

Recent Legislation and Regulation in Mississippi Involving Insurers
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The 2005 hurricane season resulted in insured losses of approximately \$10 billion across the state of Mississippi. Although Hurricane Katrina accounted for the vast majority of the state's insurance claims, Tropical Storm Cindy and Hurricanes Dennis and Rita also added to 2005's financial burden.

The National Association of Mutual Insurance Companies (NAMIC)'s Subcommittee on Economic Development, Public Buildings and Emergency Management held a hearing in November 2005 to discuss possible legislative action to prevent future losses like those that occurred following hurricane Katrina. Congressman Connie Mack (R-FL) who submitted testimony for the hearing was able to point out his first hand experience with strong building codes. Mack stated that "Several years ago, Florida adopted a statewide residential building code. Make no mistake: having a rigorous building code in place in Florida contributed considerably toward mitigating damage and saving lives. Homes built to code were able to sustain the damages more readily than those not built to code". The enactment of stronger statewide building codes has been a NAMIC priority for years. Thus, Mississippi lawmakers made enacting and enforcing a strong statewide building code a top priority in 2006 legislative sessions. "To ensure that Mississippi and other Gulf Coast states are better prepared for next year's hurricane season, we are urging legislatures in the region to enact and enforce strong statewide building codes," said William Stander, assistant vice president and regional manager for the Property and Casualty Insurers Association of America. "Without a strong building code, many of the homes being rebuilt following Katrina's devastation will once again be vulnerable to hurricane and flood damage. In Florida we have seen the value of implementing strong building

codes. Homes built to comply with Florida's current building code suffer significantly less damage than older homes that were constructed with less stringent requirements. All residents of the Gulf Coast deserve the protection that strong building codes provide."

In April 2006, Mississippi State Congress and Senate passed House Bill 1406. This bill requires Harrison, Hancock, Jackson, Pearl River, and Stone counties to adopt the International Building Code for new construction. Other counties may voluntarily adopt this building code but it is not mandatory. Stronger building codes result in the construction of safe and durable structures, which reduces the number of deaths, injuries and the amount of economic loss from both accidents, such as fires and electrical malfunctions, and natural disasters.

In terms of recent regulation in Mississippi, the U.S. District Court for the Southern District of Mississippi upheld the clear insurance policy language excluding coverage for water damage caused by flooding or storm surge in *Leonard v. Nationwide*. Presiding Judge Senter rejected the plaintiff attorney's claims that their insurance agent misrepresented the terms of their homeowners insurance coverage and that Nationwide was liable for the full extent of property damage to their home. In response to Katrina, insurers have already settled well over 90% of the claims. However, insurers can not pay claims for coverage the policyholder did not purchase. The *Leonard v. Nationwide* ruling is important for several reasons. It upholds the integrity of contracts and shows that throughout problems and emotions confronting this obviously devastated region, contracts still get a fair reading in the courts. The ruling allows insurers and other businesses in the state to operate without uncertainty about the validity of their contracts, which will help energize both the insurance market and the economy of Mississippi. It also reinforces the need for consumers to prepare for disasters by ensuring that their insurance policies are up to date and that they have the correct type of coverage in place.