Title 19: Department of Insurance

Part 1: General

Part 1 Chapter 1: (F&C 37-1) Prohibition of “Twisting” Insurance Products

Rule 1.01

The attention of the Insurance Commission of the State of Mississippi has been brought to the fact that certain individuals and other loaning agencies that have insurance agencies or connections with insurance agencies are, in some instances, compelling the borrower to cancel insurance that he has or tenders and to take out new insurance with or through the agency represented, directly or indirectly, by the lender.

After a careful examination of the complaint the Commission is of the opinion that such practice is contrary to the law and an injustice to the borrower in that he should be compelled to cancel his insurance or be denied the right of renewing previous contracts of insurance, provided, the said insurance is with a responsible company that is duly licensed to do business in the State of Mississippi.

Hereafter, no banks, trust companies, loan companies, building and loan associations, individuals, and other loaning agencies, that have an insurance agency or connection therewith shall require, as a condition precedent upon securing a loan, that the borrower shall cancel out insurance and take out new insurance with the lender or with an agency with which the lender is in anywise connected.

Any insurance agent, who directly or indirectly or by subterfuge or artifice, aids, abets or participates in the said practice is guilty of violation of this regulation and is subject to revocation of license.

The acts of any loaning agencies, etc., having a direct or indirect connection with an insurance agency will be deemed the act of the insurance agent or agency with whom they are connected and the agent shall be held strictly accountable for the act of the lender.

Any insurance company, licensed under the laws of Mississippi, who accepts business from the insurance agents with knowledge or under circumstances or conditions that ordinarily amounts to constructive notice that such business is in violation of this said ruling shall likewise be subject to the penalties prescribed by law.

All insurance companies, operating within the State of Mississippi, are requested to acknowledge receipt of this ruling and to immediately notify all of their agents within the State, regarding this matter.

Source: Miss. Code Ann. §83-5-1; § 83-5-35 (Rev. 2011)