

SENATE BILL NO. 71

BY SENATOR SMITH

1 AN ACT

2 To amend and reenact R.S. 22:1475 and to repeal R.S. 32:1043, relative to the Louisiana
3 Automobile Insurance Plan; to provide for motor vehicle policies issued in
4 compliance with the plan; to repeal certain duplicative provisions regarding residual
5 market plans in the Motor Vehicle Safety Responsibility Law; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

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

9 §1475. ~~Assigned risks; governing committee of the~~ Louisiana Automobile Insurance
10 Plan

11 A. ~~With respect to casualty insurance to which this Subpart applies,~~
12 ~~agreement may be made among insurers with respect to the equitable apportionment~~
13 ~~among them of insurance which may be afforded applicants who are in good faith~~
14 ~~entitled to, but who are unable to procure such insurance through ordinary methods,~~
15 ~~and such insurers may agree among themselves on the use of reasonable rate~~
16 ~~modifications for such insurance, such agreements and rate modifications to be~~
17 ~~subject to the approval of the commissioner of insurance. No domestic insurance~~
18 ~~company shall be denied servicing carrier status. **After consultation with insurance**~~
19 ~~**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, referred to in this Section as the "plan", which
 3 shall function exclusively as a residual market mechanism, to applicants who
 4 are in good faith entitled to, but are unable to, procure such insurance through
 5 ordinary means, for the purpose of insuring private passenger motor vehicles,
 6 commercial motor vehicles including garage liability insurance, and other
 7 motor vehicles.

8 B. The governing committee of the ~~assigned risks, or "Louisiana Automobile~~
 9 ~~Insurance Plan";~~ shall consist of the 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:**

30 **(1) Appoint an insurance company or companies to act as a servicing**

1 carrier to issue commercial automobile insurance policies to eligible applicants,
2 as described in Subsection A of this Section, and to provide policyholder and
3 claim handling services.

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

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

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

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

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

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

1 **I. The exceptions contained under the provisions of R.S. 32:1041(A) shall**
2 **apply to the plan functioning as a residual market mechanism.**

3 Section 2. R.S. 32:1043 is hereby repealed.

4 Section 3. This Act shall become effective on January 1, 2021.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____