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Frequently Asked Questions

Frequently Asked Homeowners Questions

Question:

On my homeowner's claim, the insurance company is not allowing enough money to get my repairs done. Is there anything you can do about it?

Answer:

The insured can have their contractor review the estimate the company has given and compare the line items, then contact the adjuster to try to reach a compromise. If that does not work, the insured should refer to the "arbitration clause" in their policy.

Question:

Why is the insurance company only paying depreciated amounts on my contents claim? I won't be able to replace the contents with the amount of money they are giving me.

Answer:

The policy that you have is an "actual cash value" policy, often referred to as ACV. The company will look at what it would cost to replace the item, the expected life of the items, the amount of time the insured has had the items and deduct the depreciated amount accordingly.

Question:

Why is the insurance company "holding back" part of the structural repair money on my claim?

Answer:

On a replacement cost homeowner policy there is a "recoverable depreciation" clause, which allows the insurer to hold back a portion of the proceeds until you prove repairs are complete.

Question:

I live on the Mississippi Gulf Coast and can't find homeowner's insurance. Where can I go?

Answer:

You should contact your local agent/agency, if they can not place coverage ask that they refer you to a larger agency. You can also contact the Department of Insurance.

Question:

My homeowner's insurance company removed wind coverage from my policy at renewal. Is this legal?

Answer:

Yes, this is legal. Some companies have opted not to carry wind coverage on their homeowner's policies; therefore, you would have to seek coverage through the Mississippi Windstorm Underwriting Association.

Question:

How many claims do I have to have before the insurance company can cancel my coverage?

Answer:

This may vary from company to company. The Underwriters will look not only at the number of claims, but the frequency of claims, the amount of time you have been insured with the company and the amount the company has paid on claims.

Question:

My agent told me that I should keep homeowner's insurance on my Gulf Coast slab (house destroyed by Katrina) so I can have coverage when I rebuild; otherwise, he said I might have trouble finding coverage. Is this true?

Answer:

It is true, but you should check with your agent/agency to discuss the appropriate coverage you should have.

Question:

Can the insurance company tell me which contractor to use for my house repair?

Answer:

No, the insured has a right to choose the contractor.

Question:

I live on the Gulf Coast and my homeowner's premium has gone up tremendously. Is there a limit to how much the company can raise my premium?

Answer:

Rate increases must be submitted and approved by the Department of Insurance. Careful consideration is given prior to any rate increase.

Question:

Do checks from insurance companies have to be endorsed by both the insured and the mortgage company?

Answer:

Insurance claims payments for damage to property that is security for a loan must be made payable to the policyholder and the mortgage company, so they would require endorsement from both parties.

Question:

Why does the insurance company include my mortgage company on my check when I pay the premium?

Answer:

The mortgage company has an insurable interest in the property because of the loan made to the individual.

Question:

I've received a check from the insurance company, but am not satisfied with the amount. I plan to file a complaint to request additional funds be paid. Should I cash the check? If I cash the check, does it mean that I accept their decision and amount of payment?

Answer:

Be careful about endorsing a check before discussing it with the company. Call the adjuster or company first before cashing the check. Some companies have a release from further liability disclaimer printed on the back of the check. The check may be a partial payment to initiate repairs. Additional funds may be released when you submit proof that repairs have been completed.

Question:

Can I make repairs to my property immediately?

Answer:

Generally, you should make temporary repairs if necessary to protect your property from further damage. Do NOT make permanent repairs until an adjuster has inspected the damage. Your policy covers the cost of necessary temporary repairs, so save your receipts for material and labor. You may wish to take pictures of the damage before making temporary repairs.

Question:

My neighbor's tree fell down on my house and damaged my roof. Will my neighbor's homeowners policy pay for the damage to my home and remove the tree?

Answer:

Probably not. Your neighbor is not legally liable for an act of nature. However, if the tree was dead, your neighbor may be responsible for the damage to your home. If your neighbor's policy does not pay for your damage, you can make a claim under your policy if the peril that caused the tree to fall is a covered peril in your policy. You should contact your agent and/or company regarding the damage.

Question:

If my roof was partially damaged by wind, does my insurance company have to replace my whole roof?

Answer:

The insurance company is required to pay for the replacement of the part of the roof that was damaged by the wind. But the insurance company will not be required to replace roofing that was not damaged.

Frequently Asked Questions to the P & C Rating Division:

Am I required to purchase Workers' Compensation coverage if I have less than 5 employees?

No, per State Statute 71-3-5, but it is important to know that the employer is still responsible for work related injuries, disability and death to his employees. In absence of Workers' Comp. coverage the employer will have to pay these expenses out of pocket.

Why is an insurance company allowed to surcharge my policy when they pay a claim, that's why we purchase insurance?

Companies have a credit/debit plan for Auto (SDIP, Safe Driver Insurance Plan) and Homeowners coverage. These plans offer credits if you are insured by the company for a specified number of years and remain loss free and levy debits (surcharges) for a three year period if you have a "qualified" loss. The idea is to provide the best rates for loss free policyholders while charging an additional premium for less profitable accounts. This helps stabilize rates and limits non-renewals.

