

Regular Session, 2009

HOUSE BILL NO. 369

BY REPRESENTATIVE LIGI

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

INSURANCE: Defines kinds of insurance for purposes of the Louisiana Insurance Code

1 AN ACT

2 To amend and reenact R.S. 22:47(2) through (6), (8), (10), (12), (13), and (16)(a), 81, 82,  
3 111, 112, 165, 851(A), 861(A)(1), 864(D), 1460(D)(2), 1594(1), 2053(A), 2322(5),  
4 and 2336(5), to enact R.S. 22:47(18) and (19), and to repeal R.S. 22:47(7), relative  
5 to kinds of insurance; to define kinds of insurance for purposes of the Louisiana  
6 Insurance Code, including capital and surplus requirements; to change references to  
7 kinds of insurance; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:47(2) through (6), (8), (10), (12), (13), and (16)(a), 81, 82, 111,  
10 112, 165, 851(A), 861(A)(1), 864(D), 1460(D)(2), 1594(1), 2053(A), 2322(5), and 2336(5)  
11 are hereby amended and reenacted and R.S. 22:47(18) and (19) are hereby enacted to read  
12 as follows:

13 §47. Kinds of insurance

14 Insurance shall be classified as follows:

15 \* \* \*

16 (2)(a) Health and accident. Insurance of human beings against bodily injury,  
17 disablement, or death by accident or accidental means, or the expense thereof, or  
18 against disablement, or expense resulting from sickness or old age, ~~or against major~~  
19 ~~expenses incurred by an employee benefit plan due to the illness or injury of a~~  
20 ~~covered employee, or against major expenses incurred by a health care provider at~~

1 ~~financial risk for provision of health care to persons under an agreement, and every~~  
2 ~~insurance appertaining thereto~~, including insurance wherein the benefits are covered  
3 at a higher level when health care is received from a defined network of health care  
4 providers, provided, however, that such insurance meets all applicable requirements  
5 of Subpart I of Part I of Chapter 2 of this Title, R.S. 22:241 et seq., for provision of  
6 coverage through designated providers of medical services.

7 (b) Health stop loss. Insurance against major expenses incurred by an  
8 employee benefit plan due to the illness or injury of a covered employee or against  
9 major expenses incurred by a health care provider at financial risk for provision of  
10 health care to persons under an agreement.

11 ~~(b)(i)~~ (c) Limited benefit. Health and accident insurance policy designed,  
12 advertised, and marketed to supplement major medical insurance that includes  
13 accident-only, the Civilian Health and Medical Program of the Uniformed Services  
14 (CHAMPUS), dental, disability income, fixed indemnity, long-term care, Medicare  
15 supplement, specified disease, vision, and any other health and accident insurance,  
16 other than basic hospital expense, basic medical-surgical expense, or other major  
17 medical insurance.

18 (3) Vehicle.

19 (a) Insurance against loss or damage to any land vehicle ~~or aircraft~~ or any  
20 draft or riding animal or to property while contained therein or thereon or being  
21 loaded or unloaded therein or therefrom, and against any loss or liability resulting  
22 from or incident to ownership, maintenance, or use of any such vehicle ~~or aircraft~~ or  
23 animal.

24 (b) Insurance against accidental death or accidental injury to individuals,  
25 including the named insured, while the individuals are in, entering, alighting from,  
26 adjusting, repairing, cranking, or ~~caused by~~ being struck by a vehicle; ~~aircraft~~, or  
27 draft or riding animal, if such insurance is issued as part of insurance on the vehicle;  
28 ~~aircraft~~, or draft or riding animal, ~~shall be deemed to be vehicle insurance.~~

29 (4) Liability.



1 (10) Fire and ~~extended coverage~~; allied lines.

2 (a) Insurance against loss or damage by fire, smoke and smudge, lightning,  
3 or other electrical disturbances;

4 (b) Insurance against loss or damage by earthquake, windstorms, cyclone,  
5 tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought, or other weather  
6 or climatic conditions including excess or deficiency of moisture; or rising of the  
7 waters of the ocean or its tributaries;

8 (c) Insurance against loss or damage by bombardment, invasion,  
9 insurrection, riot, strikes, civil war or commotion, military or usurped power, or  
10 explosion, (other than explosion of steam boilers and the breaking of fly wheels);

11 (d) Insurance authorizing the insurer to repair, rebuild, or replace with new  
12 materials of like size, kind, and quality, property damaged or destroyed by fire, or  
13 other perils insured against.

14 (e) Insurance against loss or damage to property from any other hazard or  
15 cause and against loss consequential upon such loss or damage.

16 (f) Insurance against loss or damage to glass including lettering,  
17 ornamentation, and fittings from any cause.

18 (g) Insurance against loss by death or damage to livestock from disease,  
19 lightning, tornadoes, cyclones, accidents, and every other casual or accidental cause;  
20 also against theft.

21 \* \* \*

22 (12) Crop. ~~and live stock~~. (a) Insurance against loss or damage from insects,  
23 hail, diseases, or other causes to trees, crops, or other products of the soil;

24 (b) ~~Insurance against loss by death or damage to any domesticated or wild~~  
25 ~~animal from disease, lightning, tornadoes, cyclones, accidents, and every other~~  
26 ~~casual or accidental cause, also against theft.~~

27 (13) Marine and transportation. ~~(inland marine)~~.

