

2020 Regular Session

HOUSE BILL NO. 818

BY REPRESENTATIVES ZERINGUE AND BISHOP

INSURANCE/GROUP: Provides relative to high net worth insureds

1 AN ACT

2 To amend and reenact R.S. 22:2061.1(A), relative to insureds with a high net worth; to
3 provide for procedures to evaluate net worth; to provide for applicability relative to
4 group policies; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:2061.1(A) is hereby amended and reenacted to read as follows:

7 §2061.1. Net worth exclusion

8 A. For purposes of this Part, "high net worth insured" shall mean any
9 policyholder or named insured, other than any state or local governmental agency or
10 subdivision thereof, whose net worth exceeds twenty-five million dollars on
11 December thirty-first of the year prior to the year in which the insurer becomes an
12 insolvent insurer if an insured's net worth on that date shall be deemed to include the
13 aggregate net worth of the insured and all of its subsidiaries and affiliates as
14 calculated on a consolidated basis. The consolidated net worth of the insured and all
15 of its affiliates shall be calculated on the basis of their fair market values. The
16 members of a group self-insurance fund formed pursuant to R.S. 23:1191 et seq.
17 shall not be deemed to be affiliates of the fund, and shall not be included in the
18 determination of the net worth of the fund. For the purposes of this Section, a group
19 self-insurance fund, and each individual member of the fund upon whose behalf a
20 claim is submitted, shall be deemed to be policyholders or named insureds of any

1 policy of insurance issued to the fund. Notwithstanding any provision of law to the
 2 contrary, for purposes of this Part, each named insured under a group policy shall be
 3 evaluated individually to determine whether the named insured is a "high net worth
 4 insured". The determination that one individual named insured under a group policy
 5 is a "high net worth insured" will not render the entire group policy excluded from
 6 coverage under this Part.

7 * * *

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 818 Engrossed

2020 Regular Session

Zeringue

Abstract: Requires an insured to be evaluated individually to determine the insureds net worth.

Present law defines "high net worth insured" for the purposes of present law as an insured with a net worth greater than \$25 million on Dec. 31 of the year before the year the insurer becomes insolvent provided the insured's net worth on that date includes the aggregate net worth of the insured and all of its subsidiaries and affiliates as calculated on a consolidated basis.

Present law requires the consolidated net worth to be calculated based on fair market value.

Present law prohibits members of a group self-insurance fund from being deemed affiliates of the fund and from being included in the determination of the fund's net worth.

Present law requires a group self-insurance fund and the individual members of the fund who have claims submitted on their behalf to be deemed policyholders or named insureds of any policy issued to the fund.

Proposed law retains present law, but adds that for the purposes of present law each named insured is required to be evaluated individually to determine if the insured is a high net worth insured.

Proposed law also adds that an individual named insured under a group policy who is determined to be a high net worth insured does not render the entire group policy excluded under present law.

(Amends R.S. 22:2061.1(A))

Summary of Amendments Adopted by House

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

1. Make technical changes.