Why can a company arbitrarily raise my dwelling coverage on my Homeowners policy at renewal?

Companies use national appraisal firms to determine the building costs by zip code. They use these building costs factors to determine (and adjust) the replacement cost of your dwelling on renewal, so that your home will not be under insured (which could cause you to be penalized in the event of a loss). The Homeowner policy is a replacement cost contract and requires that the home be insured to value.

If you feel this increase in coverage is over insuring your property, ask a local contractor to give you a cost per square foot to replace your home in writing on his stationery (or attach a business card). Send a copy of this estimate to your agent and the company should lower the coverage.

What are the required limits for auto liability insurance in MS and what do they mean?

\$25,000 maximum for one person for Bodily Injury in an accident

\$50,000 maximum for all persons injured in a single accident for Bodily Injury

\$25,000 per accident for Property Damage

Do I have to buy Uninsured Motorist Coverage?

No, it is an optional coverage to compensate you for damages you are legally entitled to recover from the operator of an uninsured motor vehicle for bodily injury/physical damage. However, the coverage will be applied to a policy unless it is rejected in writing by the named insured when a policy is written.

Can an insurance company look at my credit information without my permission?

Under the federal Fair Credit Reporting Acts (FCRA) anyone with a permissible purpose may access your credit. Insurance companies may look at your credit information when a person asks an insurance company to write/renew a policy or provide an insurance quote.

How do insurance companies use my credit history?

Most companies that use credit information use different attributes in the credit history to develop an "insurance credit score". The company will use this score for underwriting, to decide if they will insure you, or in rating as only one factor to determine how much you pay for insurance.

Ask your insurance agent or company if they use credit information, how they use it, and whether it affects your rate.

I haven't had a claim, why is my insurance going up?

Your policy is pooled with all other insureds in your company for the coverage the insurance provides. While you may not have suffered a loss resulting in a claim, all of a company's losses and the frequency of those losses for that coverage are evaluated in determining rate increases or decreases.

My homeowners insurance rate is going up; I see I have coverage for "Other Structures". I don't have any other structures. Can I drop that coverage from my homeowners' policy?

No, Homeowners is a package policy with coverage for Damage to your house, Other Structures, Personal Property, Additional Living Expense, Personal Liability, and Medical Expense. As a package policy specific coverage parts cannot be eliminated. It is designed to cover a broad spectrum of exposures related to owning a home. The combination of coverage is meant to result in better protection and lower premiums than would be available if the coverages were purchased separately.

I was quoted one price when I called the agent/company for insurance coverage, now I've received a bill from the company for additional premium. Can they do that?

Yes, the price quoted is their best estimated premium based on the information provided by you. However, the full underwriting and rating by the Company involves multiple sources of information. The company has 60 days to complete their underwriting and develop final premium based on their filed and approved rates.

Why are rates going up every year and why so high?

The department only allows one rate increase per year and this increase is carefully reviewed. Most companies request less than the indicated rate increase and generally do not get the amount of increase they request.

What does the future hold for the coastal residents in regards to obtaining affordable insurance?

HB 1500 has laid the foundation for revision of the MWUA by providing more funding and includes incentives for companies to return to the coast. We have begun seeing companies coming back and with time more and more companies will write business on the coast and we hope that rates will become more affordable also. Homes need to be built stronger and out of harm's way.

Why isn't there more markets for coastal residents needing Mobilehome insurance?

At this time it is very difficult to find companies who will write Mobilehome insurance that is affordable; but we hope that as time goes along more markets will open up.

When will Windstorm insurance decrease?

We hope in the next couple of months.

Are there any markets that insure slabs (liability only) without just reducing the insured's homeowners policy limits.

No markets known who will do this.

Need more companies to come in and include wind coverage with out having to go through the wind pool.

We know that at the present time that this is limited but believe in time to come that this will change. Isn't it the Commissioner's job to control the rate increases in the State or do the companies get to just charge what they want to?

The Insurance Commissioner's Office does regulate the rate increases/decreases. An actuary reviews a company's rate filing to see if the rates are actuarially sound and makes recommendations to the Commissioner. In turn, the Commissioner by law has to approve or disapprove said rate increase or decrease if it is justified. He can however, discuss with the company to see if it possible for them to lower that amount. Section 83-2-1

Does a company have the right to refuse to write a policy?

Yes, the company has specific underwriting guidelines that they use and they must see if the risk they are writing meets their criteria.

Why can an insurance company use your credit rating?

The company uses many factors in rating a particular policy for an individual. Not only is credit rating used but the amount of claims you may have had in the past, if you had prior insurance, what area you live in, etc.

<http://www.mid.state.ms.us/regulations/20031reg.pdf>

Does the company have the right to cancel my policy at any time?

An insurance company has to give proper notice of cancellation which is 30 days for non-renewal and 10 days for non-payment of premium. Section 83-11-1

Can an insurance company make me use a specific auto repair facility?

No, you have the right to take your vehicle to any body shop for repair. Section 83-11-501

Does an insurance company have to give a discount for senior citizens that take the Defensive Driving Course?

Yes, the law states that a discount be given. Section 63-15-46