

**PROGRAM DIVISION
BULLETIN**

2006-34

September 20, 2006

Premium Increases After Coverage Is Bound - Louisiana

Effective June 30, 2006, House Bill 1073 amends existing provisions relating to premium increase of property and casualty policies. In order for an insurer to be entitled to any additional premium, they must provide to an insured a billing notice and either an explanation of any premium increase or a statement asking the insured to contact either the insurance company or its agent if the insured has questions regarding the billing notice or premium increase, **within the first sixty days of the effective date of the policy.**

Here is the actual revised statute:

R.S. 22:1464

Additional premium

A. (1) No insurer shall be entitled to an additional premium for a commercial property, casualty, or liability insurance policy which has been in effect for more than ninety days or for a noncommercial property, casualty, or liability insurance policy which has been in effect for more than sixty days when there has been no material change in the circumstances of the insured from those stated by the insured in his application for the policy. For an insurance company to be entitled to any additional premium, the insured must receive a billing notice and either an explanation of any premium increase or a statement that asks the insured to contact either the insurance company or its agent if the insured has any questions about the billing notice or the premium increase, **within the first sixty days of the effective date of the policy.**

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If the company or agent fails to bill the insured within the first sixty days of the effective date of the policy, the insured shall not be responsible for payment of such additional premium, shall not be penalized for nonpayment of that additional premium, and his policy shall not be cancelled for failure to pay such additional premium.

(2) A notice of an additional premium for a commercial property, casualty, or liability insurance policy which has been in effect for less than ninety days or for a noncommercial property, casualty, or liability insurance policy which has been in effect for less than sixty days when there has been a material change in the circumstances of the insured from those stated by the insured in his application for the policy shall be mailed or delivered to the insured at least thirty days prior to the date that the additional premium is due.

B. In this Section, "Material change" shall mean any change in any matter which, if stated on the application, would have resulted in a different initial premium for the policy.

C. Nothing in this Section shall be construed to prevent an insurer from making rate changes at subsequent renewal dates of the policy.

D. This Section does not apply to audit type policies where the actual premium is to be determined at a later date.

E. This Section does not apply to property subject to ratings by the Property Insurance Association of Louisiana.

If you have any questions regarding this notice, please contact your Program Manager.

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