28 (a) Insurance against loss or damage to vessels, craft, aircraft, or vehicles of  
29 every kind, (excluding vehicles operating under their own power or while in storage  
30 not incidental to transportation), as well as all goods, freights, cargoes, live animals,

1 merchandise, effects, disbursements, profits, moneys, bullion, precious stones,  
2 securities, choses in action, evidences of debt, valuable papers, bottomry and  
3 respondentia interests, and all other kinds of property and interests therein, in respect  
4 to, appertaining to, or in connection with any or all risks or perils of navigation,  
5 transit, or transportation, including war risks, on or under any seas or other waters,  
6 on land or in the air, or while being assembled, packed, crated, baled, compressed,  
7 or similarly prepared for shipment or while awaiting the same or during any delays,  
8 storage, trans-shipment, or reshipment incident thereto, including marine builder's  
9 risks and all personal property floater risks;

10 (b) Insurance against loss or damage to persons or property in connection  
11 with or appertaining to marine, inland marine, transit, or transportation insurance,  
12 including liability for loss of or damage to either arising out of or in connection with  
13 the construction, repair, operation, maintenance, or use of the subject matter of such  
14 insurance, ~~(but not including life insurance or surety bonds nor insurance against loss~~  
15 ~~by reason of bodily injury to the person arising out of the ownership, maintenance,~~  
16 ~~or use of automobiles);~~

17 (c) Insurance against loss or damage to precious stones, jewels, jewelry,  
18 gold, silver, and other precious metals whether used in business or trade or otherwise  
19 and whether the same be in course of transportation or otherwise, which shall include  
20 jewelers' block insurance;

21 (d) Insurance against loss or damage to bridges, tunnels, and other  
22 instrumentalities of transportation and communication, ~~(excluding buildings, their~~  
23 ~~furniture and furnishings, fixed contents, and supplies held in storage);~~ unless fire,  
24 tornado, sprinkler leakage, hail, explosion, earthquake, riot, and civil commotion are  
25 the only hazards to be covered; and to piers, wharves, docks, and slips, excluding the  
26 risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot, and civil  
27 commotion; and to other aids to navigation and transportation, including dry docks  
28 and marine railways, dams, and appurtenant facilities for the control of waterways,  
29 against all risks;



1 the insured; and underwriting blanket bonds; however, no insurer, except the Federal  
 2 Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation,  
 3 the National Credit Union Administration, or any similar insurance corporation  
 4 hereinafter created by the Congress of the United States or the legislature of any state  
 5 shall insure deposits in banks, savings and loan associations, credit unions, finance  
 6 operations, or similar institutions.

7 (19) Industrial fire. Fire and allied lines insurance policies issued through  
 8 producers operating on the debit agency system, under which system a weekly or  
 9 monthly collection percentage is paid based either on actual weekly or monthly  
 10 premium collections or weekly or monthly increases of premium collections and  
 11 where the face amount of the insurance provided covering buildings and other  
 12 structures or contents under the same ownership shall not exceed forty thousand  
 13 dollars for the structure and forty thousand dollars for contents.

14 \* \* \*

15 §81. Capital requirements; applicants prior to September 1, 1989

16 A. Domestic stock insurers who apply for a certificate of authority prior to  
 17 September 1, 1989, may transact the following kinds of insurance in this state upon  
 18 qualifying therefor and by having paid-in capital and minimum surplus represented  
 19 by assets as follows:

	<u>Paid-in</u>	<u>Minimum</u>
<u>Insurance</u>	<u>Capital</u>	<u>Surplus</u>
22 (1) Life	\$ 100,000	\$200,000
23 (2) Health and accident	100,000	200,000
24 (1) and (2) above	100,000	200,000
25 <del>(3) Vehicle physical damage</del>	<del>100,000</del>	<del>150,000</del>
26 (3) <u>Vehicle</u>	<u>650,000</u>	<u>350,000</u>
27 <del>(4) Title</del>		
28 <del>(a) Any company licensed to transact title</del>		
29 <del>insurance prior to September 1, 1985</del>	<del>50,000</del>	<del>25,000</del>
30 <del>(b) Any company licensed to transact title</del>		
31 <del>insurance on or after September 1, 1985</del>	<del>100,000</del>	<del>200,000</del>
32 (4) <u>Liability</u>	<u>650,000</u>	<u>350,000</u>
33 <del>(5) Industrial fire</del>	<del>200,000</del>	<del>100,000</del>
34 (5) <u>Workers' compensation</u>		
35 <u>(a) Any company organized and authorized to</u>		
36 <u>transact workers' compensation only on or</u>		
37 <u>before July 27, 1966</u>	<u>100,000</u>	<u>50,000</u>
38 <u>(b) Any company organized and authorized to</u>		
39 <u>transact workers' compensation only</u>		
40 <u>after July 27, 1966</u>	<u>650,000</u>	<u>350,000</u>

