

Part 4 Chapter 1: A (79-1) Automobile Club Service Contracts Pursuant To The Provisions Of Miss. Code Ann. §§81-11-201 Through 83-11-247.

Rule 1.1 Automobile Club Service Contracts

TO: ALL COMPANIES WRITING AUTOMOBILE CLUB SERVICE CONTRACTS PURSUANT TO THE PROVISIONS OF SECTIONS 83-11-201 THROUGH 83-11-247 OF THE MISSISSIPPI CODE OF 1972, ANNOTATED.

WHEREAS, it has come to the attention of the Department of Insurance and the Commissioner of Insurance that certain automobile clubs and automobile club agents have, because of certain company-agent problems committed acts that are either misleading or confusing to the automobile club buying public in revealing to the named club member the identity of the automobile club holding the member's automobile club service contract, and

WHEREAS, following a detailed study of the automobile club service contract field in the State of Mississippi, it has been decided that some automobile clubs and automobile club agents are involved in the practice of "twisting" to the detriment of the automobile club buying public of the State of Mississippi.

THEREFORE, it is the considered opinion of the Insurance Commissioner of the State of Mississippi that certain voluntarily steps be taken by the automobile clubs doing business in this state to help remedy this problem, and,

THAT the Commissioner of Insurance suggests that all automobile clubs doing business in this state initiate a program wherein all agents presently in the employ of, or hired from this day forward, be employed through the use of a written contract setting forth all of the conditions and responsibilities of such employment and that each and every agent's contract contain the following standard provisions in the words in which the same appear in this letter, to wit:

"It is agreed, in the event of the termination of this employment by either party with or without cause, that for a period of one (1) year after the date of such termination, if such employee shall go into business alone or in conjunction with one or more persons or in the employ of any person, partnership, association, corporation, automobile club or other legal entity where the business of such employment shall be the same or similar to that of the company, that such employee shall not;

- (1) Solicit any active or paid up members or holders of service contracts of the company;
- (2) Loan to, pay off or pay on any active membership or service contract of the company.

(3) Transmit or reveal any information, written or oral, concerning the active or paid up membership or service contract of the company, or its method of operation, or the types of benefits offered by the company or use same for himself or others in the same or similar employment.

Further, members or service contract holders shall be regarded or defined as; All persons, and each and every one thereof, for whom the company performs services in the course of its business, are and shall be the members or service contract holders of the company , as well after the termination of, as at all times during, the employment of the employee, notwithstanding that some or all of said persons may have been induced to give their patronage to the company by the solicitation of the employee, or of someone on his behalf, either during the usual hours of employment of the employee or otherwise, and notwithstanding that all or some of such persons may have previously been customers of the employee or others.”

WHEREFORE, it is requested that all automobile clubs doing business in this state announce to the Commissioner of Insurance, within ten (10) working days of this writing, their intention to either comply with or resist this request, and if such automobile club refuses to voluntarily comply with this request to state their reasons for same. Full compliance of this request will be effective thirty (30) days from the date of this writing.

IT IS, THEREFORE, the hope of the Commissioner of Insurance that all automobile clubs doing business in this state will comply with this request so that the automobile club buying public of this state will be protected from the practices mentioned herein and that it will not be necessary to promulgate any further rules or regulations in the furtherance of the purposes stated herein. The Department of Insurance and the Commissioner of Insurance earnestly solicit the cooperation of all concerned.

Dated: February 12, 1979.

Source: Miss. Code Ann. §§ 83-11-201 through 83—11-247 (Rev. 2011)