

2022 Regular Session

HOUSE BILL NO. 692

BY REPRESENTATIVE LARVADAIN

INSURANCE DEPARTMENT: Provides for the Louisiana Named Storm Insurance Fraud Prevention Authority

1 AN ACT

2 To enact Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 22:2188.1 through 2188.5, relative to the Named Storm Insurance
4 Fraud Prevention Authority; to provide for definitions; to create and provide for the
5 powers of the authority; to provide for the membership of the authority's board of
6 directors; to create and provide for the Named Storm Insurance Fraud Prevention
7 Authority Fund; to provide for the authority's plan of operations; to require and
8 provide for annual reporting from the authority; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of
11 1950, comprised of R.S. 22:2188.1 through 2188.5, is hereby enacted to read as follows:

12 PART IX. LOUISIANA NAMED STORM INSURANCE FRAUD PREVENTION

13 AUTHORITY

14 §2188.1. Definitions

15 As used in this Part:

16 (1) "Authority" means the Louisiana Named Storm Insurance Fraud
17 Prevention Authority.

18 (2) "Board" means the board of directors of the Louisiana Named Storm
19 Insurance Fraud Prevention Authority.

1 (3) "Fund" means the Named Storm Insurance Fraud Prevention Fund
2 administered by the board of directors as a dedicated fund in the state treasury.

3 §2188.2. Authority; creation; board; powers

4 A. The Louisiana Named Storm Insurance Fraud Prevention Authority is
5 hereby created within the department for the purpose of combating named storm
6 insurance fraud, including fraud by theft and other criminal acts.

7 B. The purposes, powers, and duties of the authority shall be vested in and
8 exercised by a board of directors.

9 C. The board of directors shall consist of the following members:

10 (1) The commissioner or his designee.

11 (2) The state treasurer or his designee.

12 (3) A representative of the Louisiana State Police Insurance Fraud and Auto
13 Theft Unit.

14 (4) A representative of the Insurance Fraud Unit in the office of the attorney
15 general.

16 (5) The chairman of the Senate Committee on Insurance or his designee.

17 (6) The chairman of the House Committee on Insurance or his designee.

18 (7) One member representing a victim of a named storm who has filed a
19 homeowners' insurance claim in excess of one hundred thousand dollars but less than
20 one million dollars, appointed by the chairman of the House Committee on
21 Insurance.

22 (8) One member representing a victim of a named storm who has filed a
23 homeowners' insurance claim in excess of one hundred thousand dollars but less than
24 one million dollars, appointed by the vice chairman of the House Committee on
25 Insurance.

26 (9) One member representing a victim of a named storm who has filed a
27 homeowners' insurance claim in excess of one hundred thousand dollars but less than
28 one million dollars, appointed by the chairman of the Senate Committee on
29 Insurance.

1 (10) One member representing a victim of a named storm who has filed a
2 homeowners' insurance claim in excess of one hundred thousand dollars but less than
3 one million dollars, appointed by the vice chairman of the Senate Committee on
4 Insurance.

5 (11) One member representing a business owner who has filed an insurance
6 claim in excess of one hundred fifty thousand dollars as a result of a named storm,
7 appointed by the chairman of the House Committee on Insurance.

8 (12) One member representing a business owner who has filed an insurance
9 claim in excess of one hundred fifty thousand dollars as a result of a named storm,
10 appointed by the chairman of the Senate Committee on Insurance.

11 (13) One member appointed by the Louisiana State Licensing Board for
12 Contractors.

13 (14) One member appointed by the American Policyholders Association.

14 (15) One member appointed by the Louisiana Professional Engineering and
15 Land Surveying Board.

16 (16) One member appointed by the National Association of Mutual
17 Insurance Companies.

18 (17) One member appointed by the Louisiana Association for Justice.

19 (18) One member appointed by the Louisiana Claims Association.

20 (19) One member appointed by United Policyholders.

21 (20) A representative of the American Property Casualty Insurance
22 Association.

23 (21) A representative of the Consumer Federation of America.

24 D. The commissioner shall serve as chairman of the board until the first
25 board meeting, at which time the board shall vote to elect one of its members as
26 chairman.

27 E. The members of the board, except the commissioner or his designee, the
28 state treasurer or his designee, the representative of the Louisiana State Police
29 Insurance Fraud and Auto Theft unit, and the legislative members serving on the

1 board, shall not be considered public employees by virtue of their service on the
2 board.

3 F. Members of the board shall serve without compensation for their service
4 on the board, except that members of the board may receive reasonable
5 reimbursement for necessary travel and expenses.

6 G. A majority of the members of the board shall constitute a quorum for the
7 transaction of business at a meeting or the exercise of a power or function of the
8 authority. Notwithstanding any other law to the contrary, any action may be taken
9 by the authority at a meeting upon a vote of the majority of the members present.
10 The authority shall meet at the call of the chairman or as may be provided in the
11 bylaws of the authority. Meetings of the authority may be held anywhere within the
12 state and shall be open public meetings.

