

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 418** SLS 20RS 602
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 11, 2020 6:29 PM	Author: TALBOT
Dept./Agy.: LA Supreme Court/ORM	Analyst: Zachary Rau
Subject: Omnibus Premium Reduction Act of 2020	

LIABILITY INSURANCE OR SEE FISC NOTE SG EX Page 1 of 1
 Enacts the Omnibus Premium Reduction Act of 2020. (1/1/21)

Proposed law increases the prescriptive period for delictual actions for injury or damage arising from the operation or control of all means of conveyance by 1 year, from 1 year to 2 years. Proposed law reduces the threshold for a petitioners' cause of action that may result in a civil jury trial by \$45,000, from \$50,000 to \$5,000. Proposed law limits the amount of medical expenses that are recoverable damages in civil litigation to actual payments made by a third-party payor to a health care provider, or the amount payable under the medical payments fee schedule of the Workers Compensation Law if paid pursuant to R.S. 23:1020.1 et seq. If a plaintiff does not file medical expenses with a health insurer or Medicare, proposed law provides recoverable expenses total what would have been paid by Medicare had the expenses been filed with Medicare for payment. If a plaintiff does not file medical expenses pursuant to the Workers Compensation Law, proposed law provides recoverable expenses total what would have been paid pursuant to the Workers Compensation law. Proposed law repeals provisions allowing for direct action against liability insurers except in certain circumstances. Proposed law allows for the reduction of awarded damages by 25% if party proves a person was not wearing a safety belt, except when the operator or passenger of a vehicle is under 16-years old. Proposed law provides for rate reviews and reductions when actuarially justified for automobile insurers.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will have an indeterminable net effect on SGR expenditures for the Division of Administration, Office of Risk Management (ORM) as a result of revisions to the jury trial threshold, prescriptive period for delictual actions involving means of conveyance, and collateral source provisions. ORM anticipates an indeterminable net expenditure increase associated with increased payments of overall damages and interest in lawsuits that would be partially offset by reduced payments to aggrieved parties for past medical expenses. ORM reports that it may realize increased damages resulting for more suits going to trial as a result of the lowered civil jury trial threshold, which may lengthen timelines for litigation and additional interest paid on overall damages. However the aggregate effect proposed law may have on the number of jury trials in Louisiana is presently indeterminable, as is the additional number of trials involving the state. Therefore, expenditures associated with effects on the number of jury trials are indeterminable.

ORM staff further report that the increased prescriptive period may reduce its ability to investigate claims against the state, which may lead to more settlements with aggrieved parties in lieu of pursuing a jury trial, as the state may not be able to defend itself as a result of losing evidence over the two-year period. The aforementioned effect of the extended prescriptive period may be partially mitigated by limiting suits filed to delictual actions involving means of conveyance.

In addition, the lowered recoverable medical expense provisions in proposed law may reduce any anticipated expenditures associated with additional settlements and interest paid on damages. Furthermore, provisions allowing for admissibility of safety belt usage may further reduce expenditures on damages, as damages awarded in a suit may shall be reduced by 25% in the event it is proven that the injured party was not wearing a safety belt. Because of the aforementioned factors, any expenditure effects associated with proposed law are indeterminable.

Note: Discussions with staff at the LA Supreme Court indicate that costs associated with additional jury trials will be funded utilizing jury bonds furnished by the litigant(s) seeking a jury trial.

Note: Discussions with staff at the LA Supreme Court, ORM, and the Clerks of Courts Association did not yield to what extent overall jury trial levels may or may not be affected by the proposed legislation.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	
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Evan Brasseaux
Evan Brasseaux
 Staff Director