

2022 Regular Session

HOUSE BILL NO. 692

BY REPRESENTATIVE LARVADAIN

INSURANCE DEPARTMENT: Provides for the Louisiana Named Storm Insurance Fraud Prevention Authority

1 AN ACT

2 To enact Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of 1950, to be  
3 comprised of R.S. 22:2188.1 through 2188.6 and R.S. 36:686(G), relative to the  
4 Named Storm Insurance Fraud Prevention Authority; to provide for definitions; to  
5 create and provide for the powers of the authority; to provide for the membership of  
6 the authority's board of directors; to create and provide for the Named Storm  
7 Insurance Fraud Prevention Authority Fund; to provide for the authority's plan of  
8 operations; to require and provide for annual reporting from the authority; and to  
9 provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of  
12 1950, comprised of R.S. 22:2188.1 through 2188.6, is hereby enacted to read as follows:

13 PART IX. LOUISIANA NAMED STORM INSURANCE FRAUD PREVENTION

14 AUTHORITY

15 §2188.1. Definitions

16 As used in this Part:

17 (1) "Authority" means the Louisiana Named Storm Insurance Fraud  
18 Prevention Authority.

19 (2) "Board" means the board of directors of the Louisiana Named Storm  
20 Insurance Fraud Prevention Authority.

1           (3) "Fund" means the Named Storm Insurance Fraud Prevention Authority  
2           Fund administered by the board of directors as a dedicated fund in the state treasury.

3           §2188.2. Authority; creation; board; powers

4           A. The Louisiana Named Storm Insurance Fraud Prevention Authority is  
5           hereby created within the department for the purpose of combating named storm  
6           insurance fraud, including fraud by theft and other criminal acts.

7           B. The purposes, powers, and duties of the authority shall be vested in and  
8           exercised by a board of directors.

9           C. The board of directors shall consist of the following members:

10           (1) The commissioner or his designee.

11           (2) The state treasurer or his designee.

12           (3) A representative of the Louisiana State Police Insurance Fraud and Auto  
13           Theft Unit.

14           (4) A representative of the Insurance Fraud Support Unit in the office of the  
15           attorney general.

16           (5) The chairman of the Senate Committee on Insurance or his designee.

17           (6) The chairman of the House Committee on Insurance or his designee.

18           (7) One member representing a victim of a named storm who has filed a  
19           homeowners' insurance claim in excess of one hundred thousand dollars but less than  
20           one million dollars, appointed by the chairman of the House Committee on  
21           Insurance.

22           (8) A representative of the Independent Insurance Agents and Brokers of  
23           Louisiana.

24           (9) One member representing a victim of a named storm who has filed a  
25           homeowners' insurance claim in excess of one hundred thousand dollars but less than  
26           one million dollars, appointed by the chairman of the Senate Committee on  
27           Insurance.

28           (10) A representative of the National Association of Independent Insurance  
29           Adjusters.

1           (11) One member representing a business owner who has filed an insurance  
2           claim in excess of one hundred fifty thousand dollars as a result of a named storm,  
3           appointed by the chairman of the House Committee on Insurance.

4           (12) One member representing a business owner who has filed an insurance  
5           claim in excess of one hundred fifty thousand dollars as a result of a named storm,  
6           appointed by the chairman of the Senate Committee on Insurance.

7           (13) One member appointed by the Louisiana State Licensing Board for  
8           Contractors.

9           (14) One member appointed by the American Policyholder Association.

10          (15) One member appointed by the Louisiana Professional Engineering and  
11          Land Surveying Board.

12          (16) One member appointed by the National Association of Mutual  
13          Insurance Companies.

14          (17) One member appointed by the Louisiana Association for Justice.

15          (18) One member appointed by the Louisiana Claims Association.

16          (19) One member appointed by United Policyholders.

17          (20) A representative of the American Property Casualty Insurance  
18          Association.

19          (21) A representative of the Consumer Federation of America.

20          D. The commissioner shall serve as chairman of the board until the first  
21          board meeting, at which time the board shall vote to elect one of its members as  
22          chairman.

