
HOUSE COMMITTEE AMENDMENTS

2015 Regular Session

Amendments proposed by House Committee on Insurance to Reengrossed Senate Bill No. 171 by Senator Morrish

1 AMENDMENT NO. 1

2 On page 1, line 2, after "reenact" change "R.S. 22:453(B) and (C), 458, and 459(A)" to "R.S.
3 22:459(A)"

4 AMENDMENT NO. 2

5 On page 1, at the beginning of line 3, change "and (5), 453(D), 454(C)," to "and (5)"

6 AMENDMENT NO. 3

7 On page 1, line 5, after "requirements for" insert "association-sponsored"

8 AMENDMENT NO. 4

9 On page 1, line 9, after "1." change "R.S. 22:453(B) and (C), 458, and 459(A) are" to "R.S.
10 22:459(A) is"

11 AMENDMENT NO. 5

12 On page 1, line 10, after "R.S. 22:452(4) and" change "(5), 453(D), 454(C)," to "(5)"

13 AMENDMENT NO. 6

14 On page 2, line 3, after "(5)" change "Reserves" to "Net assets"

15 AMENDMENT NO. 7

16 On page 2, delete line 7 in its entirety

17 AMENDMENT NO. 8

18 On page 2, delete lines 9 through 29 in their entirety

19 AMENDMENT NO. 9

20 On page 3, delete lines 1 through 29 in their entirety

21 AMENDMENT NO. 10

22 On page 4, delete lines 1 through 29 in their entirety

23 AMENDMENT NO. 11

24 On page 5, delete lines 1 through 29 in their entirety

25 AMENDMENT NO. 12

26 On page 6, delete lines 1 through 25 in their entirety

1 AMENDMENT NO. 13

2 On page 6, delete lines 27 through 29 in their entirety and insert the following:

3 "A. A trade or professional association that effects, maintains, and
 4 operates a self-insured trust for the benefit of its members and their employees,
 5 meets all the requirements of this Section, and complies with all other
 6 provisions of this Subpart except R.S. 22:454 and 458 shall be deemed exempt
 7 from the provisions of R.S. 22:454 and 458. A self-insured trust operated under
 8 the provisions of this Section shall be designated an association-sponsored
 9 self-insured trust."

10 AMENDMENT NO. 14

11 On page 7, delete lines 1 through 29 in their entirety

12 AMENDMENT NO. 15

13 On page 8, delete lines 1 through 29 in their entirety

14 AMENDMENT NO. 16

15 On page 9, delete lines 1 through 15 in their entirety

16 AMENDMENT NO. 17

17 On page 10, line 3, after "existence" delete the remainder of the line and insert "since
 18 January of 1950."

19 AMENDMENT NO. 18

20 On page 10, between lines 3 and 4, insert the following:

21 "(4) Is comprised of professionals that possess licenses issued by an
 22 authority of the state in order to conduct the business of the profession. An
 23 association whose membership includes members of the profession who no
 24 longer possess licenses because they have retired shall be deemed to have
 25 satisfied this requirement if the total number of retired members comprises no
 26 more than twenty percent of the association's overall membership.

27 C. An association-sponsored self-insured trust shall deposit with the
 28 commissioner a safekeeping or trust receipt from a bank doing business within
 29 the state or from a savings and loan association chartered to do business in this
 30 state indicating that the self-insurer has deposited cash or bonds of the United
 31 States, the state of Louisiana, or any political subdivision of the state, of the par
 32 value of not less than the greater of either one of the following items:

- 33 (1) One hundred thousand dollars.
- 34 (2)(a) Thirty percent of the self-insurer's outstanding Louisiana-related
 35 reserve liabilities. For the purposes of this Subsection, reserve liabilities shall
 36 be computed with proper regard for the following items:
 - 37 (i) Known claims paid and outstanding.
 - 38 (ii) A history of incurred but not reported claims.
 - 39 (iii) Claims handling expenses.
 - 40 (iv) Unearned premium.
 - 41 (v) An estimate for bad debts.
 - 42 (vi) A trend factor.
 - 43 (vii) A margin for error.
- 44 (b) All securities deposited pursuant to this Subsection shall be held in
 45 trust for the benefit and protection of and as security for all policyholders of the
 46 self-insurer making such deposit.

