
DIGEST

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HB 511 Engrossed

2023 Regular Session

Illg

Abstract: Provides for the clarification of existing policies, procedures, and regulations applicable to the La. Insurance Guaranty Association (LIGA).

Present law provides that LIGA serves a function to ensure the payment of covered claims to claimants or policyholders under certain insurance policies and ensures minimum delay and a minimum financial loss due to the insolvency of an insurer. Further provides for policies and regulations for insolvent insurers.

Proposed law retains present law.

Present law defines "covered claim" and excludes penalties and punitive and exemplary damages from the definition of "covered claim".

Proposed law retains present law but further excludes certain present law penalties from the definition.

Present law authorizes LIGA to host executive sessions and limits the subject matter that may be discussed, debated, considered, or scrutinized during executive sessions, including but not limited to matters with respect to claims, claim files, and prospective litigation.

Proposed law retains present law but broadens the subject matter for discussion to include matters with respect to groups of similar claims and matters with respect to the discussion of litigation strategy or settlement issues.

Present law sets forth specific documents that are not subject to discovery, subpoena, or any other alternative form of disclosure in accordance with the Public Records Law (R.S. 44:1 et seq.).

Proposed law retains present law.

Proposed law provides that a document or information protected from disclosure in present law, and protected information of a high net worth insured, are not subject to discovery, subpoena, or other disclosure, unless both parties are compelled by a valid and final court order issued in a proceeding to which both parties had notice and opportunity to object to the disclosure of the document or information.

Present law requires LIGA to establish reasonable procedures for requesting financial information

from insureds on a confidential basis, subject to approval of the commissioner.

Proposed law retains present law.

Present law authorizes LIGA to satisfy an obligation to a claimant by paying an amount exceeding \$100 but less than \$500,000 per claim, subject to a maximum limit of \$500,000 per accident or occurrence for all other covered claims.

Proposed law retains present law but clarifies the minimum amount as \$101 and the maximum amount as \$500,000 per accident or occurrence for all other covered claims.

Present law authorizes LIGA to assess 1% of a member insurer's net direct written premiums for the preceding calendar year. Proposed law increases the assessment authority from 1% to 2%. Otherwise retains present law.

Present law prohibits LIGA from including in certain assessments the premium dollars paid to an insurer by any "high net worth insured". Proposed law deletes present law.

Proposed law requires any insurer authorized to deduct premium dollars from its assessment to submit to LIGA a net worth affidavit from each insured whose premium dollars are being deducted along with a statement of the amount of premium dollars paid by such insured.

Present law requires any amount payable by an insolvent insurer on a covered claim to be reduced by the full applicable limits stated in another insurance policy or by the amount of recovery under the other policy. Generally requires LIGA and the claimant to receive a full credit for the stated limits, unless the claimant demonstrates that he used reasonable efforts to exhaust all coverage and limits applicable to the other policy. Further provides that present law does not apply to uninsured or underinsured motorists.

Proposed law retains present law but repeals the portion that excludes uninsured or underinsured motorists from the application of present law.

Proposed law authorizes LIGA to conduct confidential discovery to determine whether credits exist to extinguish its defense obligation during the pendency of litigation. Further authorizes LIGA to conduct confidential discovery to determine whether other available insurance exists, the applicable limits thereof, the amount of a claimant's recovery, the efforts to exhaust any applicable limits, and whether LIGA's obligations to the claimant have been extinguished by any applicable credits during the pendency of litigation.

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

(Amends R.S.22:2055(6)(b)(intro. para.) and (i), 2056(C)(2)(intro. para.), (c), and (d), 2058(A)(intro. para.), (1)(b)(iii) and (d), (3)(a)(ii) and (c), and (B)(intro. para.) and (6)(a), 2061.1(A), (B)(1), and (D), and 2062(A)(1),(2), and (6); Adds R.S. 22:2056(C)(2)(g) and 2062(E); Repeals R.S. 22:2062(A)(2)(c))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Increase the percentage for which LIGA may annually assess a member insurer's net direct written premiums from 1% to 2%.
2. Make technical changes.