

By: Carona

S.B. No. 382

A BILL TO BE ENTITLED

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 originally scheduled expiration ~~[maturity]~~ date of the insurance ~~[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) the obligation of the insurer to refund any unearned premium requires a notice:

(A) to be sent to the insurer, by the person who is the holder of the underlying debt instrument as of the date on which the debt terminates, within 90 days after the original expiration date of the insurance; and

(B) that includes the name of the insured and the policy number.

(a-1) The refund of any amount of unearned premium paid by

1 or charged to the debtor for insurance shall be paid or credited
2 promptly to the person entitled to the refund on receipt of the
3 notice required to be sent to the insurer under Subsection (a)(2).

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

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