
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Carla S. Roberts.

SB 144 Engrossed	DIGEST 2015 Regular Session	Dorsey-Colomb
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Present law relative to insurance provides that consumer auto insurance policies and some commercial insurance policies, which are subject to regulation by the Dept. of Insurance, may be financed by an insurance premium finance company.

Present law provides that the office of financial institutions shall license any person who engages in the business of financing insurance premiums for consumers. Present law does not require the licensing of a person who engages in the financing of commercial insurance policies.

Present law provides that no notice of cancellation of a consumer automobile, property, casualty, or liability insurance policy will be effective unless mailed by certified mail or delivered by the insurer to the named insured at least 10 days prior to the date of cancellation when the policy is cancelled for nonpayment of premium. Present law provides that if the insured pays timely the premium within the 10-day period, the insurer shall reinstate the consumer's automobile policy. Present law provides that if the insured does not pay the amount in default, the consumer automobile policy shall be cancelled.

Present law provides that within 10 days after the expiration of the 10-day notice the automobile insurer shall return all funds paid by the insurance agent to the insurer, except when an insurance premium finance company has funded an insured's policy. When an insurance premium company has funded the policy, the insurer shall return those funds directly to the insurance premium finance company.

Proposed law retains present law and adds that when the funds are returned to the premium finance company, the insurer shall mail a copy of the check or other negotiable instrument to the insured at the insured's last-known address.

Present law provides that when an insurance premium finance company has funded an insured's consumer automobile policy and the policy is cancelled and the insurer has returned the funds directly to the insurance premium finance company, any funds received by the insurance premium finance company in excess of the amount owed to the insurance premium finance company by the insured shall be forwarded to the insurance agent to be returned to the insured.

Proposed law retains present law and adds that the insurance premium finance company shall also mail a copy of the check or other negotiable instrument representing the amount of the payment to the insured.

Proposed law provides that an insurance premium finance company that finances any consumer automobile insurance policy shall cooperate with the Dept. of Insurance in any investigation

regarding such insurance policy.

Proposed law further provides that upon request by the department, the insurance premium finance company will make available to the Dept. of Insurance all documents, correspondence, and cancellation notices related to the consumer automobile insurance policy received or sent by the insurance premium finance company.

Present law provides that notice of cancellation of a commercial insurance policy shall be mailed or delivered at least 10 days prior to the date of cancellation when the policy is cancelled for nonpayment of premium. Present law provides that commercial policies are all of the following policies: commercial property insurance policies, commercial automobile insurance policies, commercial multi-peril insurance policies, workers' compensation insurance, professional errors and omissions policies, and commercial liability insurance policies, other than aviation, and employers' liability insurance policies.

Present law provides that the insurer of a commercial policy is not required to provide a notice of cancellation or a statement of reasons for cancellation where cancellation for nonpayment of premium is effected by a premium finance agency or other entity pursuant to a power of attorney or other agreement executed by or on behalf of the insured.

Proposed law requires that the insurer of a commercial policy shall provide notice of cancellation or a statement of reasons for cancellation where cancellation for nonpayment of premium is effected by a premium finance company or other entity pursuant to a power of attorney or other agreement executed by or on behalf of the insured.

Proposed law changes the term related to a financier of premiums on a commercial policy from "premium finance agency" to "premium finance company".

Proposed law adds that an insurance premium finance company that finances any commercial insurance policy shall cooperate with the Dept. of Insurance in any investigation regarding such commercial insurance policy.

Proposed law adds that upon request by the department, an insurance premium finance company that finances a commercial insurance policy shall make available to the Dept. of Insurance all documents, correspondence, and cancellation notices related to the insurance policy received or sent by the insurance premium finance company.

Present law provides that whoever intentionally violates, aids, abets, counsels, or procures another person to violate any provision of the Louisiana Insurance Code intentionally, upon conviction, shall be fined a monetary penalty of not more than \$50,000 if a corporation; a natural person shall be fined not more than \$10,000 or imprisoned with or without hard labor for not more than five years or both.

Proposed law provides that an insurance premium finance company shall be subject to the monetary penalties provided for in present law.

Effective August 1, 2015.

(Amends R.S. 22:1266(D)(3)(d)(i) and (4)(b) and 1267(C)(3); adds R.S. 22:1266(M) and 1267(G))