HLS 23RS-750 ORIGINAL

2023 Regular Session

HOUSE BILL NO. 405

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BY REPRESENTATIVE GAROFALO

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

AN ACT

INSURANCE: Provides for technical corrections

2	To amend and reenact R.S. 22:1260.5(B)(1) and 1260.9(B) and to repeal R.S.
3	22:1672(A)(17), relative to technical corrections to the Louisiana Insurance Code;
4	to make corrective changes to certain internal citations; to repeal references to
5	repealed law; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 22:1260.5(B)(1) and 1260.9(B) are hereby amended and reenacted
8	to read as follows:
9	§1260.5. Charges and fees; refund requirements; bundling of services
0	* * *
1	B.(1) If a member cancels his membership in the discount medical plan
12	organization within the first thirty days after the date of receipt of the written
13	document for a discount medical plan as described in R.S. 22:2397 R.S. 22:1260.7,
4	the member shall receive a reimbursement of all periodic charges and the amount of
15	any one-time processing fee that exceeds thirty dollars upon return of the discount
16	medical plan card to the discount medical plan organization.
17	* * *
18	§1260.9. Penalties
9	* * *

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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B. A person that who willfully operates as or aids and abets another person's operating as a discount medical plan organization in violation of R.S. 22:2397(B) R.S. 22:1260.7(B) commits insurance fraud and shall be subject to payment of a monetary penalty of not more than one thousand dollars for each and every act or violation, but not to exceed one hundred thousand dollars, unless the person knew or reasonably should have known he was in violation of R.S. 22:2397(B) R.S. 22:1260.7(B), in which case the penalty shall not be more than twenty-five thousand dollars for each and every violation not to exceed an aggregate penalty of two hundred-fifty thousand dollars in any six-month period, as if the unregistered discount medical plan organization were an unauthorized insurer, and the fees, dues, charges or other consideration collected from the members by the unregistered discount medical plan organization or marketer were insurance premium.

\* \* \*

Section 2. R.S. 22:1672(A)(17) is hereby repealed in its entirety.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 405 Original

2023 Regular Session

Garofalo

Abstract: Makes technical changes to certain provisions in the La. Insurance Code.

<u>Present law</u> provides that a discount medical plan organization may charge a periodic charge as well as a reasonable one-time processing fee for a discount medical plan. <u>Proposed law</u> retains <u>present law</u>.

<u>Present law</u> provides that if a member cancels his membership in the discount medical plan organization within the first 30 days after the date of receipt of the written document for a discount medical plan as described in <u>present law</u> (R.S. 22:2397), the member shall receive a reimbursement of all periodic charges and the amount of any one-time processing fee that exceeds \$30.

<u>Proposed law</u> makes technical changes. <u>Proposed law</u> otherwise retains <u>present law</u>.

<u>Present law</u> provides that in addition to the penalties and other enforcement provisions provided in <u>present law</u>, any person who willfully violates the provisions of <u>present law</u> shall be subject to a civil penalty of \$2,500 per each violation. <u>Proposed law</u> retains <u>present law</u>.

<u>Present law</u> provides that a person that willfully operates as or aids and abets another person, who operates as a discount medical plan organization, shall be determined to have committed insurance fraud.

<u>Present law</u> provides that, in addition to being determined to have committed insurance fraud, the aforementioned person will be subject to a penalty of not more than \$1,000 for each and every act or violation, not to exceed \$100,000. <u>Present law</u> further provides that if the person knew or should have reasonably known that he was in violation of <u>present law</u>, then he will be subject to a penalty of not more than \$25,000 for each and every violation, not to exceed \$250,000 in any six-month period.

<u>Present law</u> provides that the commissioner of insurance may place on probation, suspend, revoke, or refuse to issue, renew, or reinstate a claims adjuster's license or he may levy a fine up to \$500 for each violation, not to exceed \$10,000, for all violations in a calendar year, unless there is a greater penalty established in <u>present law</u> for any cause listed in <u>present law</u>.

Proposed law repeals present law.

(Amends R.S. 22:1260.5(B)(1) and 1260.9(B); Repeals R.S. 22:1672(A)(17))