23          E. The members of the board, except the commissioner or his designee, the  
24          state treasurer or his designee, the representative of the Louisiana State Police  
25          Insurance Fraud and Auto Theft unit, and the legislative members serving on the  
26          board, shall not be considered public employees by virtue of their service on the  
27          board.

1           F. Members of the board shall serve without compensation for their service  
2           on the board, except that members of the board may receive reasonable  
3           reimbursement for necessary travel and expenses.

4           G. A majority of the members of the board shall constitute a quorum for the  
5           transaction of business at a meeting or the exercise of a power or function of the  
6           authority. Notwithstanding any other law to the contrary, any action may be taken  
7           by the authority at a meeting upon a vote of the majority of the members present.  
8           The authority shall meet at the call of the chairman or as may be provided in the  
9           bylaws of the authority. Meetings of the authority may be held anywhere within the  
10           state and shall be open public meetings.

11           H. The attorney general or his designee shall serve as the authority's legal  
12           counsel.

13           I. The authority shall be subject to the provisions of law regarding public  
14           records (R.S. 44:1 et seq.), open meetings (R.S. 42:11 et seq.), and public bid (R.S.  
15           38:2211 et seq.).

16           §2188.3. Authority; additional powers and duties

17           The authority shall have the powers necessary and convenient to implement  
18           and effectuate the provisions of this Part and the powers delegated to the authority  
19           by other laws. These powers include but shall not be limited to the following:

20           (1) To sue and be sued, have perpetual succession, make, execute, and  
21           deliver contracts, conveyances, and other instruments necessary and convenient to  
22           the exercise of its powers, and to make and amend its bylaws by a majority vote of  
23           the board.

24           (2) To solicit and accept gifts, grants, donations, loans, and other assistance  
25           from any person or entity, private or public, or the federal, state, or local  
26           governments or any agency thereof. Such gifts, grants, donations, loans, and other  
27           assistance shall be immediately deposited, upon receipt, into the fund provided for  
28           in R.S. 22:2188.4(A).

1           (3) To establish programs in conjunction with state agencies, local governing  
2           authorities, and law enforcement agencies for insurance fraud prevention, detection,  
3           and enforcement, which include the criminal division and the investigation division  
4           of the office of the attorney general.

5           (4) To make grants to state agencies, local governing authorities, and law  
6           enforcement agencies for insurance fraud prevention, detection, and enforcement.

7           (5) To procure insurance against any loss in connection with its property,  
8           assets, or activities.

9           (6) To deposit all monies received for the purposes of this Part into the fund  
10          provided for in R.S. 22:2188.4.

11          (7) To contract for goods and services as provided by law, payable out of any  
12          money in the fund legally available for such purposes. Additionally, the board may  
13          authorize the attorney general to contract for the services of ad hoc prosecutors or  
14          other legal assistance, payable out of any money in the fund legally available for  
15          such purposes.

16          (8) To indemnify and procure insurance indemnifying the members of the  
17          board from personal loss from liability resulting from an action or inaction of the  
18          board.

19          (9) To do all other things necessary and convenient to achieve the objectives  
20          and purposes of the authority.

21          §2188.4. Named Storm Insurance Fraud Prevention Authority Fund

22           A. There is hereby established in the state treasury as a special fund the  
23           Named Storm Insurance Fraud Prevention Authority Fund consisting of monies  
24           provided by the legislature and monies received from any other sources, including  
25           but not limited to gifts, grants, and donations. After allocation of money to the Bond  
26           Security and Redemption Fund as provided in Article VII, Section 9(B) of the  
27           Constitution of Louisiana, the treasurer shall deposit in and credit to the fund all  
28           monies received for the benefit of the authority. Monies in the fund shall be invested  
29           in the same manner as monies in the state general fund. Interest earned on monies

1 in the fund shall be credited to the fund, and all unexpended and unencumbered  
2 monies in the fund at the end of the fiscal year shall remain in the fund. Subject to  
3 appropriation, monies in the fund shall be used by the authority for the purposes of  
4 this Part.

