

Regular Session, 2012

HOUSE BILL NO. 154

BY REPRESENTATIVE THIBAUT

INSURANCE/POLICIES: Provides relative to policy refunds

1 AN ACT

2 To amend and reenact R.S. 22:1268(A)(introductory paragraph) and (2) and 1287, relative
3 to policy refunds and interest; to provide for the crediting of refund amounts against
4 future premiums; to provide for the accrual of interest on refunds; and to provide for
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1268(A)(introductory paragraph) and (2) and 1287 are hereby
8 amended and reenacted to read as follows:

9 §1268. Interest on refund; exception

10 A. Any refund due an insured by an insurer writing or delivering insurance
11 policies excluding health insurance, life insurance, and annuities in the state because
12 of either cancellation, elimination, or reduction of coverage by the insurer or the
13 insured, shall be accompanied with interest at the rate of one and one-half percent
14 per month of the amount of the refund due the customer, without the benefit of daily
15 proration of this monthly interest, after ~~thirty~~ sixty days of either of the following:

16 * * *

17 (2) Delivery to the insurer's state, regional, or home office, from which such
18 refund would issue, of the written request for such cancellation, elimination, or
19 reduction. An insurer shall be deemed in compliance with this Section and not
20 subject to the further accrument of interest by furnishing timely evidence of the

1 mailing of such refund to the last known address of the insured. However, when the
2 insured continues to maintain a policy of insurance with the insurer, or an affiliated
3 insurer, and the amount of the refund plus interest is twenty-five dollars or less, the
4 insurer may credit the amount of the payment against future premiums. The insurer
5 shall give written notice to the insured of the credit and the amount at policy renewal.

6 * * *

7 §1287. Overpayments; surplus premium; endorsement credits

8 All automobile insurers shall as soon as reasonably possible, but in no event
9 later than ~~thirty~~ sixty days, pay to the premium finance company, if the premium has
10 been financed or if not financed, to the insured, or the person entitled thereto as
11 shown by the automobile insurer's records any overpayment or surplus and
12 commission paid or due on the policy. The failure to pay the person owed the money
13 within the ~~thirty~~ sixty-day period shall entitle that person to recover monetary
14 penalties and interest. In the event the insured is due a credit from an endorsement
15 or change to the policy, the return premium and commission shall be computed on
16 a pro rata basis. However, when the insured continues to maintain a policy of
17 insurance with the insurer, or an affiliated insurer, and the amount of the refund plus
18 interest is twenty-five dollars or less, the insurer may credit the amount of the
19 payment against future premiums. The insurer shall give written notice to the
20 insured of the credit and the amount at policy renewal.

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)]

Thibaut

HB No. 154

Abstract: Provides that an insurer may apply an overpayment of an insurance premium toward future premiums as long as the overpayment, plus interest, equals \$25 or less.

Present law provides that any refund due to an insured by an insurer because of cancellation, elimination, or reduction of coverage shall be returned with interest at the rate of 1.1% per month, which shall begin to accrue either 30 days after the insured's letter of cancellation, elimination, or reduction to the insurer or delivery of the request for such a refund. Present law is not applicable to health insurance, life insurance, or annuities.

Proposed law changes the time period which triggers an insured's refund to begin to accrue interest at a rate of 1.1% per month from 30 days to 60 days after the insured's letter of cancellation, elimination, or reduction to the insurer or delivery of the request for such a refund.

Proposed law provides that if a refund of \$25 or less, including interest, is due to an insured who continues to maintain a policy of insurance with the insurer or an affiliated insurer, that the insurer may apply the refund to the insured's next premium in the form of a credit.

Proposed law requires that the insurer give written notice of the credit amount to the insured upon policy renewal.

(Amends R.S. 22:1268(A)(intro. para.) and (2) and 1287)