

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 1/21/10

PRIME SPONSOR: DeLuca

BILL NO: HB526

PREPARED BY: Allison Dutrey

PRINTER'S NO: 577

A. Synopsis:

HB526 amends the Model Act for the Regulation of Credit Life insurance and Credit Accident and Health insurance to clarify debt termination and refund notification to insurers.

B. Summary:

HB526 requires each individual policy or group certificate to provide a notice when insurance is terminated prior to the original expiration date of that insurance coverage, including renewing or refinancing the covered indebtedness.

- The debtor may be entitled to a refund of unearned premium
- The holder of the underlying debt instrument on the date of termination must provide notice to the insurer no later than 60 days after termination
- The refund over \$5 must be paid promptly after receipt of the notice.

A claim asserted by an insured to an insurer who fails to comply with the act will allow the insurer to be entitled to indemnity from a holder of a debt instrument who failed to provide the notice.

This will apply to individual policies or group certificates of credit insurance delivered, issued, or renewed no more than 120 days after the effective date of this act.

The act will take effect January 1, 2010.