

SENATE BILL NO. 144

BY SENATOR DORSEY-COLOMB

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

AN ACT

To amend and reenact R.S. 22:1266(D)(3)(d)(i) and (4)(b) and 1267(C)(3) and to enact R.S. 22:1266(M) and 1267(G), relative to the payment of insurance premiums; to provide that certain notices be mailed by an insurer related to the refund of certain premiums; to provide that certain notices be mailed by an insurance premium finance company related to the refund of certain premiums; to require that an insurance premium finance company cooperate with the Department of Insurance when insurance premiums are paid by an insurance premium finance company related to a consumer or commercial insurance policy; to require an insurance premium finance company to provide for inspection of certain documents related to a consumer or commercial insurance policy that is financed by the insurance premium finance company; to provide for penalties; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1266(D)(3)(d)(i) and (4)(b) and 1267(C)(3) are hereby amended and reenacted and R.S. 22:1266(M) and 1267(G) are hereby enacted to read as follows:

§1266. Automobile, property, casualty, and liability insurance policies; cancellations

* * *

D. * * *

(3) * * *

(d)(i) Within ten days of the expiration of the ten-day notice, the insurer shall return all funds paid by the producer to the insurer on behalf of the insured, ~~except~~ **that** when an insurance premium finance company has funded an insured's policy; the insurer shall return those funds directly to the insurance premium finance

1 company. These funds shall be returned by check or other negotiable instrument and
 2 shall not be placed on the producer's or premium finance company's account currents
 3 unless the producer or premium finance company and the insurer have agreed to
 4 other methods for handling these funds. Funds received by the insurance premium
 5 finance company in excess of the amount funded by the insurance premium finance
 6 company shall be forwarded to the producer. **When funds are returned to the**
 7 **premium finance company by an insurer, the insurer shall also mail a copy of**
 8 **the check or other negotiable instrument to the insured at the insured's last-**
 9 **known address.**

10 * * *

11 (4) * * *

12 (b) When an insurance premium finance company has funded an insured's
 13 policy and the policy is cancelled, the insurer shall return the funds directly to the
 14 insurance premium finance company. Any funds received by the insurance premium
 15 finance company in excess of the amount owed to the insurance premium finance
 16 company by the insured shall be forwarded to the producer to be returned to the
 17 insured, **and the insurance premium finance company shall also mail to the**
 18 **insured a copy of the check or other negotiable instrument representing the**
 19 **amount of the payment.** The insurer shall not withhold any more funds from the
 20 insurance premium finance company than would otherwise be withheld from the
 21 insured. No insurer shall assess a service charge for this transaction.

22 * * *

23 **M.(1) An insurance premium finance company that finances any part**
 24 **of an insurance policy governed by this Section shall cooperate with the**
 25 **department in any investigation regarding such insurance policy.**

26 **(2) Upon request by the department, the insurance premium finance**
 27 **company shall make available to the department all documents,**
 28 **correspondence, and cancellation notices related to the insurance policy that is**
 29 **the subject of an investigation as provided in Paragraph (1) in this Subsection**
 30 **that have been received or sent by the insurance premium finance company.**