5 B. Monies in the fund shall only be administered by the board of directors  
6 of the authority in the following order of priority:

7 (1) To pay the administrative costs of the authority.

8 (2) To pay the costs of legal counsel.

9 (3) To achieve the purposes and objectives of this Part, which may include  
10 but are not limited to the following:

11 (a) Providing financial support to state and local law enforcement agencies,  
12 including but not limited to the office of attorney general, for insurance fraud  
13 prevention, detection, and enforcement.

14 (b) Providing financial support to state and local law enforcement agencies,  
15 including but not limited to the office of attorney general, for programs designed to  
16 reduce the incidence of insurance fraud.

17 (c) Providing financial support to state and local prosecutors including but  
18 not limited to the office of attorney general, for programs designed to reduce the  
19 incidence of insurance fraud.

20 (d) Conducting educational and public awareness programs designed to  
21 inform the citizens of this state about methods of preventing named storm insurance  
22 fraud.

23 C. All monies in the fund shall be used only to enhance fraud prevention  
24 efforts as determined by the board.

25 §2188.5. Plan of operation

26 A. The authority shall develop and implement a plan of operation.

27 B. The plan of operation shall include an assessment of the scope of named  
28 storm insurance fraud, including a determination of particular areas of the state  
29 where fraud is most severe, an analysis of various methods of combating named

1 storm insurance fraud, a plan for providing financial support for efforts to combat  
2 named storm insurance fraud, and an estimate of funds required to implement the  
3 plan.

4 C. The authority shall report on or before March first annually to the House  
5 Committee on Insurance and the Senate Committee on Insurance regarding its  
6 activities in the preceding year. The report shall include information regarding the  
7 following:

8 (1) The number of complaints filed by policyholders with the department  
9 against insurers and their representatives after named storms over the previous ten  
10 years, the number of complaints referred to law enforcement, the number of law  
11 enforcement investigations initiated as a result of such complaints, the number of  
12 investigations completed, the number of such investigations that resulted in  
13 prosecution, and the results of the prosecutions.

14 (2) The number of complaints filed with the Louisiana Professional  
15 Engineering and Land Surveying Board regarding named storm insurance claims  
16 over the previous ten years, the number of complaints referred to law enforcement,  
17 the number of law enforcement investigations initiated as a result of such complaints,  
18 the number of investigations completed, the number of such investigations that  
19 resulted in prosecution, and the results of the prosecutions.

20 (3) The number of complaints filed with the Louisiana State Licensing Board  
21 for Contractors regarding named storm insurance claims over the previous ten years,  
22 the number of complaints referred to law enforcement, the number of law  
23 enforcement investigations initiated as a result of such complaints, the number of  
24 investigations completed, the number of such investigations that resulted in  
25 prosecution, and the results of the prosecutions.

26 (4) The number of complaints filed against insurers regarding named storm  
27 insurance claims filed over the previous ten years, the number of complaints referred  
28 to law enforcement, the number of law enforcement investigations initiated as a

1 result of such complaints, the number of investigations completed, the number of  
2 investigations that resulted in prosecution, and the results of the prosecutions.

3 (5) Any other information deemed relevant.

4 §2188.6. Termination

5 The provisions of this Part shall terminate and no longer be effective on and  
6 after August 1, 2025.

7 Section 2. R.S. 36:686(G) is hereby enacted to read as follows:

8 §686. Transfer of agencies to the Department of Insurance

9 \* \* \*

10 G. The board of directors of the Louisiana Named Storm Insurance Fraud  
11 Prevention Authority (R.S. 22:2188.1 et seq.) is transferred to the Department of  
12 Insurance and shall exercise its powers, duties, functions, and responsibilities in the  
13 manner provided in R.S. 36:802.

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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)]

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HB 692 Re-Reengrossed

2022 Regular Session

Larvadain

**Abstract:** Provides for the La. Named Storm Insurance Fraud Prevention Authority.

Proposed law creates the La. Named Storm Insurance Fraud Prevention Authority within the La. Dept. of Insurance.

