## SLS 16RS-363

## **REENGROSSED**

2016 Regular Session

SENATE BILL NO. 185

## BY SENATOR MORRISH

INSURANCE PREMIUMS. Provides with respect to insurance premium finance companies. (8/1/16)

1	AN ACT
2	To amend and reenact R.S. 9:3550(B), relative to insurance premium finance companies; to
3	provide with respect to premium finance agreements which may also include a loan
4	agreement with the policyholder for wind mitigation retrofits to the insured property;
5	and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 9:3550(B) is hereby amended and reenacted to read as follows:
8	§3550. Insurance premium finance companies
9	* * *
10	B. For purposes of this Section:
11	(1) "Insurance premium finance company" means a person engaged in the
12	business of entering into premium finance agreements.
13	(2) "License" means an insurance premium finance company holding a
14	license issued under this Section.
15	(3) "Person" includes an individual, limited liability company, partnership,
16	association, business corporation, nonprofit corporation, common law trust,
17	joint-stock company, or any other group of individuals however organized.

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1	(4) "Premium finance agreement" means an agreement by which an insured
2	or prospective insured promises to pay to an insurance premium finance company
3	the amount advanced or to be advanced under the agreement to an insurer or to an
4	insurance agent or broker in payment of premiums on an insurance contract together
5	with a service charge as authorized and limited by this Section. With respect to
6	qualified homeowners' insurance policies, a premium finance agreement may
7	also include a separate loan agreement with the policyholder for wind
8	mitigation retrofits to the insured property. In order to qualify, the
9	homeowners' insurance policy shall be issued to a homeowner who has financed
10	the cost of wind mitigation retrofits with a consumer finance company licensed
11	pursuant to this Chapter, in part, for the purpose of obtaining wind mitigation
12	and other credits on his homeowners' insurance policy. Upon cancellation,
13	expiration, or nonrenewal of the qualifying homeowners' insurance policy, the
14	wind mitigation loan agreement shall continue to be administered pursuant to
15	its terms until paid in full and any cancellation, expiration, or nonrenewal of the
16	qualifying homeowners' insurance policy shall not accelerate the due date of
17	such wind mitigation loan. A premium finance agreement shall not include an
18	agreement on the part of an extender of credit to finance credit life, credit disability,
19	and credit property insurance coverage as an incident to a consumer credit
20	transaction subject to this Chapter or subject to any other applicable provision of
21	Louisiana or federal law.
22	* * *

The original instrument was prepared by Cheryl Cooper. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

DIGEST
2016 Regular Session

Morrish

<u>Present law</u> defines a premium finance agreement as an agreement by which an insured or prospective insured promises to pay to an insurance premium finance company the amount advanced or to be advanced under the agreement in payment of premiums on an insurance contract.

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<u>Proposed law</u> retains <u>present law</u> and allows a premium finance agreement to include a loan agreement with the policyholder for wind mitigation retrofits to the insured property. Further requires the homeowners' insurance policy to be issued to a homeowner who has financed the cost of wind mitigation retrofits with a consumer finance company for the purpose of obtaining wind mitigation and other credits on his homeowners' insurance policy.

<u>Proposed law</u> provides that if the qualifying homeowners' insurance policy is cancelled, expired, or is not renewed, the wind mitigation loan agreement shall continue to be administered pursuant to its terms until paid in full. Further provides that any cancellation, expiration, or nonrenewal of the insurance policy shall not accelerate the due date of the wind mitigation loan.

Effective August 1, 2016.

(Amends R.S. 9:3550(B))

Summary of Amendments Adopted by Senate

## Senate Floor Amendments to engrossed bill

1. Clarified that if the homeowners' insurance policy is cancelled, expired, or not renewed, the wind mitigation loan agreement shall continue in effect, with no change in terms or due date, until it is paid in full.