HLS 11RS-631 ENGROSSED

Regular Session, 2011

HOUSE BILL NO. 400

20

21

22

## BY REPRESENTATIVE CORTEZ

Prefiled pursuant to Article III, Section 2(A)(4)(b)(I) of the Constitution of Louisiana.

INSURANCE/AUTOMOBILE: Provides with respect to automobile liability insurance for rental dealers

1 AN ACT 2 To amend and reenact R.S. 32:793(D), relative to automobile liability insurance; to provide 3 with respect to such insurance for rental dealers; and to provide for related matters. 4 Be it enacted by the Legislature of Louisiana: 5 Section 1. R.S. 32:793(D) is hereby amended and reenacted to read as follows: §793. Rent with option-to-purchase program 6 7 8 D.(1) Every rental dealer shall maintain a contingent automobile liability 9 policy of insurance with minimum limits of one hundred thousand dollars per 10 occurrence, three hundred thousand dollars aggregate, and fifty thousand dollars in 11 property damage insurance covering his place of business and his operation that 12 complies with the financial responsibility laws of this state and as determined by the 13 rental dealer and his insurance producer, that is necessary to provide coverage to the 14 place and nature of the business to protect the rental dealer and the consumers of this 15 state. Failure to maintain such insurance shall result in the immediate suspension of the license of the rental dealer, which suspension shall be effective as of the date of 16 17 the failure to maintain insurance coverage or until proof of the required insurance is 18 furnished to the commission. If no proof is furnished to the commission within thirty 19 days, the license of such rental dealer shall be revoked.

(2) It shall not be sufficient for any rental dealer to share in a policy of insurance, which could, under any circumstance, create a limit limits of less than that set forth herein. Such policy shall be placed, if available, through

## Page 1 of 3

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1 (3) Such policy shall be placed through an insurance company licensed by
2 and admitted in the state of Louisiana or an approved nonadmitted insurance
3 company with an A.M. Best rating of B+ or above.
4 \* \* \*

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Cortez HB No. 400

**Abstract:** Requires a rental dealer to maintain insurance covering his place of business and operation that is in compliance with La. law; provides for suspension of the rental dealer's license in the event that he fails to maintain such insurance.

<u>Present law</u> 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.

<u>Present law</u> 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 <u>present law</u>. Such policy shall be placed, if available, through an insurance company licensed by and admitted in the state of La.

<u>Proposed law</u> requires every rental dealer to maintain insurance covering his business and operation that complies with the financial responsibility laws of this state and is necessary, as determined by the rental dealer and his insurance producer, to provide coverage to the business to protect the rental dealer and the consumers of this state.

<u>Proposed law</u> provides for suspension of the license of a rental dealer who fails to maintain insurance over his business and operation that is in compliance with La. law. Further provides that the suspension shall be effective as of the date of failure to maintain such insurance or until proof of the required insurance is furnished to the commission.

<u>Proposed law</u> provides that failure by a rental dealer to submit proof of the required insurance to the commission within 30 days will result in the revocation of the rental dealer's license.

<u>Proposed law</u> retains the provision in <u>present law</u> that requires a rental dealer to obtain this insurance from an insurance company licensed by and admitted in the state of La. but adds the alternative that a rental dealer may also obtain insurance through an approved nonadmitted insurance company with an A.M. Best rating of B+ or above.

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

Summary of Amendments Adopted by House

Committee Amendments Proposed by <u>House Committee on Insurance</u> to the <u>original</u> bill.

1. Replaced provision that requires rental dealers to maintain contingent automobile liability insurance with a provision that requires rental dealers to maintain

Page 2 of 3

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

insurance that is in compliance with the financial responsibility laws of this state and is necessary to provide coverage to the rental dealer's business and operation.

- 2. Deleted provisions that allow rental dealers to maintain a contingent automobile liability bond or cash deposit with the state treasurer in lieu of a contingent liability policy.
- 3. Added alternative provision that allows rental dealers to obtain insurance from an approved nonadmitted insurance company with A.M. Best ratings of B+ or above.