Proposed law provides that the powers and duties of the authority shall be vested in its board of directors.

Proposed law provides that the authority's board of directors shall consist of the following members:

- (1) The commissioner of insurance or his designee.
- (2) The state treasurer or his designee.
- (3) A representative of the La. State Police Insurance Fraud and Auto Theft Unit.
- (4) A representative of the Insurance Fraud Unit in the office of the attorney general.
- (5) The chairman of the Senate Committee on Insurance or his designee.
- (6) The chairman of the House Committee on Insurance or his designee.



- (7) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the House Committee on Insurance.
- (8) A representative of the Independent Insurance Agents and Brokers of La.
- (9) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the Senate Committee on Insurance.
- (10) A representative of the National Assoc. of Independent Insurance Adjusters.
- (11) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the House Committee on Insurance.
- (12) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the Senate Committee on Insurance.
- (13) One member appointed by the La. State Licensing Board for Contractors.
- (14) One member appointed by the American Policyholders Assoc.
- (15) One member appointed by the La. Professional Engineering and Land Surveying Board.
- (16) One member appointed by the National Assoc. of Mutual Insurance Companies.
- (17) One member appointed by the La. Assoc. for Justice.
- (18) One member appointed by the La. Claims Assoc.
- (19) One member appointed by United Policyholders.
- (20) A representative of the American Property Casualty Insurance Assoc.
- (21) A representative of the Consumer Federation of America.

Proposed law provides that the commissioner shall serve as the chairman of the board until its first meeting, at which time the board shall elect one of its members as chairman.

Proposed law provides that the members of the board shall serve without compensation, except reasonable reimbursement for necessary travel and expenses.

Proposed law provides that the authority shall meet at the call of the chairman or as provided in the authority's bylaws. Provides that meetings may be held anywhere within the state and shall be open public meetings.

Proposed law provides that the authority shall have the powers necessary and convenient to implement and effectuate the purposes and provisions of proposed law and the powers delegated to the authority by other laws; however, proposed law does not grant the authority the power to contract for personnel.

Proposed law creates the Named Storm Insurance Fraud Prevention Authority Fund within the state treasury.

Proposed law provides the order of priority that monies in the fund shall be spent.

Proposed law provides that the authority shall develop and implement a plan of operations that shall include an assessment of certain enumerated issues related to named storm insurance fraud and prevention.

Proposed law provides that the authority shall make a report regarding its activities for the past year to the House Committee on Insurance and the Senate Committee on Insurance by March first of each year.

The provisions of proposed law terminate on Aug. 1, 2025.

(Adds R.S. 22:2188.1-2188.6 and R.S. 36:686(G))

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Add a representative of the American Property Casualty Insurance Assoc. and a representative of the Consumer Federation of America to the authority's board of directors.
2. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Remove provisions authorizing employment of personnel of the authority.
2. Remove provisions authorizing the authority to contract for personnel.
3. Make technical changes.
4. Add termination of Aug. 1, 2025, for proposed law.

#### The House Floor Amendments to the reengrossed bill:

1. Remove one member representing a victim of a named storm who has filed a homeowners' insurance claim in excess of \$100,000 but less than \$1,000,000, appointed by the vice chairman of the House Committee on Insurance from the authority.
2. Remove one member representing a victim of a named storm who has filed a homeowners' insurance claim in excess of \$100,000 but less than \$1,000,000, appointed by the vice chairman of the Senate Committee on Insurance from the authority.
3. Add a representative of the Independent Insurance Agents and Brokers of La. and a representative of the National Assoc. of Independent Insurance Adjusters to the authority.
4. Provide that monies in the fund shall be administered by the board of directors of the authority.
5. Provide that the authority shall develop and implement a plan of operation.
6. Codify that proposed law shall terminate and no longer be effective on and after Aug. 1, 2025.

7. Transfer the authority to the Dept. of Insurance.
8. Delete certain definitions.
9. Make technical changes.