

Regular Session, 2010

HOUSE BILL NO. 282

BY REPRESENTATIVE ROY

INSURANCE/POLICIES: Provides relative to reinstatement of insurance policies and contracts subsequent to cancellation

1 AN ACT

2 To amend and reenact R.S. 9:3550(G)(3)(a)(iv) and to enact R.S. 22:887(I), relative to
3 insurance policies and contracts; to provide relative to reinstatement of insurance
4 policies and contracts subsequent to cancellation; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 9:3550(G)(3)(a)(iv) is hereby amended and reenacted to read as
7 follows:

8 §3550. Insurance premium finance companies

9 * * *

10 G. Insurance contracts may be canceled upon default as follows:

11 * * *

12 (3)(a) Ten days after notice of cancellation has been mailed to the insured,
13 or fourteen days when notice is sent from outside of this state, if the default has not
14 been cured, the insurance premium finance company may thereafter effect
15 cancellation of such insurance contract, or contracts, or endorsements by sending to
16 the insurer, by depositing in the mail or with a private carrier, or via electronic mail,
17 within five business days after the date of cancellation, except when the payment has
18 been returned uncollected, a copy of the notice of cancellation together with a
19 statement certifying that:

20 * * *

1 (iv) Copies of the notice of cancellation were sent to all persons shown by
 2 the premium finance agreement to have an interest in any loss which may occur
 3 thereunder, specifying the names and addresses of any governmental agencies,
 4 holders of a security interest in the insured property, or third parties to whom the
 5 insurance premium finance company has sent notice of cancellation. Any premium
 6 finance company that accepts a late payment which cures a default under a premium
 7 finance agreement, after notices of cancellation have been sent to all persons shown
 8 by the premium finance agreement to have an interest in any loss which may occur
 9 thereunder, shall notify all parties who received notices of cancellation that the
 10 default has been cured and request that insurance coverage be reinstated.

11 * * *

12 Section 2. R.S. 22:887(I) is hereby enacted to read as follows:

13 §887. Cancellation by insurer; changes to homeowner's insurance policies

14 * * *

15 I. Any insurer that issues notice of cancellation of an insurance policy and
 16 later continues or reinstates that insurance policy shall issue notice of reinstatement
 17 to every policyholder, insurance producer, mortgagee, pledgee, or other known
 18 person shown by the policy to have an interest in any loss which may occur
 19 thereunder and who received the notice of cancellation.

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)]

Roy

HB No. 282

Abstract: Provides relative to reinstatement of insurance policies subsequent to cancellation.

Present law (R.S. 22:887) provides that cancellation of an insurance policy may be effected only by either notifying the insured or his representative in writing of such cancellation or by similarly notifying each mortgagee, pledgee, or other known person shown by the policy to have an interest in any loss which may occur under the policy of such cancellation.

Proposed law additionally provides that any insurer that issues notice of cancellation of an insurance policy and later continues or reinstates that insurance policy shall issue notice of reinstatement to every policyholder, insurance producer, mortgagee, pledgee, or other known

person shown by the policy to have an interest in any loss which may occur under the policy and who received the notice of cancellation.

Present law (R.S. 9:3550(G)(3)(a)(iv)), relative to insurance premium finance companies, provides for the procedures for cancellation of an insurance contract, including sending notice of cancellation to the insured, the insurer, and all persons shown by the premium finance agreement to have an interest in any loss which may occur under the contract. Provides that the notice specify the names and addresses of any governmental agencies, holders of a security interest in the insured property, or third parties to whom the insurance premium finance company has sent notice of cancellation.

Proposed law additionally provides that any premium finance company that accepts a late payment which cures a default under a premium finance agreement after notices of cancellation have been sent to all persons shown by the premium finance agreement to have an interest in any loss which may occur under the contract shall notify all parties who received notices of cancellation that the default has been cured and request that insurance coverage be reinstated.

(Amends R.S. 9:3550(G)(3)(a)(iv); Adds R.S. 22:887(I))