1	<del>(6)</del> Any company organized and authorized to		
2	transact worker's compensation only as of		
3	July 27, 1966	100,000	<del>50,000</del>
4	<u>(6)</u> <u>Burglary and forgery</u>	<u>650,000</u>	<u>350,000</u>
5	<del>(7)</del> Any company organized and authorized to		
6	transact crop and livestock insurance only		
7	as of July 27, 1966	<del>100,000</del>	<del>150,000</del>
8	<u>(7)</u> <u>Fidelity</u>	<u>650,000</u>	<u>350,000</u>
9	<del>(8)</del> <u>Vehicle</u>	<del>650,000</del>	<del>350,000</del>
10	<u>(8)</u> <u>Title</u>		
11	<u>(a)</u> <u>Any company licensed to transact title</u>		
12	<u>insurance prior to September 1, 1985</u>	<u>50,000</u>	<u>25,000</u>
13	<u>(b)</u> <u>Any company licensed to transact title</u>		
14	<u>insurance on or after September 1, 1985</u>	<u>100,000</u>	<u>200,000</u>
15	<del>(9)</del> <u>Liability</u>	<del>650,000</del>	<del>350,000</del>
16	<u>(9)</u> <u>Fire and allied lines</u>	<u>650,000</u>	<u>350,000</u>
17	<del>(10)</del> <u>Worker's compensation</u>	<del>650,000</del>	<del>350,000</del>
18	<u>(10)</u> <u>Steam boiler and sprinkler leakage</u>	<u>650,000</u>	<u>350,000</u>
19	<del>(11)</del> <u>Burglary and forgery</u>	<del>650,000</del>	<del>350,000</del>
20	<u>(11)</u> <u>Crop</u>		
21	<u>(a)</u> <u>Any company organized and authorized to</u>		
22	<u>transact crop insurance only on or before</u>		
23	<u>July 27, 1966</u>	<u>100,000</u>	<u>150,000</u>
24	<u>(b)</u> <u>Any company organized and authorized to</u>		
25	<u>transact crop insurance only after</u>		
26	<u>July 27, 1966</u>	<u>650,000</u>	<u>350,000</u>
27	<del>(12)</del> <u>Glass</u>	<del>650,000</del>	<del>350,000</del>
28	<u>(12)</u> <u>Marine and transportation</u>	<u>650,000</u>	<u>350,000</u>
29	<del>(13)</del> <u>Fidelity and surety</u>	<del>650,000</del>	<del>350,000</del>
30	<u>(13)</u> <u>Miscellaneous</u>	<u>650,000</u>	<u>350,000</u>
31	<del>(14)</del> <u>Fire and extended coverage</u>	<del>650,000</del>	<del>350,000</del>
32	<u>(14)</u> <u>Homeowners' insurance</u>	<u>650,000</u>	<u>350,000</u>
33	<del>(15)</del> <u>Steam boiler and sprinkler leakage</u>	<del>650,000</del>	<del>350,000</del>
34	<u>(15)</u> <u>Credit life, health, and accident insurance</u>	<u>100,000</u>	<u>200,000</u>
35	<del>(16)</del> <u>Crop and livestock</u>	<del>650,000</del>	<del>350,000</del>
36	<u>(16)</u> <u>Credit property and casualty insurance</u>	<u>650,000</u>	<u>350,000</u>
37	<del>(17)</del> <u>Marine and transportation</u>	<del>650,000</del>	<del>350,000</del>
38	<u>(17)</u> <u>Annuity</u>	<u>100,000</u>	<u>200,000</u>
39	<del>(18)</del> <u>Miscellaneous</u>	<del>650,000</del>	<del>350,000</del>
40	<u>(18)</u> <u>Surety</u>	<u>650,000</u>	<u>350,000</u>
41	<del>(19)</del> <u>All insurances, except life and</u>	<del>650,000</del>	<del>350,000</del>
42	<u>title or combined capital and surplus</u>	<u>1,000,000</u>	
43	<u>(19)</u> <u>Industrial fire</u>	<u>200,000</u>	<u>100,000</u>
44	<u>(20)</u> <u>All insurances, except life and title or</u>	<u>650,000</u>	<u>350,000</u>
45	<u>combined capital and surplus</u>	<u>1,000,000</u>	

46 For the purpose of this Section, "vehicle physical damage insurance" shall be  
 47 defined as insurance against loss or damage to any land vehicle or property while  
 48 contained therein or thereon or being loaded or unloaded therein or therefrom.

49 B. Authority shall be granted stock insurers upon compliance with all  
 50 applicable requirements to transact combinations of kinds of insurance except as  
 51 follows:

1 (1) An insurer authorized to transact life insurance shall not be authorized  
2 to transact any additional kind of insurance other than:

3 (a) ~~health~~ Health and accident insurance;

4 (b) Annuity.

5 (c) Credit life, health, and accident insurance.

6 (2) An insurer authorized to transact title insurance shall not be authorized  
7 to transact any additional kind of insurance.

8 C. Domestic stock insurers who apply for a certificate of authority on or after  
9 September 1, 1989, shall meet the paid-in capital, minimum surplus, operating  
10 surplus, and other requirements of R.S. 22:82.

