

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 Subsections (a-1) and (a-2) 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 termination ~~[maturity]~~ date of the insurance ~~[debt]~~, including the termination of a debt by renewing or refinancing the debt, the debtor shall be entitled to a refund of unearned premium; and

(2) in the event that the underlying debt or the insurance terminates before the originally scheduled termination date of the insurance, including the termination of a debt by renewing or refinancing the debt, the person who is the holder of the underlying debt instrument on the date the debt terminates shall, no later than 60 days after the termination of the insurance, provide notice to the insurer of the termination of the debt, that includes the name and address of the insured and the payoff date of the underlying debt.

1           (a-1) The refund of any amount of unearned premium paid by  
2 or charged to the debtor for insurance shall be paid or credited  
3 promptly to the person entitled to the refund no later than 30 days  
4 after receipt of the notice required to be sent to the insurer under  
5 Subsection (a)(2).

6           (a-2) In any claim or action asserted by an insured against  
7 an insurer for failure to refund any unearned premium in accordance  
8 with this section, the insurer shall be entitled to indemnity from a  
9 holder who failed to provide the notice required under Subsection  
10 (a)(2).

11           SECTION 2. This Act applies only to a credit life or credit  
12 accident and health insurance policy evidenced by an individual  
13 policy or group certificate of insurance that is delivered, issued  
14 for delivery, or renewed on or after January 1, 2008. A policy or  
15 certificate delivered, issued for delivery, or renewed before  
16 January 1, 2008, is governed by the law as it existed immediately  
17 before the effective date of this Act, and that law is continued in  
18 effect for that purpose.

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

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 382 passed the Senate on April 12, 2007, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 21, 2007, by the following vote: Yeas 30, Nays 0.

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Secretary of the Senate

I hereby certify that S.B. No. 382 passed the House, with amendment, on May 15, 2007, by the following vote: Yeas 139, Nays 0, one present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor