

SENATE BILL NO. 341

BY SENATORS EDMONDS AND HODGES AND REPRESENTATIVES BAMBURG,  
BAYHAM, GALLE, GLORIOSO, HEBERT, ILLG, MELERINE,  
MURRAY AND WILDER

1 AN ACT

2 To amend and reenact R.S. 12:1853, the introductory paragraph of 1854, 1854(3) and (7),  
3 the introductory paragraph of 1855(B)(1), 1855(B)(2)(b)(xiii), 1856(A)(3) and (4),  
4 and 1870 and to enact R.S. 12:1855(A)(5)(c) and 1856(H) and to repeal R.S.  
5 12:1855(A)(5)(b) and 1856(E), relative to the Louisiana Churches and Nonprofit  
6 Religious Organizations Self-Insured Fund; to provide for definitions; to provide for  
7 initial financial requirements; to provide for records and recordkeeping; to provide  
8 for technical changes by the Louisiana State Law Institute; to provide for an effective  
9 date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 12:1853, the introductory paragraph of 1854, 1854(3) and (7), the  
12 introductory paragraph of 1855(B)(1), 1855(B)(2)(b)(xiii), 1856(A)(3) and (4), and 1870 are  
13 hereby amended and reenacted and R.S. 12:1855(A)(5)(c) and 1856(H) are hereby enacted:

14 §1853. Authorization; requirements; regulation

15 A. Two or more churches or nonprofit religious organizations or one or more  
16 religious denominations may agree to pool their liabilities for the purposes of  
17 providing ~~property~~ **commercial** coverage for their buildings and **other** properties,  
18 so long as they have a positive net worth, are financially solvent, and are capable of  
19 assuming the obligations set forth in this Chapter.

20 **B. Pools may also be created for commercial coverages that are**  
21 **analogous to commercial property insurance in the private market as approved**  
22 **by the commissioner.**

23 ~~B.C.~~ The department shall promulgate necessary rules in accordance with the  
24 Administrative Procedure Act to implement and regulate the activities authorized in  
25 this Chapter.

26 §1854. Definitions

1                   Wherever used in this Chapter, unless a different meaning clearly appears in  
 2 the context, the following terms, whether used in the singular or plural, shall have  
 3 the following meanings **For the purposes of this Chapter the following terms**  
 4 **have the following meanings:**

5   \*       \*       \*

6                   (3) "Fund" means the self-insurance fund established pursuant to this Chapter  
 7 to provide ~~property insurance~~ **commercial coverage** for churches and nonprofit  
 8 religious organizations and shall be known as the Louisiana Churches and Nonprofit  
 9 Religious Organizations Self-Insured Fund.

10   \*       \*       \*

11                   (7) "Property **Commercial** coverage" means coverage for the damage or loss  
 12 of a structure or building and may include ~~any or all of~~ **but is not limited to** the  
 13 following:

- 14                   (a) Premises liability coverage.
- 15                   (b) Contents coverage for furniture or equipment.
- 16                   (c) Wind and hail coverage.
- 17                   (d) Loss of use coverage.
- 18                   ~~(e) Medical payments coverage.~~

19   \*       \*       \*

20 §1855. Agreement to pool liabilities; initial financial requirements

21                   A.   \*       \*       \*

22                   (5)   \*       \*       \*

23                   **(c) Except as otherwise provided in Subparagraph (a) of this Paragraph,**  
 24 **original books, records, documents, accounts, and vouchers, or reproductions**  
 25 **thereof, shall be preserved and kept in this state for the purpose of examination**  
 26 **and until the authority to destroy or otherwise dispose of the records is secured**  
 27 **from the department. All original records or certified reproductions or records**  
 28 **originally received in a digital or electronic format shall be maintained for the**  
 29 **period commencing on the first day following the last period examined by the**  
 30 **department through the subsequent examination period, or five years,**

1 whichever is longer.

2 \* \* \*

3 B.(1) The fund shall submit to the department an application, on an  
4 application form prescribed and furnished by the department, for authority to act as  
5 a group self-insurance fund for ~~property~~ **commercial** coverage. Each application  
6 shall include evidence of the fund's inception, which establishes financial strength  
7 and liquidity of the members to pay claims promptly and support the financial ability  
8 of the fund to satisfy its obligations upon the establishment of the fund, including all  
9 of the following:

10 \* \* \*

11 (2) The application shall be in writing, on a form provided by the department,  
12 and shall comply with all of the following:

13 \* \* \*

14 (b) All applications shall be accompanied by the following items:

15 \* \* \*

16 (xiii) ~~Proof of advance~~ **A pledge to make an advance** payment to the fund  
17 by each initial member of the fund of not less than twenty-five percent of that  
18 member's first year estimated annually earned normal premiums **prior to the fund**  
19 **providing coverage. If the fund provides coverage prior to every initial member**  
20 **of the fund making the advance payment pledged pursuant to this Item, the**  
21 **commissioner shall suspend the fund's certificate or authority until every initial**  
22 **member of the fund has made his pledged advance payment, and the**  
23 **commissioner may take additional regulatory action as authorized in this**  
24 **Chapter.**

25 \* \* \*

26 §1856. Requirements; excess insurance; administrative and service companies;  
27 status; liability; refunds

28 A. The fund established pursuant to this Chapter shall comply with all of the  
29 following items:

30 \* \* \*

1 (3) Provide ~~property~~ **commercial** coverage as required by this Chapter.

2 (4)(a) Maintain, on a fund-year basis, a contract or contracts of specific  
3 excess insurance or reinsurance of not less than an amount that is actuarially sound  
4 and approved by the department. The maximum retention under the excess insurance  
5 or reinsurance contracts shall not exceed amounts ~~as may be provided~~ **authorized**  
6 by the department.

7 (b) For purposes of authorizing the purchase of reinsurance as required by  
8 this Subsection, the fund shall be deemed an insurer. The excess insurance or  
9 reinsurance shall be purchased only from a company having a rating of A- by A.M.  
10 Best Rating Services, Inc., A- by Fitch Ratings, ~~A- by Weiss Ratings~~, A- by S&P  
11 Global Ratings, or A3 by Moody's Investors Service, or better, and this reinsurance  
12 may be purchased from admitted or nonadmitted companies, provided that the  
13 **reinsurance purchase complies with the** provisions of R.S. 22:651 through 661,  
14 and Financial Accounting Standard Number 113 as promulgated and updated by the  
15 Financial Accounting Standards Board. The department shall approve all excess  
16 insurance policies or reinsurance agreements prior to use by the fund.

17 \* \* \*

18 **H. All members of the fund shall establish and maintain an aggregate**  
19 **loss fund or a stop loss provision as part of the excess insurance policy**  
20 **placements in an amount equivalent to not more than one year's premium for**  
21 **each risk underwritten. The trust fund for each risk underwritten shall**  
22 **maintain a cash reserve for each coverage year sufficient to cover payment of**  
23 **the entire aggregate loss fund, as defined in the applicable excess insurance**  
24 **policy or policies for that risk.**

25 \* \* \*

26 §1870. Jurisdiction

27 **A. Except as otherwise provided in Subsection B of this Section, The the**  
28 **Nineteenth Judicial District Court shall have exclusive jurisdiction over any civil or**  
29 **criminal** proceeding instituted pursuant to this Chapter.

30 **B. The fund and a member of the fund may contractually agree, through**

1           a policy of insurance or otherwise, to resolve a claim dispute through mediation  
 2           pursuant to the Louisiana Mediation Act, R.S. 9:4101 et seq., or appraisal  
 3           pursuant to R.S. 22:1807.11 et seq.

4           Section 2. R.S. 12:1855(A)(5)(b) and 1856(E) are hereby repealed.

5           Section 3. The Louisiana State Law Institute, pursuant to its statutory authority, is  
 6 hereby directed to change "property coverage" to "commercial coverage" in Chapter 28 of  
 7 Title 12 of the Louisiana Revised Statutes of 1950.

8           Section 4. This Act shall become effective upon signature by the governor or, if not  
 9 signed by the governor, upon expiration of the time for bills to become law without signature  
 10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 11 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 12 effective on the day following such approval.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_