

2019 Regular Session

HOUSE BILL NO. 407

BY REPRESENTATIVE CHAD BROWN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/PROPERTY: Provides relative to the refund of unearned premiums

1 AN ACT

2 To amend and reenact R.S. 22:885(B), relative to the refund of unearned insurance
3 premiums; to remove the option for mortgagees to provide written notice to the
4 insurer for unearned premiums after cancellation; to provide for the refund of
5 unearned premiums; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:885(B) is hereby amended and reenacted to read as follows:

8 §885. Cancellation by the insured; surrender

9 * * *

10 B. Within thirty days following such cancellation the insurer shall pay to the
11 insured or to the person entitled thereto as shown by the insurer's records, any
12 unearned portion of any premium paid on the policy as computed on the customary
13 pro rata rate, unless otherwise stated in a policy that has been filed with and
14 approved by the commissioner, and any unearned commission. ~~If a mortgagee
15 provided written notice to the insurer of the percentage of the premium being funded
16 with the mortgagee's own funds, the percentage of the unearned premium attributable
17 to the mortgagee shall be returned to the mortgagee and the percentage of the
18 unearned premium attributable to the insured shall be returned to the insured.~~ If no
19 premium has been paid on the policy, the insured shall be liable to the insurer for
20 premium for the period during which the policy was in force. Except for surplus line
21 insurers, any assessment of a monetary penalty by an insurer against an insured as

1 a result of the insured's cancellation prior to the expiration of any policy is
 2 prohibited. Nothing in this Section shall prohibit an insurer from calculating
 3 unearned premium based on a short-rate provision contained in any insurance policy
 4 that has been filed with and approved by the commissioner.

5 * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Abstract: Removes the option that the mortgagee may provide written notice to the insurer of the percentage of the unearned premium that is attributable to the mortgagee.

Present law provides that the insurer shall pay to the insured any unearned portion of any premium paid upon cancellation of an insurance policy by the insured.

Proposed law retains present law.

Present law provides an option for mortgagees to provide a written notice to the insurer that a percentage of the unearned premium was paid from the mortgagee's own funds which requires that percentage of the unearned premium to be refunded to the mortgagee.

Proposed law repeals present law.

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