11 §82. Capital requirements; applicants on and after September 1, 1989

12 A. Domestic stock insurers which apply for a certificate of authority on or  
13 after September 1, 1989, may transact the following kinds of insurance in this state  
14 upon qualifying therefor and by having paid-in capital, minimum surplus, and  
15 operating surplus represented by assets as follows:

Insurance	<u>Paid-in Capital</u>	<u>Minimum Surplus</u>	<u>Operating Surplus</u>
18 (1) Life	\$100,000	\$1,900,000	\$1,000,000
19 (2) Health and accident	100,000	1,900,000	1,000,000
20 (1) and (2) above	100,000	1,900,000	1,000,000
21 <del>(3) Vehicle physical damage</del>	<del>100,000</del>	<del>1,150,000</del>	<del>1,000,000</del>
22 <u>(3) Vehicle</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
23 <del>(4) Title</del>	<del>100,000</del>	<del>400,000</del>	<del>500,000</del>
24 <u>(4) Liability</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
25 <del>(5) Industrial fire</del>	<del>200,000</del>	<del>800,000</del>	<del>1,000,000</del>
26 <u>(5) Workers' compensation</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
27 <del>(6) Vehicle</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
28 <u>(6) Burglary and forgery</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
29 <del>(7) Liability</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
30 <u>(7) Fidelity</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
31 <del>(8) Worker's compensation</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
32 <u>(8) Title</u>	<u>100,000</u>	<u>400,000</u>	<u>500,000</u>
33 <del>(9) Burglary and forgery</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
34 <u>(9) Fire and allied lines</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
35 <del>(10) Glass</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
36 <u>(10) Steam boiler and sprinkler leakage</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
37 <del>(11) Fidelity and surety</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
38 <u>(11) Crop</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
39 <del>(12) Fire and extended coverage</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
40 <u>(12) Marine and transportation</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
41 <del>(13) Steam boiler and sprinkler leakage</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
42 <u>(13) Miscellaneous</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
43 <del>(14) Crop and livestock</del>	<del>650,000</del>	<del>1,350,000</del>	<del>1,000,000</del>
44 <u>(14) Homeowners' insurance</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>

1	<del>(15)</del> <u>Marine and transportation</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
2	<u>(15) Credit life, health, and accident insurance</u>	<u>100,000</u>	<u>1,900,000</u>	<u>1,000,000</u>
3	<del>(16)</del> <u>Miscellaneous</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
4	<u>(16) Credit property and casualty insurance</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
5	<del>(17)</del> <u>All insurances, except life and title</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
6	<u>(17) Annuity</u>	<u>100,000</u>	<u>1,900,000</u>	<u>1,000,000</u>
7	<u>(18) Surety</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>
8	<u>(19) Industrial fire</u>	<u>200,000</u>	<u>800,000</u>	<u>1,000,000</u>
9	<u>(20) All insurances except life and title</u>	<u>650,000</u>	<u>1,350,000</u>	<u>1,000,000</u>

10                    ~~B.~~ For the purpose of this Section, "vehicle physical damage insurance" shall  
 11                    be defined as insurance against loss or damage to any land vehicle or property while  
 12                    contained therein or thereon or being loaded or unloaded therein or therefrom:

13                    ~~C.~~ B. Authority shall be granted stock insurers upon compliance with all  
 14                    applicable requirements to transact combinations of kinds of insurance except as  
 15                    follows:

16                    (1) An insurer authorized to transact life insurance shall not be authorized  
 17                    to transact any additional kind of insurance other than:

- 18                    (a) Health and accident insurance.
- 19                    (b) Annuity.
- 20                    (c) Credit life, health, and accident insurance.

21                    (2) An insurer authorized to transact title insurance shall not be authorized  
 22                    to transact any additional kind of insurance.

23                    ~~D.~~ C. For the ~~purpose~~ purposes of this Section, assets representing at least  
 24                    fifty percent of the operating surplus must be maintained in cash or in cash  
 25                    equivalents as prescribed by the commissioner.

26                    \*           \*           \*

27                    §111. Surplus requirements; applicants prior to September 1, 1989

28                    A. Domestic mutual insurers who apply for a certificate of authority prior to  
 29                    September 1, 1989, may transact the following kinds of insurance in this state upon  
 30                    qualifying therefor and by having an initial minimum surplus represented by assets  
 31                    as follows:

