

RÉSUMÉ DIGEST

HB 609

2018 Regular Session

Seabaugh

Proposed law would have defined "collateral", "commercially reasonable", "deductible claim", "large deductible policy", and "other secured obligations".

Proposed law would have required, unless otherwise agreed by the responsible guaranty association, all large deductible claims, which are also covered claims as defined by the applicable guaranty association law, including those that were funded by an insured before liquidation, to be turned over to the guaranty association for handling.

Proposed law would have provided that, to the extent a guaranty association pays any deductible claim for which the insurer was entitled to reimbursement from the insured, a guaranty association shall be entitled to the full amount of the reimbursement and available collateral.

Proposed law would have required the receiver to collect reimbursements owed for deductible claims, take all commercially reasonable actions to collect the reimbursements, and promptly bill insureds for reimbursement of deductible claims.

Proposed law would have required the receiver to use collateral, when available, to secure the insured's obligation to fund or reimburse deductible claims or other secured obligations or other payment obligations. Proposed law further would have provided that a guaranty association is entitled to collateral to the extent needed to reimburse a guaranty association for the payment of a deductible claim.

Proposed law would have required claims that are validly asserted against the collateral to be satisfied in the order in which the claims are received by the receiver and would have provided that excess collateral may be returned to the insured as determined by the receiver after a periodic review of claims paid, outstanding case reserves, and a factor for incurred but not reported claims.

Proposed law would have authorized the receiver to deduct from the collateral or from the deductible reimbursements reasonable and actual expenses incurred in connection with the collection of the collateral and deductible reimbursements.

Proposed law would not have limited or adversely affected any rights or powers a guaranty association may have under applicable state law to obtain reimbursement from certain classes of policyholders for claims payments made by the guaranty association under policies of the insolvent insurer, or for related expenses the guaranty association incurs.

(Proposed to add R.S. 22:2013.1)

VETO MESSAGE:

"Please be advised that I have vetoed House Bills 607 and 609 by Representative Alan Seabaugh. These two bills provide for unnecessary additional regulations on the insurance industry that may result in additional costs being passed along to policy holders."