

2023 Regular Session

SENATE BILL NO. 67

BY SENATOR ROBERT MILLS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

SELF INSURANCE. Requires certain financial documents related to the Louisiana Timber and Agriculture Transportation Group Self-Insurance Funds. (gov sig)

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AN ACT

To amend and reenact R.S. 3:4351.2(B)(1), relative to forestry and agriculture; to provide with respect to the Louisiana Timber and Agriculture Transportation Group Self-Insurance Funds; to provide for the financial solvency; to require that certain financial documents be submitted; to provide with respect to the name of the fund; to direct the Louisiana State Law Institute to make technical changes; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 3:4351.2(B)(1) is hereby amended and reenacted to read as follows:

§4351.2. Authorization; trade or professional association; initial financial requirements

\* \* \*

B. The fund shall submit to the department an application, on an application form prescribed and furnished by the department, for authority to act as a group self-insurance fund for timber and agriculture transportation vehicle coverage. The application shall include evidence of the fund's inception, which establishes financial strength and liquidity of the members to pay timber and agriculture transportation

1 vehicle claims promptly and support the financial ability of the fund to satisfy its  
2 obligations upon the establishment of the fund, including:

3 (1) Financial statements, dated not less than one year prior to the application,  
4 audited by an independent certified public accountant, showing at the inception of  
5 the fund a combined net worth of those members or principals of not less than the  
6 amount required by Subsection A of this Section. **In lieu of an audited financial**  
7 **statement, the department may require that the fund submit necessary financial**  
8 **documents in a form and manner approved by the department to verify the**  
9 **combined net worth of those members or principals as required in Subsection**  
10 **A of this Section.**

11 \* \* \*

12 Section 2. The Louisiana State Law Institute is hereby authorized and directed to  
13 make the following changes:

14 A. Change the heading of Part IV-A of Chapter 28 of Title 3 of the Louisiana  
15 Revised Statutes of 1950 from "Louisiana Timber and Agriculture Transportation Group  
16 Self-Insurance Funds" to "Louisiana Agriculture Transportation Group Self-Insured Fund"  
17 to reflect the name of the fund in R.S. 3:4351.1(3).

18 B. In Part IV-A of Chapter 28 of Title 3 of the Louisiana Revised Statutes of 1950,  
19 change any reference from "a fund" to "the fund" in order to indicate that only one fund is  
20 authorized by this Part.

21 Section 3. This Act shall become effective upon signature by the governor or, if not  
22 signed by the governor, upon expiration of the time for bills to become law without signature  
23 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
24 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
25 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Carla S. Roberts.

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SB 67 Engrossed DIGEST 2023 Regular Session Robert Mills

Present law authorizes the creation of self-insurance funds for the purpose of providing auto

coverage for vehicles that transport timber and agriculture products. Present law provides that any five or more Louisiana timber or agriculture companies may pool their liabilities and self-insure for the purposes of maintaining automobile coverage for timber and agriculture transportation vehicles so long as they each have a positive net worth, are members of a bona fide trade or professional association, and meet and maintain certain financial requirements.

Present law provides that no fund can become operative until the fund is issued a certificate of authority by the Dept. of Insurance after the department has approved the application for the fund based upon documents required to establish solvency and the ability to properly manage and pay claims.

Present law requires security in the form of excess insurance or reinsurance in an amount and in a form that is approved by the Dept. of Insurance to provide financial stability and ensure the ability of the fund to properly manage and pay claims. Present law also provides that, in order to further maintain the financial stability of the fund, the Dept. of Insurance is to require that two or more timber or agriculture companies maintain a combined net worth of \$1,000,000 or five or more principals of the member companies to maintain a combined net worth of \$1,000,000. Present law further provides that financial statements that are audited by a certified public accountant and are not more than one year old is to be submitted to the department to verify the combined net worth of the members of the fund.

Proposed law retains present law but provides that, in lieu of an audited financial statement, the Dept. of Insurance is authorized to require that the fund submit necessary financial documents in a form and in a manner approved by the department to verify the combined net worth of those members or principals in amounts that are required in present law.

Proposed law directs the La. State Law Institute to make technical changes related to the name of the fund and change any references in present law to the fund from plural to singular.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 3:4351.2(B)(1))