

1-1 By: Carona S.B. No. 382
1-2 (In the Senate - Filed January 31, 2007; February 21, 2007,
1-3 read first time and referred to Committee on State Affairs;
1-4 April 4, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 6, Nays 0; April 4, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 382 By: Carona

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to certain refund requirements regarding credit
1-11 insurance.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 1153.202, Insurance Code, is amended by
1-14 amending Subsection (a) and adding Subsection (a-1) to read as
1-15 follows:

1-16 (a) Each individual policy or group policy and group
1-17 certificate must include a written notice stating ~~[shall provide]~~
1-18 that:

1-19 (1) if the underlying debt or the insurance terminates
1-20 before the originally scheduled expiration ~~[maturity]~~ date of the
1-21 insurance ~~[debt]~~, including the termination of a debt by renewing
1-22 or refinancing the debt, the debtor may be entitled to a refund of
1-23 unearned premium; and

1-24 (2) the obligation of the insurer to refund any
1-25 unearned premium requires a notice:

1-26 (A) to be sent to the insurer, by the person who
1-27 is the holder of the underlying debt instrument as of the date on
1-28 which the debt terminates, within 90 days after the original
1-29 expiration date of the insurance; and

1-30 (B) that includes the name of the insured and the
1-31 policy number.

1-32 (a-1) The refund of any amount of unearned premium paid by
1-33 or charged to the debtor for insurance shall be paid or credited
1-34 promptly to the person entitled to the refund on receipt of the
1-35 notice required to be sent to the insurer under Subsection (a)(2).

1-36 SECTION 2. This Act applies only to a credit life or credit
1-37 accident and health insurance policy evidenced by an individual
1-38 policy or group certificate of insurance that is delivered, issued
1-39 for delivery, or renewed on or after January 1, 2008. A policy or
1-40 certificate delivered, issued for delivery, or renewed before
1-41 January 1, 2008, is governed by the law as it existed immediately
1-42 before the effective date of this Act, and that law is continued in
1-43 effect for that purpose.

1-44 SECTION 3. This Act takes effect September 1, 2007.

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