. Box 22510
Jackson, MS 39225-2510

Should you have questions, contact Peggy Dronet, with MSLA, at 601-713-1111 or email at pdronet@msla.org.

ANY FUTURE CHANGES ASSOCIATED WITH THE NRRA WILL BE ADDRESSED IN A SEPARATE BULLETIN
FROM THE MISSISSIPPI INSURANCE DEPARTMENT.