

By: Taylor

H.B. No. 1246

A BILL TO BE ENTITLED

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AN ACT

relating to certain refund requirements regarding credit insurance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1153.202, Insurance Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) Each individual policy or group policy and group certificate must include a written notice stating [~~shall provide~~] that:

(1) if the underlying debt or the insurance terminates before the scheduled maturity date of the debt, including the termination of a debt by renewing or refinancing the debt, the debtor may be entitled to a refund of unearned premium; and

(2) it is the obligation of the debtor to notify the insurer of any early payment in full of the debt covered by the insurance.

(a-1) To be entitled to a refund of unearned premium, the debtor must notify the insurer of any early payment in full of the debt covered by the insurance not later than the 60th day after the effective date of the payment. The refund of any amount of unearned premium paid by or charged to the debtor for insurance shall be paid or credited promptly to the person entitled to the refund on receipt of the notice.

1 SECTION 2. This Act applies only to a credit life or credit
2 accident and health insurance policy evidenced by an individual
3 policy or group certificate of insurance that is delivered, issued
4 for delivery, or renewed on or after January 1, 2008. A policy or
5 certificate delivered, issued for delivery, or renewed before
6 January 1, 2008, is governed by the law as it existed immediately
7 before the effective date of this Act, and that law is continued in
8 effect for that purpose.

9 SECTION 3. This Act takes effect September 1, 2007.