32		Initial
33		Minimum
34	<u>Insurance</u>	<u>Surplus</u>
35	(1) Life	\$ 300,000

1	(2) Health and accident	300,000
2	(1) and (2) above	300,000
3	<del>(3) Vehicle physical damage</del>	<del>250,000</del>
4	<u>(3) Vehicle</u>	<u>1,000,000</u>
5	<del>(4) Title</del>	<del>75,000</del>
6	<u>(4) Liability</u>	<u>1,000,000</u>
7	<del>(5) Industrial fire</del>	<del>75,000</del>
8	<u>(5) Workers' compensation</u>	
9	<u>(a) Any company organized and authorized to</u>	
10	<u>transact workers' compensation only on or</u>	
11	<u>before July 27, 1966</u>	<u>150,000</u>
12	<u>(b) Any company organized and authorized to</u>	
13	<u>transact workers' compensation only after</u>	
14	<u>July 27, 1966</u>	<u>1,000,000</u>
15	<del>(6) Any company organized and authorized to</del>	
16	<del>transact worker's compensation only as of</del>	
17	<del>July 27, 1966</del>	<del>150,000</del>
18	<u>(6) Burglary and forgery</u>	<u>1,000,000</u>
19	<del>(7) Any company organized and authorized to</del>	
20	<del>transact crop and livestock insurance only</del>	
21	<del>as of July 27, 1966</del>	<del>250,000</del>
22	<u>(7) Fidelity</u>	<u>1,000,000</u>
23	<del>(8) Vehicle</del>	<del>1,000,000</del>
24	<u>(8) Title</u>	<u>75,000</u>
25	<del>(9) Liability</del>	<del>1,000,000</del>
26	<u>(9) Fire and allied lines</u>	<u>1,000,000</u>
27	<del>(10) Worker's compensation</del>	<del>1,000,000</del>
28	<u>(10) Steam boiler and sprinkler leakage</u>	<u>1,000,000</u>
29	<del>(11) Burglary and forgery</del>	<del>1,000,000</del>
30	<u>(11) Crop</u>	
31	<u>(a) Any company organized and authorized to</u>	
32	<u>transact crop insurance only on or before</u>	
33	<u>July 27, 1966</u>	<u>250,000</u>
34	<u>(b) Any company organized and authorized to</u>	
35	<u>transact crop insurance only after</u>	
36	<u>July 27, 1966</u>	<u>1,000,000</u>
37	<del>(12) Glass</del>	<del>1,000,000</del>
38	<u>(12) Marine and transportation (except hull)</u>	<u>1,000,000</u>
39	<del>(13) Fidelity and surety</del>	<del>1,000,000</del>
40	<u>(13) Miscellaneous</u>	<u>1,000,000</u>
41	<del>(14) Fire and extended coverage</del>	<del>1,000,000</del>
42	<u>(14) Homeowners' insurance</u>	<u>1,000,000</u>
43	<del>(15) Steam boiler and sprinkler leakage</del>	<del>1,000,000</del>
44	<u>(15) Credit life, health, and accident insurance</u>	<u>300,000</u>
45	<del>(16) Crop and livestock</del>	<del>1,000,000</del>
46	<u>(16) Credit property and casualty insurance</u>	<u>1,000,000</u>
47	<del>(17) Marine and transportation (except hull)</del>	<del>1,000,000</del>
48	<u>(17) Annuity</u>	<u>300,000</u>
49	<del>(18) Miscellaneous</del>	<del>1,000,000</del>
50	<u>(18) Surety</u>	<u>1,000,000</u>
51	<del>(19) All insurances, except life and title</del>	<del>1,000,000</del>
52	<u>(19) Industrial fire</u>	<u>300,000</u>
53	<u>(20) All insurances, except life and title</u>	<u>1,000,000</u>

54                   For the purpose of this Section, "vehicle physical damage insurance" shall be  
 55                   defined as insurance against loss or damage to any land vehicle or property while  
 56                   contained therein or thereon or being loaded or unloaded therein or therefrom.

1 B. Authority shall be granted mutual insurers upon compliance with all  
2 applicable requirements to transact combinations of kinds of insurance except as  
3 follows:

4 (1) An insurer authorized to transact life insurance shall not be authorized  
5 to transact any additional kind of insurance other than:

- 6 (a) ~~health~~ Health and accident insurance.
- 7 (b) Annuity.
- 8 (c) Credit life, health, and accident insurance.

9 (2) An insurer authorized to transact title insurance shall not be authorized  
10 to transact any additional kind of insurance.

11 C. Domestic mutual insurers who apply for a certificate of authority on or  
12 after September 1, 1989, shall meet the initial minimum surplus and operating  
13 surplus requirements and other requirements of R.S. 22:112.

14 §112. Surplus requirements; applicants on and after September 1, 1989

15 A. Domestic mutual insurers who apply for a certificate of authority on or  
16 after September 1, 1989, may transact the following kinds of insurance in this state  
17 upon qualifying therefor and by having an initial minimum surplus and operating  
18 surplus represented by assets as follows:

<u>Insurance</u>	Initial Minimum Surplus	Operating Surplus
22 (1) Life	\$2,000,000	\$1,000,000
23 (2) Health and accident	2,000,000	1,000,000
24 (1) and (2) above	2,000,000	1,000,000
25 <del>(3) Vehicle physical damage</del>	<del>1,250,000</del>	<del>1,000,000</del>
26 <u>(3) Vehicle</u>	<u>2,000,000</u>	<u>1,000,000</u>
27 <del>(4) Title</del>	<del>500,000</del>	<del>500,000</del>
28 <u>(4) Liability</u>	<u>2,000,000</u>	<u>1,000,000</u>
29 <del>(5) Industrial fire</del>	<del>1,000,000</del>	<del>1,000,000</del>
30 <u>(5) Workers' compensation</u>	<u>2,000,000</u>	<u>1,000,000</u>
31 <del>(6) Vehicle</del>	<del>2,000,000</del>	<del>1,000,000</del>
32 <u>(6) Burglary and forgery</u>	<u>2,000,000</u>	<u>1,000,000</u>
33 <del>(7) Liability</del>	<del>2,000,000</del>	<del>1,000,000</del>
34 <u>(7) Fidelity</u>	<u>2,000,000</u>	<u>1,000,000</u>
35 <del>(8) Worker's compensation</del>	<del>2,000,000</del>	<del>1,000,000</del>
36 <u>(8) Title</u>	<u>500,000</u>	<u>500,000</u>
37 <del>(9) Burglary and forgery</del>	<del>2,000,000</del>	<del>1,000,000</del>
38 <u>(9) Fire and allied lines</u>	<u>2,000,000</u>	<u>1,000,000</u>
39 <del>(10) Glass</del>	<del>2,000,000</del>	<del>1,000,000</del>
40 <u>(10) Steam boiler and sprinkler leakage</u>	<u>2,000,000</u>	<u>1,000,000</u>
41 <del>(11) Fidelity and surety</del>	<del>2,000,000</del>	<del>1,000,000</del>



