

2020 Regular Session

SENATE BILL NO. 71

BY SENATOR SMITH

AUTOMOBILE INSURANCE. Provides for the Louisiana Automotive Insurance Plan.
(8/1/20)

1 AN ACT

2 To amend and reenact R.S. 22:1475, relative to the Louisiana Automobile Insurance Plan;
3 to provide for motor vehicle policies issued in compliance with the Plan; and to
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1475 is hereby amended and reenacted to read as follows:

7 §1475. ~~Assigned risks; governing committee of the~~ Louisiana Automobile Insurance
8 Plan

9 A. ~~With respect to casualty insurance to which this Subpart applies,~~
10 ~~agreement may be made among insurers with respect to the equitable apportionment~~
11 ~~among them of insurance which may be afforded applicants who are in good faith~~
12 ~~entitled to, but who are unable to procure such insurance through ordinary methods,~~
13 ~~and such insurers may agree among themselves on the use of reasonable rate~~
14 ~~modifications for such insurance, such agreements and rate modifications to be~~
15 ~~subject to the approval of the commissioner of insurance. No domestic insurance~~
16 ~~company shall be denied servicing carrier status. **After consultation with insurance**~~
17 ~~**companies authorized to issue motor vehicle insurance in this state, the**~~

1 commissioner of insurance shall approve a reasonable plan, the Louisiana
 2 Automobile Insurance Plan, which shall function exclusively as a residual
 3 market mechanism, to applicants who are in good faith entitled to, but are
 4 unable to, procure such insurance through ordinary means, for the purpose of
 5 insuring private passenger motor vehicles, commercial motor vehicles including
 6 garage liability insurance, and other motor vehicles.

7 B. The governing committee of the ~~assigned risks, or~~ "Louisiana Automobile
 8 Insurance Plan", referred to in this Section as the "plan" shall consist of the
 9 following nine members:

- 10 (1) ~~One member shall be the~~ The commissioner of insurance or his designee.
 11 (2) One member designated by the commissioner of insurance.
 12 (3) One member ~~shall be a representative~~ designated by the Louisiana
 13 Association of Fire and Casualty Insurance Companies.
 14 (4) One member ~~shall be appointed~~ designated by the president of the
 15 Senate.
 16 (5) One member ~~shall be appointed~~ designated by the speaker of the House
 17 of Representatives.
 18 (6) ~~The remaining four~~ Four members ~~shall consist of representatives~~
 19 ~~selected from and by the membership subject to final approval by the commissioner~~
 20 ~~of insurance.~~

21 C. The plan may establish a Personal Automobile Insurance Procedure,
 22 referred to in this Section as "PAIP", to do the following:

- 23 (1) Cause to be issued policies of private passenger automobile insurance
 24 in the plan's name to eligible applicants, as described in Subsection A of this
 25 Section, and to provide policyholder and claim handling services.
 26 (2) Allocate the operating results of the PAIP, profit or loss, to those
 27 subscribers that write private passenger motor vehicle insurance.

28 D. The plan may establish a Commercial Automobile Insurance
 29 Procedure, referred to in this Section as "CAIP", to do the following:

1 (1) Appoint an insurance company or companies to act as a servicing
2 carrier to issue commercial automobile insurance policies to eligible applicants,
3 as described in Subsection A of this Section, and to provide policyholder and
4 claim handling services.

5 (2) Cause to be issued policies of commercial automobile insurance in the
6 plan's name to eligible applicants, as described in Subsection A of this Section,
7 and to provide policyholder and claim handling services.

8 (3) Allocate the operating results of the CAIP, profit or loss, to those
9 subscribers that write commercial motor vehicle insurance.

10 E. Any policy of insurance issued by the plan pursuant to the Personal
11 Automobile Insurance Procedure or the Commercial Automobile Insurance
12 Procedure shall be recognized as if issued by an insurance company authorized
13 to issue insurance in this state.

14 F. Every form of a policy, endorsement, rider, manual of classification,
15 rules, and rates, every rating plan, and every modification of any of them
16 proposed to be used by the plan shall be filed and approved by the
17 commissioner of insurance.

