

**MISSISSIPPI DEPARTMENT OF INSURANCE
REGULATION 2006-2**

**INSURERS TO INFORM POLICYHOLDERS OF
FLOOD AND EARTHQUAKE EXCLUSIONS IN HOMEOWNERS
AND/OR WINDSTORM RESIDENTIAL POLICIES**

TABLE OF CONTENTS

| | |
|-------------------|--|
| Section 1. | Purpose |
| Section 2. | Authority |
| Section 3. | Scope |
| Section 4. | Definitions |
| Section 5. | Requirements |
| Section 6. | Exclusion to be Stated on Declarations Page |
| Section 7. | Violations and Penalties |
| Section 8. | Severability |
| Section 9. | Effective Date |

Section 1. Purpose

The purpose of this Regulation is to set forth a requirement that all insurers and property and casualty insurance producers who sell personal lines residential property insurance coverage ("homeowners") and/or residential windstorm property coverage ("windstorm") shall provide written notice to the policyholder at the time of issuance of the policy and thereafter at each renewal of any flood exclusion and/or earthquake exclusion in the homeowners and/or windstorm residential insurance policy, and to further provide notice of such exclusions directly within the Declarations Page(s) of each policy.

Section 2. Authority

This Regulation is promulgated by the Commissioner of Insurance pursuant to the authority granted to him by Miss. Code Ann. §§ 83-5-17; 83-5-29 through 83-5-51; and 83-17-1 through 83-17-89(Rev. 2001), as well as the provisions of Mississippi Department of Insurance Regulation No. 88-101, said regulation being the Rules of Practice and Procedure before the Mississippi Insurance Department.

Section 3. Scope

This Regulation shall apply to all insurers and all insurance producers selling homeowners and/or windstorm residential property coverage insurance policies in the State of Mississippi.

Section 4. Definitions

- A. "Insurer" means those companies subject to the jurisdiction of the Department as provided in Miss. Code Ann. § 83-5-1 (Rev. 1999), and which provide personal residential property insurance coverage in the State of Mississippi. The term insurer shall include eligible non-admitted insurers/surplus lines insurers doing business in Mississippi pursuant to Miss. Code Ann. § 83-21-17, et seq. (Rev. 1999), the Mississippi Windstorm Underwriting Association (MWUA), and the Mississippi Residential Property Insurance Underwriting Association (MRPIUA).
- B. "Insurance Producer" means any insurance producer or agent as defined by Miss. Code Ann. § 83-17-1 who sells personal residential property insurance coverage in the State of Mississippi.
- C. "Homeowners coverage" means any personal lines residential property insurance coverage including any homeowner, dwelling, mobile home, tenant or condominium unit owner form of coverage. For the purposes of this Regulation, this shall include mobile home/ manufactured housing property coverage, even if said coverage is classified as an automobile property policy.
- D. "Windstorm coverage" means any personal lines residential property insurance coverage which provides insurance coverage for any loss due to a windstorm, hurricane or hail.

Section 5. Requirements

- A. An insurance producer who sells a homeowners and/or windstorm insurance coverage on or after July 14, 2006, shall identify and explain to the residential policyholder at the time of writing the policy of any flood exclusion and/or earthquake exclusion in the homeowners and/or windstorm coverage.
- B. Furthermore, an insurer shall, after July 14, 2006, provide at the time of issuance and thereafter at each time of renewal a notice that provides a statement that said policy contains a flood and/or earthquake exclusion. The notice shall be provided to the policyholder along with the insurance policy at the time of issuance of the policy, and thereafter shall be sent by first class mail at each time of renewal.
- C. Each insurer that writes homeowners and/or windstorm coverage in the State of Mississippi after July 14, 2006, shall prepare a notice that contains language stated below, and provide this notice to its policyholders at the time of issuance of the policy and thereafter at each time of renewal. The notice should contain at a minimum the following language in 10-point print:

- Flood Exclusion:

This notice is to advise you that your policy excludes coverage for damage due to flood, surface water, waves, tidal water, tidal waves, storm surge, wind driven water, or any other overflow of water, and spray from any of these events. You are further advised that to be covered for such a loss, you will have to obtain a separate flood insurance policy through the National Flood Insurance Program (NFIP). A company representative and/or your insurance agent can provide you with information regarding obtaining flood insurance from the NFIP. Also, for an additional premium, contents coverage may be obtained through the flood insurance provided by the NFIP.

- Earthquake Exclusion: (if applicable)

This notice is to advise you that your policy excludes coverage for damage due to an earthquake, including land shock waves or tremors before, during or after a volcanic eruption. You are further advised that to be covered for such a loss, you will have to obtain a separate endorsement. A company representative and/or your insurance agent can provide you with information on obtaining a separate endorsement that will provide coverage for damage due to an earthquake.

- D. Each insurer that writes homeowners and/or windstorm coverage in the State of Mississippi shall, within thirty (30) days following the effective date of this Regulation, send a copy of the appropriate notice required in Section 5(C) to their residential policyholders in this State informing them of any exclusion contained within their policy.

Section 6. Notice of Exclusion to be Stated on Declarations Page

Beginning July 14, 2006, each insurer shall clearly provide within the main Declarations Page(s) of each policy a statement in 10-point print that informs the policyholder that the policy contains a flood and/or earthquake exclusion. The statement should include one or both of the following statements, whichever is applicable:

- "This policy contains a flood exclusion. Flood coverage may be purchased separately from NFIP"
- "This policy contains an earthquake exclusion. An endorsement may be purchased for an additional charge"

Section 7. Violations and Penalties

Failure of an insurance producer to comply with a material provision of this regulation is considered a violation of Miss. Code Ann. § 83-17-71(1)(b) (Rev. 2001). Violation of said

statute may subject the insurance producer to the suspension or revocation of the insurance producer's privilege license, the imposition of an administrative fine, or both.

Failure of an insurer writing homeowners and/or windstorm insurance coverage in this State to comply with a material provision of this regulation is considered a violation of Miss. Code Ann. § 83-5-17 and §§ 83-5-39 through 83-5-51 (Rev. 1999). Violation of said statutes may subject the insurer to the suspension or revocation of the insurer's Certificate of Authority, the imposition of an administrative fine, or both.

Section 8. Severability

If any section or portion of a section of this Regulation or the application thereof is held by a court to be invalid, such invalidity shall not affect any other provision of that section or application of the Regulation which can be given effect without the invalid provision or application, and to this end the provisions of the Regulation are declared to be severable.

Section 9. Effective Date

The effective date of this Regulation shall be July 14, 2006 and shall apply to all residential homeowners and/or windstorm insurance policies written on or after July 14, 2006.