

---

The original instrument was prepared by Cheryl Horne. The following digest, which does not constitute a part of the legislative instrument, was prepared by Thomas L. Tyler.

---

## DIGEST

McPherson (SB 246)

Present law permits an insured to cancel and surrender any policy which can be canceled at the insured's option. Requires the insurer to pay to the insured any unearned portion of any premium paid on the policy as computed on the customary short rate or as specified in the policy, and any unearned commission.

Proposed law requires that the payment be computed on the customary pro rata rate.

Present law provides that if an automobile policy is canceled for nonpayment to a finance company, then the unearned premium and commission be computed on a pro rata basis.

Proposed law provides that if a personal line or commercial line policy is canceled, any unearned premium and commission be computed on a pro rata basis.

Proposed law provides that, except for surplus line insurers, the assessment of any monetary penalty by an insurer against the insured who elects to cancel a policy prior to its expiration is prohibited.

Effective August 15, 2010.

(Amends R.S. 22:885(B))

### Summary of Amendments Adopted by Senate

#### Committee Amendments Proposed by Senate Committee on Insurance to the original bill.

1. Adds provision that payment on any unearned premium be computed on the customary pro rata rate.