D. An association-sponsored self-insured trust shall:

(1) Maintain at all times during the first year of operations unimpaired net assets of not less than one hundred thousand dollars. The net assets required to be maintained pursuant to this Section shall be in the form of cash, cash equivalents, or bonds or evidences of indebtedness which are direct general obligations or which are secured or guaranteed as to principal and interest by the government of the United States, or any state of the United States.

(2) Have applications from not less than two employers and plan to provide similar benefits for not less than one hundred participating employees.

(3) Maintain contribution rates for participation under the arrangement that equal or exceed a funding level established by a report prepared by an actuarial firm.

E.(1) The employers in the self-insurance plan shall be members of an association as defined in this Section.

(2) Each employer member participating in the association-sponsored self-insurance plan shall sign an indemnity agreement that is also signed by representatives of the association and the trust. The agreement shall contain acknowledgment by all parties of their assumption of liabilities as set forth in this Section.

(3) The association sponsoring the trust shall be responsible for unpaid claims liability of the trust. Employer members participating in the self-insurance plan shall be in solido guarantors of liabilities of the trust not satisfied by the association.

(4) A board of trustees shall serve as fund managers on behalf of participants. Trustees shall be plan participants. Trustees shall be elected by participating employers or by association members who are plan participants. No participating employer may be represented by more than one trustee. A minimum of three and a maximum of ten trustees may be elected. Trustees may not receive compensation but may be reimbursed for actual expenses incurred in connection with duties as trustee.

(5) Trustees shall be bonded in an amount not less than one hundred thousand dollars from a licensed surety company.

(6) Investment of plan funds is subject to the same restrictions which are applicable to insurers under this Title.

F.(1) In the event that an association-sponsored self-insured trust is insolvent, then in addition to any other provision of law or regulation, the department shall require that the trust file in writing within sixty days a plan signed by the board of trustees. For purposes of this Subpart, an insolvency shall be defined as the condition existing when the trust's liabilities before member distribution payable or dividend payable are greater than the trust's assets determined in accordance with generally accepted accounting principles as delineated in the trust's financial statement audited by an independent certified public accountant. For the purpose of determining insolvency, assets shall not include intangible property, such as patents, trade names, or goodwill. The plan submitted by the trust to eliminate the insolvency shall set forth in detail the means by which the trust intends to eliminate the insolvency which may include payments by the association, assessments of the members participating in the trust's self-insurance plan, or a combination thereof. The trust shall also include the timetable for the implementation of the plan and requirements for reporting to the department. The department shall review the plan submitted by the trust and notify the trust of the plan's approval or disapproval within thirty days of the department's receipt of the plan.

(2) Upon determination by the department that a plan submitted by the trust is disapproved or that a trust is not implementing a plan in accordance with the terms of the plan, it shall so notify the trust in writing of such determination.

(3) Should a trust fail to file a plan to eliminate an insolvency as called for under this Section, or should the department notify a trust that such plan has been disapproved or that the trust is not implementing the plan according

1 to the plan, the department shall have the following powers and authority in
2 addition to any other powers and authority granted under law:
3 (a) The department may order the trust to immediately levy an
4 assessment upon the association, the members of the trust, or both, sufficient to
5 eliminate the insolvency.
6 (b) Should the trust fail or refuse to levy said assessment, the department
7 may, in the name of the trust, levy such assessment upon the association, the
8 members of the trust, or both, sufficient to eliminate the insolvency.
9 G. Association-sponsored self-insured trusts are not members of either
10 the Louisiana Insurance Guaranty Association or the Louisiana Life and Health
11 Insurance Guaranty Association, nor shall either be liable for any claims or
12 increments of claims made against any association-sponsored self-insured
13 trust."