13 H.(1) A director and assistant director shall be selected by the board and
14 serve at the pleasure of the board, shall be considered public employees, and shall
15 operate the daily affairs of the authority as specified herein and by the board.

16 (2) The attorney general or his designee shall serve as the authority's legal
17 counsel.

18 I. The authority shall be subject to the provisions of law regarding public
19 records (R.S. 44:1 et seq.), open meetings (R.S. 42:11 et seq.), and public bid (R.S.
20 38:2211 et seq.).

21 §2188.3. Authority; additional powers and duties

22 The authority shall have the powers necessary and convenient to implement
23 and effectuate the provisions of this Part and the powers delegated to the authority
24 by other laws. These powers include but shall not be limited to the following:

25 (1) To sue and be sued, have perpetual succession, make, execute, and
26 deliver contracts, conveyances, and other instruments necessary and convenient to
27 the exercise of its powers, and to make and amend its bylaws by a majority vote of
28 the board.

1 (2) To solicit and accept gifts, grants, donations, loans, and other assistance
2 from any person or entity, private or public, or the federal, state, or local
3 governments or any agency thereof. Such gifts, grants, donations, loans, and other
4 assistance shall be immediately deposited, upon receipt, into the fund provided for
5 in R.S. 22:2188.4(A).

6 (3) To establish programs in conjunction with state agencies, local governing
7 authorities, and law enforcement agencies for insurance fraud prevention, detection,
8 and enforcement, which include the criminal division and the investigation division
9 of the office of the attorney general.

10 (4) To make grants to state agencies, local governing authorities, and law
11 enforcement agencies for insurance fraud prevention, detection, and enforcement.

12 (5) To procure insurance against any loss in connection with its property,
13 assets, or activities.

14 (6) To deposit all monies received for the purposes of this Part into the fund
15 provided for in R.S. 22:2188.4.

16 (7) To contract for goods and services and to engage personnel as is
17 necessary, including the services of private consultants, auditors, and others for
18 rendering professional services, as provided by law, payable out of any money in the
19 fund legally available for such purposes. Additionally, the board may authorize the
20 attorney general to contract for the services of ad hoc prosecutors or other legal
21 assistance, payable out of any money in the fund legally available for such purposes.

22 (8) To indemnify and procure insurance indemnifying the members of the
23 board from personal loss from liability resulting from an action or inaction of the
24 board.

25 (9) To do all other things necessary and convenient to achieve the objectives
26 and purposes of the authority.

27 §2188.4. Named Storm Insurance Fraud Prevention Authority Fund

28 A. There is hereby created a fund in the state treasury to be known as the
29 "Named Storm Insurance Fraud Prevention Authority Fund", into which the state

1 treasurer shall each fiscal year deposit the revenues received from those sources
2 provided for pursuant to this Part and other sources as provided for by law, after
3 those revenues have been deposited in the Bond Security and Redemption Fund.

4 B. After a sufficient amount of funds are allocated from the Bond Security
5 and Redemption Fund to pay all obligations secured by the full faith and credit of the
6 state that become due and payable within each fiscal year, the treasurer, prior to
7 placing the remaining funds in the state general fund, shall pay an amount equal to
8 the revenue generated from collection provided pursuant to this Part, and other
9 sources as provided for by law, into the Named Storm Insurance Fraud Prevention
10 Authority Fund. No expenditures shall be made from the fund, unless appropriated
11 by the legislature. The monies in the fund shall be invested by the state treasurer in
12 the same manner as monies in the state general fund. All interest earned on money
13 from the fund, invested by the state treasurer, shall be credited to the fund.

14 C. Monies in the fund shall only be administered by the director of the
15 authority, upon a majority vote of the board, in the following order of priority:

16 (1) To pay the administrative costs of the authority.

17 (2) To pay the costs of legal counsel.

18 (3) To achieve the purposes and objectives of this Part, which may include,
19 but are not limited to, the following:

20 (a) Providing financial support to state and local law enforcement agencies,
21 including, but not limited to, the office of attorney general, for insurance fraud
22 prevention, detection, and enforcement.

23 (b) Providing financial support to state and local law enforcement agencies,
24 including, but not limited to, the office of attorney general, for programs designed
25 to reduce the incidence of insurance fraud.

26 (c) Providing financial support to state and local prosecutors including, but
27 not limited to, the office of attorney general, for programs designed to reduce the
28 incidence of insurance fraud.

1 (d) Conducting educational and public awareness programs designed to
2 inform the citizens of this state about methods of preventing named storm insurance
3 fraud.

4 D. All monies in the fund shall be used only to enhance fraud prevention
5 efforts as determined by the board.

6 §2188.5. Plan of operation

7 A. The authority shall develop and implement a plan of operation upon the
8 recommendations of the director.

9 B. The plan of operation shall include an assessment of the scope of named
10 storm insurance fraud, including a determination of particular areas of the state
11 where fraud is most severe, an analysis of various methods of combating named
12 storm insurance fraud, a plan for providing financial support for efforts to combat
13 named storm insurance fraud, and an estimate of funds required to implement the
14 plan.

