

**Mississippi Insurance Department
BULLETIN 99-2**

**TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED TO CONDUCT
BUSINESS IN THE STATE OF MISSISSIPPI**

**FROM: GEORGE DALE
COMMISSIONER OF INSURANCE**

DATE: APRIL 20, 1999

**RE: ESTABLISHMENT OF PROPERTY VALUES AND CORRESPONDING
INSURANCE AMOUNTS ON MORTGAGED PROPERTIES INSURED IN
MISSISSIPPI**

It has come to my attention that some agents may be quoting homeowners insurance on the entire value of mortgage loans that include land values. Additionally, some insurers may be considering land values in mortgage loans when determining the amount of appropriate homeowners insurance coverage necessary for insureds. It is the position of the Mississippi Department of Insurance that it is unfair for homeowners/policyholders to be required to pay for coverage which they cannot reasonably expect to receive in a total loss situation after land values are deducted.

The Department understands that the determination of the replacement cost of a home cannot easily be reduced to a simple formula. However, the Department believes there are some instances where it is apparent that a home has been substantially overinsured.

Pursuant to Miss. Code Ann. Section 83-13-5 (Rev. 1991) and Sections 83-5-29 through 83-5-51 (Rev. 1991), it is the position of the Department that land values may not be included in the computation when determining the amount of appropriate homeowners insurance because homeowners insurance does not insure the land on which the home is located. As soon as possible, Insurers should notify their agents of the Department's position as stated herein and otherwise take whatever action is necessary in order to comply with this Bulletin.

This 20 day of April, 1999.

George Dale

GEORGE DALE
COMMISSIONER OF
INSURANCE