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Mississippi Insurance Department

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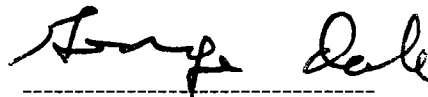
To All Companies Licensed to Sell Automobile Insurance in Mississippi
Regarding Surcharges for Accidents Caused by Defective Tires

Tire manufacturer, Bridgestone/Firestone, has issued a national and international recall of certain sizes of tires. The recall was prompted by consumer complaints and auto collision data that demonstrate that tread separation has caused serious and fatal automobile accidents in the United States and abroad.

Insurers of private passenger automobiles are allowed to assess surcharges to insurance premiums following payment of certain claims. However, most companies do not surcharge a policy if the driver is not "at fault" and is reimbursed by the person responsible for the accident. Also, companies typically do not surcharge for collisions with animals, "hit and run" accidents, or accidents where the insured auto was lawfully parked.

It has come to the Department's attention that some insurers may be surcharging policies for accidents caused by defective tires. In light of the national recall and federal investigation, these surcharges are unfairly discriminatory, in violation of Miss. Code Ann. §83-2-3. The defective tires and the accidents they cause pose an exposure to loss for United States insurers. However, those insurers have full right of subrogation of those losses, and policyholders should not be required to bear the burden of surcharges while the insurance industry pursues subrogation claims.

Effective immediately, the Department requires that insurers authorized to do business in Mississippi cease surcharging insureds for accidents caused by defective tires, regardless of the brand. Insurers are further directed to remove such current surcharges and refund or credit the amount of the surcharge to the policyholders beginning from the inception of the surcharge. This directive applies to surcharges on current in-force policies and policies purchased after the date of this bulletin.



George Dale
Commissioner of Insurance