

2024 Regular Session

SENATE BILL NO. 219

BY SENATOR MCMATH

HEALTH/ACC INSURANCE. Provides relative to conversion requirements for health insurers. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 22:236.4(D) and 236.5(A) and to enact R.S. 22:236.2(B)(5) and
3 236.5(F), relative to mutual insurance companies; to provide for a plan of
4 reorganization; to provide for approval by the commissioner of insurance; to provide
5 for financial and market analysis reviews; to provide for approval of certain
6 marketing activities; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:236.4(D) and 236.5(A) are hereby amended and reenacted and
9 R.S. 22:236.2(B)(5) and 236.5(F) are hereby enacted to read as follows:

10 §236.2. Plan of reorganization

11 * * *

12 B. The plan of reorganization shall:

13 * * *

14 **(5) Disclose whether the proposed reorganization is being pursued in**
15 **conjunction with a proposed acquisition, as defined in R.S. 22:691.5, if the**
16 **reorganizing mutual is authorized to transact health insurance in this state.**

17 * * *

1 §236.4. Approval by commissioner after public hearing

2 * * *

3 D.(1) The commissioner may retain at the reorganizing mutual's expense such
 4 attorneys, actuaries, accountants, and other experts as may be reasonably necessary
 5 to assist the commissioner in his examination of a proposed conversion, including
 6 any part of such examination that may occur, at the request of a reorganizing mutual,
 7 prior to a plan of reorganization having been filed with the commissioner pursuant
 8 to R.S. 22:236.2. Such experts must prepare a projection of the amount of time and
 9 expenses necessary to complete the examination, and all work of these experts is
 10 subject to review. If the projected amount of time and expenses required to complete
 11 the examination appear excessive, the reorganizing mutual may petition the
 12 commissioner for appropriate relief, and the commissioner's decision shall be final.

13 (2)(a) If the reorganizing mutual's plan of reorganization includes a
 14 disclosure of proposed acquisition, pursuant to R.S. 22:236.2(B)(5), the
 15 commissioner shall conduct financial and market analysis reviews of the entity
 16 proposing to acquire the reorganizing mutual. The commissioner shall conduct
 17 the reviews and publish the findings on the department's website prior to the
 18 date of the public hearing required by Subsection A of this Section.

19 (b) The reorganizing mutual shall publish the commissioner's reviews
 20 and findings on the reorganizing mutual's website with the notice of public
 21 hearing required by Subsection C of this Section.

22 * * *

23 §236.5. Approval by qualified voters

24 A. The plan of reorganization shall be approved at a meeting convened for
 25 that purpose by a vote of not less than two-thirds of the qualified voters of the
 26 reorganizing mutual entitled to vote on matters and present or represented by special
 27 ballot or special proxy. Qualified voters may be represented by special ballot or
 28 special proxy. No special ballot or special proxy shall be distributed to qualified
 29 voters or accepted by the reorganizing mutual prior to the date of the public

1 **hearing required by R.S. 22:236.4(A).**

2 * * *

3 **F. The reorganizing mutual shall obtain prior approval from the**
4 **Department of Insurance of the content of any advertisement in any public**
5 **media or unsolicited written communication directed to qualified voters to**
6 **ensure the information being provided by the reorganizing mutual is not false,**
7 **deceptive, or misleading.**

8 Section 2. This Act shall become effective upon signature by the governor or, if not
9 signed by the governor, upon expiration of the time for bills to become law without signature
10 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
11 vetoed by the governor and subsequently approved by the legislature, this Act shall become
12 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Amanda Trapp.

DIGEST

SB 219 Original 2024 Regular Session McMath

Present law requires a mutual insurer seeking to reorganize to submit a proposed plan of reorganization to the commissioner of insurance that contains certain information.

Proposed law requires mutual health insurers to disclose whether the proposed reorganization is being pursued in conjunction with a proposed acquisition.

Present law requires the commissioner to hold a public hearing regarding the plan of reorganization and authorizes the commissioner to conduct certain analysis at the reorganizing mutual's expense.

Proposed law requires the commissioner to conduct financial and market analysis reviews if the mutual health insurer is pursuing a proposed reorganization in conjunction with a proposed acquisition.

Proposed law requires the commissioner to publish the findings from the review on the Department of Insurance's website prior to the public hearing and for the reorganizing mutual to include the findings on its website along with the notice of public hearing.

Present law requires a plan of reorganization to be approved by not less than two-thirds of qualified voters and authorizes the voters to be represented by special ballot or special proxy.

Proposed law prohibits any special ballot or special proxy to be distributed prior to the date of the public hearing.

Proposed law requires the reorganizing mutual to obtain prior approval from the department of any advertising used in public media or directed to qualified voters to ensure the information is not false, deceptive, or misleading.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 22:236.4(D) and 236.5(A); adds R.S. 22:236.2(B)(5) and 236.5(F))