

2024 Regular Session

SENATE BILL NO. 369

BY SENATOR BASS

INSURANCE COMMISSIONER. Provides venue options for insurance fraud and for the allocation of the insurance fraud assessment fund. (7/1/24)

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AN ACT

To amend and reenact R.S. 40:1428(A)(3) and (4) and (C), to enact R.S. 22:1924(C) and 1925(D), and to repeal R.S. 40:1429, relative to insurance fraud; to provide for venue in insurance fraud cases; to provide for the allocation of insurance fraud assessment funds; to provide an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1924(C) and 1925(D) are hereby enacted to read as follows:

§1924. Prohibited activities and sanctions

* * *

C. In addition to the venue established by the Code of Criminal Procedure Articles 611 and 614, venue shall also be appropriate in the Nineteenth Judicial District Court, parish of East Baton Rouge.

§1925. Automobile insurance policies

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D. In addition to the venue established by the Code of Criminal Procedure Articles 611 and 614, venue shall also be appropriate in the Nineteenth Judicial District Court, parish of East Baton Rouge.

1 Section 2. R.S. 40:1428(A)(3) and (4) and (C) are hereby amended and reenacted to
2 read as follows:

3 §1428. Special assessment; creation of dedicated fund account

4 A.(1) * * *

5 (3) ~~On and after January 1, 2004, if~~ **If** the fee assessed for the previous year
6 exceeds by five percent of the cumulative costs of the previous year of operating the
7 insurance fraud programs to which funds are allocated, the fee assessment for the
8 next year shall be reduced by the amount of the excess in proportion to the
9 assessment; ~~however,~~ **If** any entity listed in ~~Subparagraph (4)(b)~~ **Paragraph (4)** of
10 this Subsection ~~that expends its allocation,~~ **the commissioner** shall receive at least
11 the same allocation for the next year.

12 (4)(a) ~~Prior to making the allocations specified in Subparagraph (b) of this~~
13 ~~Paragraph, the commissioner of insurance is authorized to withhold the sum of thirty~~
14 ~~thousand dollars per year from the fees collected pursuant to this Section to defray~~
15 ~~the expense of collection of the fees, enforcement of this Subpart, and operation of~~
16 ~~the Department of Insurance and shall withhold one hundred eighty-seven thousand~~
17 ~~dollars to fund the Louisiana Automobile Theft and Insurance Fraud Prevention~~
18 ~~Authority pursuant to R.S. 22:2134.~~

19 (b) ~~Except as otherwise provided in Subparagraph (a) of this Paragraph, the~~
20 **The** fees collected shall be used solely for the purposes of this Subpart and ~~shall~~ **may**
21 be allocated as follows:

22 (i) ~~Seventy-five percent of the fees collected shall be allocated to the~~
23 ~~insurance fraud investigation unit within the office of state police.~~

24 (ii) ~~Fifteen percent of the fees collected shall be allocated to the Department~~
25 ~~of Justice to be used solely for the insurance fraud support unit.~~

26 (iii) ~~Ten percent of the fees collected shall be allocated to the Department of~~
27 ~~Insurance to be used solely for the section of insurance fraud. ,~~ **by the commissioner**
28 **to the insurance fraud investigation unit within the office of state police, the**
29 **Department of Justice, the Department of Insurance, and other state agencies.**

* * *

C. After compliance with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana relative to the Bond Security and Redemption Fund, an amount equal to that deposited as required by Subsection B of this Section shall be credited to a special statutorily dedicated fund account hereby created in the state treasury to be known as the Insurance Fraud Investigation Dedicated Fund Account, hereafter referred to in this Subsection as the "account". The monies shall be irrevocably dedicated and deposited in the account and shall be used solely as provided in Subsection A of this Section and only in the amounts appropriated by the legislature. Monies in the account shall be appropriated, administered, and used ~~solely and exclusively for purposes of the fraud unit, fraud support unit, insurance fraud section, LATIFPA,~~ **by the commissioner of insurance** and as further provided in this Section. All unexpended and unencumbered monies in the account at the end of the fiscal year shall be refunded to each insurer licensed by the Department of Insurance to conduct business in this state assessed a fee pursuant to this Section on a pro-rata basis based on each insurer's proportionate share of the total fees collected pursuant to this Section. Monies deposited into the account shall be categorized as fees and self-generated revenue for the sole purpose of reporting related to the executive budget, supporting documents, and general appropriation bills and shall be available for annual appropriation by the legislature.

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Section 3. R.S. 40:1429 is hereby repealed in its entirety.

Section 4. This Act shall become effective on July 1, 2024; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2024, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

DIGEST

SB 369 Original 2024 Regular Session Bass

Present law provides for prohibited practices and sanctions for a person that commits

insurance fraud.

Proposed law retains present law and adds venue for a matter arising out of a violation of present law may be the 19th Judicial District Court, parish of East Baton Rouge.

Present law provides prohibited practices and sanctions for a person who commits automobile insurance fraud.

Proposed law retains present law and adds venue for a matter arising out of a violation of present law may be the 19th Judicial District Court, parish of East Baton Rouge.

Present law authorizes the commissioner of insurance (commissioner) to assess an insurer a fraud assessment fee to support the costs of an investigation, enforcement, public education, public awareness, and prosecution of insurance fraud in this state.

Present law provides on or after Jan. 1, 2004, if an insurer is assessed a fraud assessment fee that exceeds five percent of the cumulative cost for the previous year, the fraud assessment fee shall be reduced by the amount of the excess proportion.

Proposed law retains present law but removes the effective date.

Present law provides the commissioner may withhold up to \$30,000 per year from the fees collected to defray the costs of collecting the fee, enforcement, and operation of the Dept. of Insurance. Present law requires the commissioner withhold \$187,000 of the fraud assessment fee to fund the Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA).

Proposed law repeals present law.

Present law requires the fraud assessment fee to be used to support the costs of an investigation, enforcement, public education, public awareness, and prosecution of insurance fraud in this state, and requires the fraud assessment fee be allocated as follows:

- (1) 75% to the insurance fraud investigation unit within the office of state police.
- (2) 15% to the Dept. of Justice for the insurance fraud support unit.
- (3) 10% to the Dept. of Insurance for the insurance fraud section.

Proposed law removes the allocation of funds by percentages and adds other state agencies can receive money from the funds collected to support the costs of an investigation, enforcement, public education, public awareness, and prosecution of insurance fraud in this state.

Present law creates the Insurance Fraud Investigation Dedicated Fund Account (account), and requires the account to be appropriated, administered, and used solely and exclusively for purposes of the fraud unit, fraud support unit, insurance fraud section, and LATIFPA.

Proposed law changes how the account is to be appropriated, administered, and used from solely to fund the purposes of the fraud unit, fraud support unit, insurance fraud section, and LATIFPA to as allocated by the commissioner.

Effective July 1, 2024.

(Amends R.S. 40:1428(A)(3) and (4) and (C); adds R.S. 22:1924(C) and 1925(D); repeals R.S. 40:1429)