

By: Senator(s) Parks

To: Business and Financial
Institutions

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 2349

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

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

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

9 75-67-121. (1) Any licensee under this article may charge
10 any borrower on loans of One Hundred Dollars (\$100.00) or more the
11 actual cost of recording any instrument executed as security for a
12 loan; any reasonable fee paid to an attorney for investigating the
13 title to any property given as security for a loan; the actual
14 cost of any premium paid for insurance upon any property given as
15 security for a loan, such insurance to be placed with an insurance
16 company agent of the borrower's selection so long as it is
17 licensed to do business in the State of Mississippi; the actual
18 cost of any premium paid for credit life, health and/or accident
19 insurance and/or involuntary unemployment insurance on any



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

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



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

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

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

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

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

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

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



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

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

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

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

