Morrish (SB 84) **Act No. 135**

Prior law provided for cancellation by the insured of any policy or binder upon written notice to the insurer and surrender of the policy or binder prior to or on the effective date of such cancellation. Required that within 30 days following such cancellation the insurer pay to the insured or to the person entitled thereto, any unearned portion of any premium paid on the policy as computed on the customary pro rata rate or as otherwise specified in the policy.

New law retains prior law but provides the payment of unearned premium be paid as computed on the customary pro rata rate unless otherwise stated in a policy filed with and approved by the commissioner.

Prior law provided that in the event a personal line or commercial line insurance policy is canceled, any unearned premium and commission shall be computed on a pro rata basis. New law deletes prior law.

Prior law provided that if no premium has been paid on the policy, the insured shall be liable to the insurer for premium for the period during which the policy was in force. Provided that except for surplus line insurers, any assessment of a monetary penalty by an insurer against an insured as a result of the insured's cancellation prior to the expiration of any policy is prohibited.

New law retains prior law and adds provisions that nothing in prior law shall prohibit an insurer from calculating unearned premium based on a short-rate provision contained in any insurance policy that has been filed with and approved by the commissioner.

Effective August 15, 2011.

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