	Initial Minimum Surplus
1	
2	
3	<u>Insurance</u>
4	(1) Health and accident \$ 300,000
5	<del>(2) Vehicle physical damage</del> 250,000
6	<u>(2) Vehicle</u> 1,000,000
7	<del>(3) Title</del> 75,000
8	<u>(3) Liability</u> 1,000,000
9	<del>(4) Industrial fire</del> 300,000
10	<u>(4) Workers' compensation</u>
11	<u>(a) Any company organized and authorized to</u>
12	<u>transact workers' compensation only on or</u>
13	<u>before July 27, 1966</u> 150,000
14	<u>(b) Any company organized and authorized to</u>
15	<u>transact workers' compensation only after</u>
16	<u>July 27, 1966</u> 1,000,000
17	<del>(5) Any company organized and authorized to</del>
18	<del>transact worker's compensation only as of</del>
19	<del>July 27, 1966</del> 150,000
20	<u>(5) Burglary and forgery</u> 1,000,000
21	<del>(6) Any company organized and authorized to</del>
22	<del>transact crop and livestock insurance only as</del>
23	<del>of July 27, 1966</del> 250,000
24	<u>(6) Fidelity</u> 1,000,000
25	<del>(7) Vehicle</del> 1,000,000
26	<u>(7) Title</u> 75,000
27	<del>(8) Liability</del> 1,000,000
28	<u>(8) Fire and allied lines</u> 1,000,000
29	<del>(9) Worker's compensation</del> 1,000,000
30	<u>(9) Steam boiler and sprinkler damage</u> 1,000,000
31	<del>(10) Burglary and forgery</del> 1,000,000
32	<u>(10) Crop</u>
33	<u>(a) Any company organized and authorized to</u>
34	<u>transact crop insurance only on or before</u>
35	<u>July 27, 1966</u> 250,000
36	<u>(b) Any company organized and authorized to</u>
37	<u>transact crop insurance only after</u>
38	<u>July 27, 1966</u> 1,000,000
39	<del>(11) Glass</del> 1,000,000
40	<u>(11) Marine and transportation</u> 1,000,000
41	<del>(12) Fidelity and surety</del> 1,000,000
42	<u>(12) Miscellaneous</u> 1,000,000
43	<del>(13) Fire and extended coverage</del> 1,000,000
44	<u>(13) Homeowners' insurance</u> 1,000,000
45	<del>(14) Steam boiler and sprinkler leakage</del> 1,000,000
46	<u>(14) Credit health and accident insurance</u> 300,000
47	<del>(15) Crop and livestock</del> 1,000,000
48	<u>(15) Credit property and casualty insurance</u> 1,000,000
49	<del>(16) Marine and transportation</del> 1,000,000
50	<u>(16) Surety</u> 1,000,000
51	<del>(17) Miscellaneous</del> 1,000,000
52	<u>(17) Industrial fire</u> 300,000
53	<u>(18) All insurances, except life and title</u> 1,000,000

54 For the purpose of this Section, ~~vehicle physical damage insurance shall be~~  
55 ~~defined as insurance against loss or damage to any land vehicle or property while~~  
56 ~~contained therein or thereon or being loaded or unloaded therein or therefrom.~~

1           B. Insurers already organized and qualified under the laws of this state as of  
2 July 27, 1966, shall continue to have the same underwriting powers they had as of  
3 that date, provided all such insurers shall increase the surplus requirements to the  
4 amounts set out in Subsection A of this Section ~~165~~ on or before August 1, 1967.

5   \*       \*       \*

6       §851. Scope of Part

7           A. The applicable provisions of this Part shall apply to insurance other than  
8 ocean marine and foreign trade insurances. This Part shall not apply to life insurance  
9 policies or annuities not issued for delivery in this state nor delivered in this state.  
10 This Part also shall not apply to any health and accident insurance policy not issued  
11 for delivery in this state nor delivered in this state, except for any group policy  
12 covering residents of Louisiana, regardless of from where it was issued or delivered.

13   \*       \*       \*

14       §861. Approval of forms

15           A.(1) No basic insurance policy form, other than fidelity or surety bond  
16 forms, or application form where written application is required and is to be attached  
17 to the policy, or be a part of the contract or printed life, annuity, or health and  
18 accident rider or endorsement form shall be issued, delivered, or used unless it has  
19 been filed with and approved by the commissioner of insurance.