18 G. All insurance companies writing insurance for private passenger
19 motor vehicles, commercial motor vehicles, and other motor vehicles in this
20 state shall be subscribers to the plan and share in the administrative expenses
21 for the operation of the plan based on a subscriber fee and an assessment based
22 on the market share of premiums.

23 H. Any applicant for any policy, any person insured under any such
24 policy, and any insurance company affected may appeal to the commissioner of
25 insurance from any ruling or decision of the manager or the governing
26 committee of the plan to operate the plan. Any person aggrieved by an order or
27 act of the commissioner of insurance may, within ten days after receipt of
28 written notice of the order or act, file a petition in the Nineteenth Judicial
29 District Court or in the district court of the domicile of the aggrieved person,

- 1 **for a review of the order or action. The court shall summarily hear the petition**
- 2 **and make the appropriate order or decree.**
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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

SB Original

2020 Regular Session

Smith

Present law, relative to rate making procedures and organizations, assigns risks under the La. Automobile Insurance Plan, and in an effort to provide applicants for casualty insurance coverage who are in good faith but unable to procure coverage through ordinary methods, authorizes casualty insurers to agree among themselves on the use of reasonable rate modifications for coverage but subject to approval of the commissioner of insurance. Provides that no domestic insurance company shall be denied servicing carrier status.

Proposed law authorizes the commissioner of insurance, after consulting with insurers authorized to issue motor vehicle insurance, to approve a reasonable plan, known as the Louisiana Automobile Insurance Plan (PLAN), which is to function exclusively as a residual market mechanism, for those good faith applicants unable to procure coverage through ordinary means in order to insure private passenger motor vehicles, commercial motor vehicles including garage liability insurance, and other motor vehicles.

Present law provides that the governing committee of the assigned risks or the La. Automobile Insurance Plan consists of the following nine members:

- (1) One member selected by the commissioner of insurance or his designee.
- (2) One member designated by the commissioner of insurance.
- (3) One member who is a representative of the La. Association of Fire & Casualty Insurance Companies.
- (4) One member appointed by the president of the Senate.
- (5) One member appointed by the speaker of the House.
- (6) Four members selected from and by the membership subject to approval by the commissioner of insurance.

Proposed law retains these provisions in present law.

Proposed law creates a Personal Automobile Insurance Procedure (PAIP) to do the following:

- (1) Cause to be issued policies of private passenger automobile insurance in the Plan's name to eligible applicants, and to provide policyholder and claim handling services.
- (2) Allocate the operating results of the PAIP, profit or loss, to those subscribers that write private passenger motor vehicle insurance.

Proposed law also creates a Commercial Automobile Insurance Procedure (CAIP) to do the following:

- (1) Appoint a company or companies to act as a servicing carrier to issue commercial automobile insurance policies to eligible applicants and to provide policyholder and

claim handling services.

- (2) Cause to be issued policies of commercial automobile insurance in the Plan's name to eligible applicants and to provide policyholder and claim handling services.
- (3) Allocate the operating results of the CAIP, profit or loss, to those subscribers that write commercial motor vehicle insurance.

Proposed law requires that any policy issued pursuant to the Personal Automobile Insurance Procedure or the Commercial Automobile Insurance Procedure be recognized as if issued by an insurance company authorized to issue policies in this state. Requires that every form of a policy, endorsement, rider, manual of classification, rules, and rates, every rating plan and every modification of any of them proposed to be used by the Plan be filed and approved by the commissioner of insurance.

Proposed law requires that all companies writing insurance for private passenger motor vehicles, commercial motor vehicles, and other motor vehicles in this state be subscribers to the Plan and share in the administrative expenses for the operation of the Plan based on a subscriber fee and an assessment based on the market share of premiums.

Requires that any applicant for any policy, any person insured under a policy, and any insurance company affected may appeal to the commissioner from any ruling or decision of the manager or the governing committee of the Plan to operate the Plan. Authorizes any person aggrieved by an order or act of the commissioner to file a petition, within ten days after receipt of written notice of the order or act, in the 19th JDC or in the district court of the domicile of the aggrieved person, for a review of the order or action. Requires the court to summarily hear the petition and make the appropriate order or decree.

Effective August 1, 2020.

(Amend R.S. 22:1475)