
DIGEST

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Cortez

HB No. 400

Abstract: Allows a rental dealer to maintain a contingent automobile liability bond or cash deposit with the state treasurer in lieu of a contingent automobile liability policy.

Present law requires every rental dealer to maintain a contingent automobile liability policy of insurance with minimum limits of \$100,000 per occurrence, \$300,000 aggregate, and \$50,000 in property damage.

Present law further provides that it shall not be sufficient for any rental dealer to share in a policy of insurance, which could, under any circumstance, create a limit of less than that set forth in present law. Such policy shall be placed, if available, through an insurance company licensed by and admitted in the state of La.

Proposed law retains present law but adds the alternative that a rental dealer may maintain a contingent automobile liability bond or cash deposit with the state treasurer in lieu of a contingent automobile liability policy.

Proposed law provides that "contingent automobile liability bond" means a bond posted with the state treasurer in the amount of \$150,000 in lieu of maintaining the required contingent automobile liability policy of insurance.

Proposed law provides that the rental dealer may, in lieu of procuring a contingent automobile liability bond or policy, deposit with the state treasurer cash in the amount of \$150,000, or otherwise pledge, assign, or securitize, to the satisfaction of the state treasurer on such forms and documents as he shall require, which shall constitute a lien thereon in favor of the treasurer for the liabilities set forth in proposed law and authorize him to sell same pursuant to proposed law, bonds, stocks, securities, or other evidences of indebtedness satisfactory to the treasurer of a market value of not less than \$150,000.

Proposed law requires the state treasurer, upon presentation to the treasurer by an officer qualified to serve civil process of an execution issued on any final nonappealable, nonreviewable judgment against the rental dealer that would otherwise be covered by a contingent automobile liability policy of insurance, to pay, out of the cash deposited by the rental dealer, the amount of the execution, including costs and interest, up to but not in excess of \$100,000 per occurrence and \$50,000 in property damage.

Proposed law provides that, if the rental dealer has deposited, or otherwise pledged, assigned, or

securitized bonds, stocks, securities, or other evidences of indebtedness, the state treasurer shall, on presentation of an execution issued on any final nonappealable, nonreviewable judgment against the rental dealer that would otherwise be covered by a contingent automobile liability policy of insurance, cause the securities, or such part thereof as may be necessary to satisfy the judgment, to be sold at public auction giving the rental dealer three days' notice in writing of the time and place of the sale. From the proceeds of the sale the state treasurer shall, after paying the expenses of the sale, satisfy the execution.

Proposed law provides that any sale by or payment upon an execution by the state treasurer in accordance with the provisions of proposed law shall discharge him from all official and personal liability whatever to the rental dealer to the extent of such payment.

Proposed law requires the state treasurer to deposit any cash received under the provisions of proposed law in a savings bank or savings department of a trust company or of a national bank within the state.

Proposed law provides that the rental dealer shall be entitled to the interest accruing on the deposit and to the income payable on the securities deposited. The interest or income shall be paid to the rental dealer on at least an annual basis.

Proposed law authorizes the rental dealer to change the securities with the approval of the state treasurer.

Proposed law provides that the state treasurer, whenever for any reason the amount of the deposit falls below the amount required by proposed law, shall require, at the option of the rental dealer, the deposit of additional cash or securities up to the amount required by proposed law or a contingent automobile liability policy of insurance or contingent automobile liability bond as provided in proposed law; provided, however, that the rental dealer shall not be required to make additional deposits of cash or securities, even arising out of separate occurrences or judgments, of more than an additional \$200,000.

Proposed law exempts money or securities deposited with the state treasurer under the provisions of proposed law from being subject to attachment or execution except as provided in proposed law.

Proposed law requires the state treasurer to give to the rental dealer a receipt on a form prescribed by the treasurer for the amount of cash or securities deposited, or pledged, assigned, or securitized by him with the treasurer.

Proposed law requires the state treasurer to retain the cash or securities deposited or securitized and to not deliver or release the lien on the same or the balance thereof to the rental dealer on his order until the expiration of the time within which actions, the payment of judgments in which are secured by the deposit, may be brought against the rental dealer, nor in any case if a written notice is filed with the state treasurer stating that such an action has been brought against the rental dealer, until payment is made or satisfactory evidence is presented to the treasurer that

final disposition of the action has been made.

Proposed law requires the state treasurer to deliver to the rental dealer the cash or securities deposited or securitized, as well as a release of lien on cash or securities deposited or securitized, one year and one month after the rental dealer has ceased to do business in this state if there is no claim that would typically be covered by a contingent automobile liability policy of insurance pending against the rental dealer and the state treasurer has received no notice of an action brought against the rental dealer that would typically be covered by a contingent automobile liability policy of insurance.

(Amends R.S. 32:793(D))