20   \*       \*       \*

21       §864. Content of policies in general

22   \*       \*       \*

23           D. This ~~section~~ Section shall not apply to fidelity or surety insurance  
24 contracts.

25   \*       \*       \*

26       §1460. Fire insurance rates; the Property Insurance Association of Louisiana

27   \*       \*       \*

28           D. The powers and duties of the association shall be:

29   \*       \*       \*



1 mechanical breakdown insurance, and ocean marine insurance. It shall likewise not  
2 apply to fidelity insurance and or surety insurance, ~~nor to bail bond contracts.~~

3 \* \* \*

4 §2322. Louisiana Insurance Underwriting Plan (Coastal Plan); definitions

5 As used in R.S. 22:2322 through 2334, unless the context otherwise requires:

6 \* \* \*

7 (5) "Net direct premiums" means gross direct premiums, excluding  
8 reinsurance assumed and ceded, written on property in this state for fire and ~~extended~~  
9 ~~coverage~~ allied lines insurance, including components of homeowners' policies and  
10 commercial multiple peril package policies, less return premiums upon canceled  
11 contracts, dividends paid or credited to policyholders, or the unused or unabsorbed  
12 portion of premium deposits. In no event shall premiums on industrial fire insurance  
13 policies be considered "net direct premiums".

14 \* \* \*

15 §2336. Louisiana Joint Reinsurance Plan (FAIR Plan); definitions

16 As used in R.S. 22:2336 through 2347, unless the context otherwise requires:

17 \* \* \*

18 (5) "Net direct premiums" means gross direct premiums, excluding  
19 reinsurance assumed and ceded, written on property in this state for fire and ~~extended~~  
20 ~~coverage~~ allied lines and, if provided in the plan, homeowners insurance, including  
21 premium components of all multiperil policies and homeowners' policies, less return  
22 premiums, dividends paid or credited to policyholders, or the unused or unabsorbed  
23 portions of premium deposits. In no event shall premiums on industrial fire  
24 insurance policies be considered as net direct premiums.

25 \* \* \*

26 Section 2. R.S. 22:47(7) is hereby repealed in its entirety.

## DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Ligi

HB No. 369

**Abstract:** Defines kinds or "lines" of insurance for purposes of the La. Insurance Code.

Present law specifies 17 kinds or "lines" of insurance as follows: life; health and accident; vehicle; liability; workers' compensation; burglary and forgery; glass; fidelity and surety; title; fire and extended coverage; steam boiler and sprinkler leakage; crop and livestock; marine and transportation; marine protection and indemnity; miscellaneous; homeowners'; credit life, health, and accident and credit property and casualty; and annuity. Provides for various subcategories under these kinds of insurance.

Proposed law changes the kinds or "lines" of insurance by:

- (1) Separating out health stop loss insurance as a separate subcategory under health and accident insurance and defining it as insurance against major expenses incurred by an employee benefit plan due to the illness or injury of a covered employee or against major expenses incurred by a health care provider at financial risk for provision of health care to persons under an agreement.
- (2) Eliminating insurance against loss or damage to an aircraft or accidental death or injury associated with an aircraft from the definition of vehicle insurance, as such losses or damages are included under the definition of marine and transportation insurance.
- (3) Adding as a subcategory under liability insurance that coverage which provides indemnity, on behalf of an insured, for any legal responsibility from the damage to or the destruction of another person's property or the infliction of injury on another person that is caused by an insured's negligence, carelessness, or failure to act.
- (4) Adding employer's liability insurance to the definition of workers' compensation insurance.
- (5) Adding coverage of expenses associated with kidnapping or ransom demands to the definition of burglary and forgery insurance.
- (6) Separating the definitions of fidelity and surety insurance. Defines fidelity insurance exclusively as a contract whereby one becomes a guarantor for any person in any position or place of trust or as custodian of public or private money or property. Defines surety insurance as a contract whereby one becomes a surety or guarantor for the performance of any person of any lawful obligation, undertaking, agreement, or contract of any kind, except contracts or policies of insurance; or guaranteeing against loss or damage resulting from failure of debtors to pay their obligations to the insured; and underwriting blanket bonds. Retains, however, the prohibition in present law that, no insurer, except the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar insurance corporation created by the congress or any state legislature shall insure deposits in banks, savings and loan associations, credit unions, finance operations, or similar institutions.
- (7) Changing the designation of fire and extended coverage insurance to fire and allied lines insurance.

