Regular Session, 2012

HOUSE BILL NO. 154

BY REPRESENTATIVE THIBAUT

INSURANCE/POLICIES: Provides relative to policy refunds

AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

§1268. Interest on refund; exception

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

* * *

(2) Delivery to the insurer's state, regional, or home office, from which such refund would issue, of the written request for such cancellation, elimination, or reduction. An insurer shall be deemed in compliance with this Section and not subject to the further accruement of interest by furnishing timely evidence of the mailing of such refund to the last known address of the insured. However, when the

insured continues to maintain a policy of insurance with the insurer, or an affiliated insurer, and the amount of the refund plus interest is twenty-five dollars or less, the insurer may credit the amount of the payment against future premiums. The insurer shall give written notice to the insured of the credit and the amount at policy renewal.

* * *

§1287. Overpayments; surplus premium; endorsement credits

All automobile insurers shall as soon as reasonably possible, but in no event later than ~~thirty~~ sixty days, pay to the premium finance company, if the premium has been financed or if not financed, to the insured, or the person entitled thereto as shown by the automobile insurer's records any overpayment or surplus and commission paid or due on the policy. The failure to pay the person owed the money within the ~~thirty~~ thirty-day period shall entitle that person to recover monetary penalties and interest. In the event the insured is due a credit from an endorsement or change to the policy, the return premium and commission shall be computed on a pro rata basis. However, when the insured continues to maintain a policy of insurance with the insurer, or an affiliated insurer, and the amount of the refund plus interest is twenty-five dollars or less, the insurer may credit the amount of the payment against future premiums. The insurer shall give written notice to the 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 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)(2) and 1287)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Made technical changes.

2. Changed back to present law the applicable time period at which interest will begin to accrue from 60 days to 30 days.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.