

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.

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 loan agreement with the policyholder for wind mitigation retrofits**
 8 **to the insured property. In order to qualify, the homeowners insurance policy**
 9 **shall be issued to a homeowner who has financed the cost of wind mitigation**
 10 **retrofits with a consumer finance company licensed pursuant to this Chapter,**
 11 **in part, for the purpose of obtaining wind mitigation and other credits on his**
 12 **homeowners insurance policy.** A premium finance agreement shall not include an
 13 agreement on the part of an extender of credit to finance credit life, credit disability,
 14 and credit property insurance coverage as an incident to a consumer credit
 15 transaction subject to this Chapter or subject to any other applicable provision of
 16 Louisiana or federal law.

17 * * *

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Cheryl Cooper.

DIGEST

SB 185 Original 2016 Regular Session Morrish

Present law 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.

Proposed law retains present law 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.

Effective August 1, 2016.

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