Commissioner's Monthly Column

Department of Insurance Legislation

June 2015

Following the conclusion of the 2015 Regular Session of the Legislature, we are starting Fiscal Year 2015-2016 with the reorganization of the Louisiana Department of Insurance (LDI). This was one of the outcomes of the fiscal session where budget talk dominated discussions and debate. In this latest column, I will address some of the approved legislation that may be of interest to you.

Over the last year, we solicited input internally and externally to find ways to most efficiently operate as a regulatory agency. This resulted in SB 216 which authorizes the reorganization of the LDI. Among the changes are the move of life and annuities form and rate filing out of the Office of Licensing and into the newly renamed Office of Health, Life and Annuity. The move to Health more accurately reflects the nature of these lines. Additionally, the Division of Minority Affairs has been renamed the Division of Diversity and Opportunity and moved into the newly expanded Office of Consumer Advocacy and Diversity where it will be supported in its outreach efforts by the Consumer Advocacy staff.

Perhaps the most significant change addressed by the reorganization is the creation of an Office of Consumer Services that will, among other things, receive and process consumer complaints and perform market conduct analysis and examination. Housing complaint handling in a single office, instead of having people assigned throughout the agency by product line, will improve efficiencies while providing for a centralized location. We feel the reorganization resulting from the legislation is a common sense approach that addresses the concerns of consumers as well as those of the individuals and entities we regulate.

Other measures of interest include HB 184 which provides an exemption from examination for renewal of a resident producer license when they apply within two years of their license expiration. The previous window had been five years. This legislation is a follow-up to Act 118 of the 2014 Regular Session which reduced the time in which a producer license may be reinstated after lapsing from five years to two years provided continuing education requirements are met and reinstatement fees are paid.

SB 172, the Transportation Network Company Motor Vehicle Responsibility Law, was based on a compromise model bill that was supported by the American Insurance Association (AIA), the Property and Casualty Insurers Association of America (PCIAA), several major insurers as well as the transportation network companies. It establishes insurance guidelines for ridesharing companies and their drivers. The law's provisions include required coverage in the "pre-trip acceptance period" when the driver is logged on to the transportation network company's digital network through the application, or "app", but has not yet been matched with a passenger. The law mandates primary insurance coverage of $50,000 for death and bodily injury per person, $100,000 for death and bodily injury per incident and $25,000 for property damage during this pre-trip acceptance period. Uninsured/undersinsured motorist coverage is required pursuant to La. R.S. 22:1295, which governs the offer to and acceptance or rejection of such coverage by the insured.

Once a driver is matched with a passenger and for the duration of the ride, the driver must be covered by a $1 million policy for death/personal injury/property damage as well as uninsured/underinsured motorist coverage in accordance with La. R.S. 22:1295.

The required transportation network company (TNC) insurance may be provided by the driver, the TNC, or a combination of both. Regardless of any insurance carried by a driver, a TNC must maintain at all times a policy of insurance that would assume responsibility for payment of a claim from the first dollar in the event a driver's insurance failed or did not cover the required minimum limits. Nothing in the bill preempts municipal or parochial regulation of ridesharing. The law also states that insurers writing auto insurance in Louisiana may exclude any or all coverage afforded under a policy issued to a driver who is logged onto a TNC network.

HB 259 repeals my authority to enter the Nonadmitted Insurance Multi-State Agreement (NIMA) or other surplus lines tax-sharing compacts or agreements with other states. In addition to withdrawing from NIMA, the bill lowers the surplus lines tax rate from 5 percent to 4.85 percent and expands the tax base to include premium allocated to other states who tax our share of exposure on a policy covering risks in Louisiana to achieve revenue neutrality. Withdrawal from NIMA would eliminate the clearinghouse fees paid to the Florida Surplus Lines Service Office by Louisiana policyholders. The withdrawal is to take effect on October 1, 2015.

You can find legislative digests on bills in their entirety by logging onto the Legislature's website at www.legis.la.gov and clicking on bill search in the 2015 Regular Session section. Highlights of the legislative session will also be addressed at the Louisiana Insurers' Conference Compliance Seminar and Legislative Review which is scheduled to take place in Baton Rouge on August 5-7. For more information and an agenda of the seminar, please visit our website www.ldi.la.gov.