



**GEORGE DALE**  
Commissioner of Insurance  
State Fire Marshal

**LEE HARRELL**  
Deputy Commissioner

**STATE OF MISSISSIPPI**  
Mississippi Insurance Department

501 N. West Street  
1001 Woolfolk Building (39201)  
Post Office Box 79  
Jackson, Mississippi 39205-0079  
(601) 359-3569  
<http://www.doi.state.ms.us>

Mississippi Insurance Department  
September 28, 2005  
Bulletin No. 2005-9

On September 15, 2005, the Mississippi Insurance Department ("Department") issued Bulletin No. 2005-7 to clarify the scope of the Department's moratorium, previously issued as a result of Hurricane Katrina, concerning cancellations/nonrenewals of policies for non-payment of premiums.

In the sixth paragraph of Bulletin No. 2005-7, the Department directed that "Insurance companies may continue to send premium notices to persons in the impacted area; however, direct billing payments should cease unless the insurance company has the approval of the policyholder in the impacted area to continue said direct billing payments." The Department has had numerous inquiries regarding this provision and hereby seeks to provide further clarification and direction, as follows:


- (1) The term "direct billing payments", as used in Bulletin No. 2005-7, includes automatic bank draft/electronic fund transfer arrangements ("abd/eft arrangements") whereby premium payments are automatically deducted from a policyholder's bank account on a periodic basis.
- (2) Generally, in order for an abd/eft arrangement to be lifted, a policyholder must contact his or her lending institution and request that the arrangement cease. In some cases, insurers are encountering difficulty in contacting or locating their insureds, which makes it very difficult to cancel abd/aft arrangements. Some policyholders are complaining that they do not wish for their abd/eft arrangements to be cancelled because such cancellations would be too disruptive to their household budgets.

In view of these issues, and in an effort to clarify the sixth paragraph of Bulletin No. 2005-7, the Department hereby advises that direct billing/abd/eft payments may continue unless a policyholder contacts the insurer, requests that such payments cease, and demonstrates that he or she has suffered significant adverse consequences as discussed further below.

- (3) Insurers are reminded that they must work with impacted policyholders in repaying the premiums that would have become due during the moratorium period by either allowing a repayment plan or a further extension in repaying the amount in full.

Another issue which has been the source of considerable inquiry is whether the 60-day moratorium period automatically applies to every policyholder located in the "impacted areas", or only to those in the impacted areas who can demonstrate that they have suffered significant adverse consequences as a result of Katrina. It has come to the attention of the Department that some policyholders who reside in the impacted areas, defined in Bulletin No. 2005-7 as all those counties abutting and south of Interstate I-20, are electing not to pay their premiums even though they have not been significantly impacted by Katrina. The intent of the moratorium was to protect those who suffered a loss of mail service or significant damage or loss resulting in displacement, or in a need to use available funds for basic necessities and living expenses. Consequently, the Department hereby clarifies that the moratorium does not automatically apply to all policyholders residing in counties abutting and south of Interstate I-20. Policyholders are encouraged to contact their carriers and to be prepared to demonstrate that they have suffered significant adverse consequences in order to qualify for the premium moratorium. Likewise, insurers are encouraged to contact their policyholders in the impacted areas and to work with them in providing relief under the moratorium where the circumstances so justify.

Issued this the 28 day of September, 2005.

  
\_\_\_\_\_  
GEORGE DALE  
COMMISSIONER OF INSURANCE