15 C. The authority shall report on or before March first annually to the House
16 Committee on Insurance and the Senate Committee on Insurance regarding its
17 activities in the preceding year. The report shall include information regarding the
18 following:

19 (1) The number of complaints filed by policyholders with the department
20 against insurers and their representatives after named storms over the previous ten
21 years, the number of complaints referred to law enforcement, the number of law
22 enforcement investigations initiated as a result of such complaints, the number of
23 investigations completed, the number of such investigations that resulted in
24 prosecution, and the results of the prosecutions.

25 (2) The number of complaints filed with the Louisiana Professional
26 Engineering and Land Surveying Board regarding named storm insurance claims
27 over the previous ten years, the number of complaints referred to law enforcement,
28 the number of law enforcement investigations initiated as a result of such complaints,

1 the number of investigations completed, the number of such investigations that
2 resulted in prosecution, and the results of the prosecutions.

3 (3) The number of complaints filed with the Louisiana State Licensing Board
4 for Contractors regarding named storm insurance claims over the previous ten years,
5 the number of complaints referred to law enforcement, the number of law
6 enforcement investigations initiated as a result of such complaints, the number of
7 investigations completed, the number of such investigations that resulted in
8 prosecution, and the results of the prosecutions.

9 (4) The number of complaints filed against insurers regarding named storm
10 insurance claims filed over the previous ten years, the number of complaints referred
11 to law enforcement, the number of law enforcement investigations initiated as a
12 result of such complaints, the number of investigations completed, the number of
13 investigations that resulted in prosecution, and the results of the prosecutions.

14 (5) Any other information deemed relevant.

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)]

HB 692 Engrossed

2022 Regular Session

Larvadain

Abstract: Provides for the La. Named Storm Insurance Fraud Prevention Authority.

Proposed law defines "authority", "board", and "fund" for the purposes of proposed law.

Proposed law creates the La. Named Storm Insurance Fraud Prevention Authority within the La. Department of Insurance.

Proposed law provides that the powers and duties of the authority shall be vested in its board of directors.

Proposed law provides that the authority's board of directors shall consist of the following members:

- (1) The commissioner of insurance or his designee.
- (2) The state treasurer or his designee.
- (3) A representative of the La. State Police Insurance Fraud and Auto Theft Unit.
- (4) A representative of the Insurance Fraud Unit in the office of the attorney general.

- (5) The chairman of the Senate Committee on Insurance or his designee.
- (6) The chairman of the House Committee on Insurance or his designee.
- (7) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the House Committee on Insurance.
- (8) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the vice chairman of the House Committee on Insurance.
- (9) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the Senate Committee on Insurance.
- (10) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the vice chairman of Senate Insurance Committee.
- (11) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the House Committee on Insurance.
- (12) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the Senate Committee on Insurance.
- (13) One member appointed by the La. State Licensing Board for Contractors.
- (14) One member appointed by the American Policyholders Association.
- (15) One member appointed by the La. Professional Engineering and Land Surveying Board.
- (16) One member appointed by the National Association of Mutual Insurance Companies.
- (17) One member appointed by the La. Association for Justice.
- (18) One member appointed by the La. Claims Association.
- (19) One member appointed by United Policyholders.
- (20) A representative of the American Property Casualty Insurance Association.
- (21) A representative of the Consumer Federation of America.

Proposed law provides that the commissioner shall serve as the chairman of the board until its first meeting, at which time the board shall elect one of its members as chairman.

Proposed law provides that the members of the board shall serve without compensation, except reasonable reimbursement for necessary travel and expenses.

Proposed law provides that the authority shall meet at the call of the chairman or as provided in the authority's bylaws. Meetings may be held anywhere within the state and shall be open public meetings.

Proposed law provides that a director and assistant director shall be selected by the board and serve at the pleasure of the board and shall operate the daily affairs of the authority.

Proposed law provides that the authority shall have the powers necessary and convenient to implement and effectuate the purposes and provisions of proposed law and the powers delegated to the authority by other laws.

Proposed law creates the Named Storm Insurance Fraud Prevention Authority Fund within the state treasury.

Proposed law provides that the state treasurer shall pay into the fund certain revenues generated from collection from sources in proposed law and other sources as provided for by law.

Proposed law provides that no expenditures shall be made from the fund unless appropriated by the legislature. The monies in the fund shall be invested by the state treasurer in the same manner as monies in the state general fund, and all interest earned on money from the fund shall be credited to the fund.

Proposed law provides the order of priority that monies in the fund shall be spent.

Proposed law provides that the authority shall develop and implement a plan of operations that shall include an assessment of certain enumerated issues related to named storm insurance fraud and prevention.

Proposed law provides that the authority shall make a report regarding its activities for the past year to the House Committee on Insurance and the Senate Committee on Insurance by March first of each year.

(Adds R.S. 22:2188.1-2188.5)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Add a representative of the American Property Casualty Insurance Association and a representative of the Consumer Federation of America to the authority's board of directors.
2. Make technical changes.