- (8) Eliminating glass as a separate kind of insurance and making it a subcategory under the definition of fire and allied lines insurance.
- (9) Separating livestock insurance from crop insurance and making it a subcategory under the definition of fire and allied lines insurance.
- (10) Adding insurance against loss or damage from hail to trees, crops, or other products of the soil to the definition of crop insurance.
- (11) Adding insurance against loss or damage to live animals during transport as a subcategory under the definition of marine and transportation insurance.
- (12) Adding veterinary care plan insurance providing care for a pet animal of an insured owner in the event of illness, accident, or death as a subcategory under the definition of marine and transportation insurance.
- (13) Adding insurance against financial loss due to trip cancellation or interruption, lost or damaged baggage, trip or baggage delay, missed connections, or changes in itinerary as a subcategory under the definition of marine and transportation insurance.
- (14) Changing the definition of credit life, health, and accident insurance to provide that it is insurance sold in connection with a credit transaction which is not limited to partially or wholly extinguishing the credit obligation. Deletes a provision stating that the credit obligation is the total sum payable, including all loan finance charges and credit service charges, pursuant to the credit transaction. Instead provides that the amount of credit insurance issued pursuant to a credit transaction shall not exceed the total sum payable under the contract including all loan finance and credit service charges.
- (15) Adding industrial insurance as a kind of insurance and defining it as fire and allied lines insurance policies issued through producers operating on the debit agency system, under which system a weekly or monthly collection percentage is paid based either on actual weekly or monthly premium collections or weekly or monthly increases of premium collections and where the face amount of the insurance provided covering buildings and other structures or contents under the same ownership shall not exceed \$40,000 for the structure and \$40,000 for contents.

Present law further provides for capital requirements for domestic stock insurers which applied for a certificate of authority prior to Sept. 1, 1989. Also provides that such a life insurer shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

Proposed law makes these capital requirements correspond to the kinds of insurance specified in proposed law without changing the amounts required by present law except to the extent to which kinds of insurance were redefined or recategorized. Additionally provides that a life insurer shall not be authorized to transact any additional kind of insurance other than annuity or credit life, health, and accident insurance.

Present law further provides for capital requirements for domestic stock insurers which apply for a certificate of authority on or after Sept. 1, 1989.

Proposed law makes these capital requirements correspond to the kinds of insurance specified in proposed law without changing the amounts required by present law except to the extent to which kinds of insurance were redefined or recategorized.

Present law further provides for surplus requirements for domestic mutual insurers which applied for a certificate of authority prior to Sept. 1, 1989. Also provides that such a life

insurer shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

Proposed law makes these capital requirements correspond to the kinds of insurance specified in proposed law without changing the amounts required by present law except to the extent to which kinds of insurance were redefined or recategorized. Additionally provides that a life insurer shall not be authorized to transact any additional kind of insurance other than annuity or credit life, health, and accident insurance.

Present law further provides for surplus requirements for domestic mutual insurers which applied for a certificate of authority on or after Sept. 1, 1989. Also provides that such a life insurer shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

Proposed law makes these capital requirements correspond to the kinds of insurance specified in proposed law without changing the amounts required by present law except to the extent to which kinds of insurance were redefined or recategorized. Additionally provides that a life insurer shall not be authorized to transact any additional kind of insurance other than annuity or credit life, health, and accident insurance.

Present law further provides for minimum application and surplus requirements for domestic reciprocal stock insurers. Also provides that such life insurer shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

Proposed law makes these application and surplus requirements correspond to the kinds of insurance specified in proposed law without changing the amounts required by present law except to the extent to which kinds of insurance were redefined or recategorized.

Proposed law further changes references in present law to correspond to the recategorized kinds of insurance, as follows:

- (1) Present law, relative to requirements for insurance policies in general, shall not apply to certain kinds of insurance including life insurance policies.

Proposed law additionally specifies that present law shall not apply to annuities.

- (2) Present law specifies the contents of insurance policies in general. Also provides that present law shall not apply to surety insurance contracts.

Proposed law additionally provides that present law shall not apply to fidelity insurance contracts.

- (3) Present law specifies the powers and duties of the Property Insurance Association of La. (PIAL), including the authority of the association to make rates on fire and extended coverage insurance as well as steam boiler and sprinkler insurance with regard to water damage to property.

Proposed law instead gives PIAL the authority to make rates on fire and allied lines insurance and deletes its authority to make rates on steam boiler and sprinkler insurance with regard to water damage to property.

- (4) Present law, the Financial Institution Insurance Sales Law, provides that it is not applicable to certain kinds of insurance, including fire and extended coverage insurance.

Proposed law instead provides that present law shall not apply to certain kinds of insurance, including fire and allied lines insurance.

- (5) Present law, relative to the La. Insurance Guaranty Association, provides that it is not applicable to certain kinds of insurance, including fidelity and surety insurance and bail bonds.

Proposed law instead provides that present law shall not apply to certain kinds of insurance, including annuities and fidelity insurance or surety insurance.

- (6) Present law defines "net direct premiums" for purposes of present law relative to the La. Insurance Underwriting Plan (Coastal Plan) to include fire and extended coverage insurance.

Proposed law instead defines "net direct premiums" for purposes of present law relative to the Coastal Plan to include fire and allied lines insurance.

- (7) Present law defines "net direct premiums" for purposes of present law relative to the La. Joint Reinsurance Plan (FAIR Plan) to include fire and extended coverage insurance.

Proposed law instead defines "net direct premiums" for purposes of present law relative to the FAIR Plan to include fire and allied lines insurance.

(Amends R.S. 22:47(2)-(6), (8), (10), (12), (13), and (16)(a), 81, 82, 111, 112, 165, 851(A), 861(A)(1), 864(D), 1460(D)(2), 1594(1), 2053(A), 2322(5), and 2336(5); Adds R.S. 22:47(18) and (19); Repeals R.S. 22:47(7))