

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. (See Act)

1 AN ACT

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

6 Be it enacted by the Legislature of Louisiana:

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

8 §1924. Prohibited activities and sanctions

9 \* \* \*

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

13 §1925. Automobile insurance policies

14 \* \* \*

15 **D. In addition to the venue established by the Code of Criminal**  
16 **Procedure Articles 611 and 614, venue shall also be appropriate in the**  
17 **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 entity** shall receive at least the same  
11 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~~ **insurance fraud detection, investigation, and**  
19 **public awareness.**

20 (b) **Except as otherwise provided in Subparagraph (a) of this Paragraph,**  
21 **the fees collected shall be used solely for the purposes of this Subpart and shall**  
22 **be allocated to the insurance fraud investigation unit within the office of state**  
23 **police, the insurance fraud support unit within the Department of Justice, the**  
24 **section of insurance fraud within the Department of Insurance, and other state**  
25 **agencies in accordance with a written agreement entered into by the**  
26 **superintendent of state police, the attorney general, and the commissioner of**  
27 **insurance.**

28 ~~(b)(c)~~ Except as otherwise provided in Subparagraph (a) of this Paragraph,  
29 **if a written agreement is not entered into pursuant to Subparagraph (b) of this**

1           **Paragraph no later than September thirtieth**, the fees collected **in the next fiscal**  
2           **year** shall be used solely for the purposes of this Subpart and shall be allocated as  
3           follows:

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

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

8                     (iii) Ten percent of the fees collected shall be allocated to the Department of  
9                     Insurance to be used solely for the section of insurance fraud.

10   \*       \*       \*

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

\* \* \*

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

Section 4. Sections 1, 3, and 5 of this Act and this Section shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

Section 5. Section 2 of this Act shall become effective September 1, 2024.

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

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## DIGEST

SB 369 Engrossed

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 makes technical changes including removing the effective date that has passed.

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 retains present law but removes funding for LATIFPA and provides the funds are to be used to fund insurance fraud detection, investigation, and public awareness.

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 retains present law but adds the purpose of the assessment fee is to support the costs of an investigation, enforcement, public education, public awareness, and prosecution of insurance fraud in this state. Proposed law requires the funds be allocated to the insurance fraud investigation unit within the state police, the insurance fraud support unit within the Dept. of Justice, the section of insurance fraud within the Dept. of Insurance, and to other state agencies that enter into a written agreement with the superintendent of state police, the attorney general, and the commissioner on or before September 30<sup>th</sup>.

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 retains present law but removes LATIFPA.

Proposed law relative to venue effective upon signature of the governor or lapse of time for gubernatorial action.

Proposed law relative to insurance fraud is effective September 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)

#### Summary of Amendments Adopted by Senate

##### Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Makes a technical change.
2. Restores present law that allocates funds to certain agencies for the sole purpose of supporting the costs of an investigation, enforcement, public education, public awareness, and prosecution of insurance fraud in this state.
3. Changes the effective date.