DIGEST

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Ligi HB No. 69

Abstract: Provides investment procedures for the Patient's Compensation Fund.

Present law provides that the Patient's Compensation Fund Oversight Board may enter into a cooperative agreement with the state treasurer to invest monies or develop an investment policy and credit any income from those investments to the fund.

Proposed law provides that in addition to a cooperative agreement with the state treasurer, the board may invest monies, in accordance with proposed law, which are not required for the payment of 1-½ times the current fiscal year of budgeted expenditures.

Proposed law makes the prudent man rule applicable in the investing of fund monies which requires the board and each member to act with the same care, skill, prudence, and diligence a prudent institutional investor acting in a like capacity would use. The rule is not applied in isolation, but as an overall investment strategy. Proposed law also requires an asset allocation study and diversification in investments.

Proposed law provides that the board shall not invest more than 25% of the total portfolio in equities unless not more than 35% of the total is invested in equities and at least 10% is invested in one or more index funds.

Proposed law grants the board authority to hire a chief investment officer and delegate certain investment duties to him.

Proposed law requires the board to report semiannually to the House Committee on Civil Law and Procedure and the Senate Committee on Judiciary A. Requires investment performance reports be given to the board at least annually and to be in compliance with the current Performance Presentation Standards as published by the Association for Investment Management and Research.

Proposed law requires consultants and money managers to fully disclose any conflicts of interest to the board and provides penalties for the failure to do so.

(Amends R.S. 40:1299.44(A)(1)(b); Adds R.S. 40:1299.44(D)(2)(b)(xvi) and 1299.44.1)