

By: Carona

S.B. No. 382

Substitute the following for S.B. No. 382:

By: Eiland

C.S.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 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.