

2026 Regular Session

SENATE BILL NO. 341

BY SENATOR EDMONDS

SELF INSURANCE. Provides for the Louisiana Churches and Nonprofit Religious Organizations Self-Insured Fund. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 12:1853, the introductory paragraph of 1854, 1854(3) and (7),
3 the introductory paragraph of 1855(B)(1),1855(B)(2)(b)(xiii), 1856(A)(3) and (4),
4 and 1870 and to enact R.S. 12:1856(H), relative to the Louisiana Churches and
5 Nonprofit Religious Organizations Self-Insured Fund; to provide for definitions; to
6 provide for initial financial requirements; to provide for technical changes by the
7 Louisiana State Law Institute; to provide for an effective date; and to provide for
8 related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 12:1853, the introductory paragraph of 1854, 1854(3) and (7), the
11 introductory paragraph of 1855(B)(1), 1855(B)(2)(b)(xiii), 1856(A)(3) and (4), and 1870 are
12 hereby amended and reenacted and R.S. 12:1856(H) is hereby enacted to read as follows:

13 §1853. Authorization; requirements; regulation

14 A. Two or more churches or nonprofit religious organizations or one or more
15 religious denominations may agree to pool their liabilities for the purposes of
16 providing **property commercial** coverage for their buildings and **other** properties,
17 so long as they have a positive net worth, are financially solvent, and are capable of

1 assuming the obligations set forth in this Chapter.

2 **B. Pools may also be created for commercial coverages that are**
3 **analogous to commercial property insurance in the private market as approved**
4 **by the commissioner.**

5 ~~B.C.~~ The department shall promulgate necessary rules in accordance with the
6 Administrative Procedure Act to implement and regulate the activities authorized in
7 this Chapter.

8 §1854. Definitions

9 ~~Wherever used in this Chapter, unless a different meaning clearly appears in~~
10 ~~the context, the following terms, whether used in the singular or plural, shall have~~
11 ~~the following meanings~~ **For the purposes of this Chapter the following terms**
12 **shall have the following meanings:**

13 * * *

14 (3) "Fund" means the self-insurance fund established pursuant to this Chapter
15 to provide ~~property insurance~~ **commercial coverage** for churches and nonprofit
16 religious organizations and shall be known as the Louisiana Churches and Nonprofit
17 Religious Organizations Self-Insured Fund.

18 * * *

19 (7) ~~Property~~ **Commercial** coverage" means coverage for the damage or loss
20 of a structure or building and may include ~~any or all of~~ **but is not limited to** the
21 following:

- 22 (a) Premises liability coverage.
- 23 (b) Contents coverage for furniture or equipment.
- 24 (c) Wind and hail coverage.
- 25 (d) Loss of use coverage.
- 26 ~~(e) Medical payments coverage.~~

27 * * *

28 §1855. Agreement to pool liabilities; initial financial requirements

29 * * *

1 B.(1) The fund shall submit to the department an application, on an
 2 application form prescribed and furnished by the department, for authority to act as
 3 a group self-insurance fund for ~~property~~ **commercial** coverage. Each application
 4 shall include evidence of the fund's inception, which establishes financial strength
 5 and liquidity of the members to pay claims promptly and support the financial ability
 6 of the fund to satisfy its obligations upon the establishment of the fund, including all
 7 of the following:

8 * * *

9 (2) The application shall be in writing, on a form provided by the department,
 10 and shall comply with all of the following:

11 * * *

12 (b) All applications shall be accompanied by the following items:

13 * * *

14 (xiii) ~~Proof of advance~~ **A pledge to make an advance** payment to the fund
 15 by each initial member of the fund of not less than twenty-five percent of that
 16 member's first year estimated annually earned normal premiums **prior to the fund**
 17 **providing coverage. If the fund provides coverage prior to every initial member**
 18 **of the fund making the advance payment pledged pursuant to this Item, the**
 19 **commissioner shall suspend the fund's certificate or authority until every initial**
 20 **member of the fund has made their pledged advance payment, and the**
 21 **commissioner may take additional regulatory action as authorized in this**
 22 **Chapter.**

23 * * *

24 §1856. Requirements; excess insurance; administrative and service companies;
 25 status; liability; refunds

26 A. The fund established pursuant to this Chapter shall comply with all of the
 27 following items:

28 * * *

29 (3) Provide ~~property~~ **commercial** coverage as required by this Chapter.

1 (4)(a) Maintain, on a fund-year basis, a contract or contracts of specific
 2 excess insurance or reinsurance of not less than an amount that is actuarially sound
 3 and approved by the department. The maximum retention under the excess insurance
 4 or reinsurance contracts shall not exceed amounts ~~as may be provided~~ **authorized**
 5 by the department.

6 (b) For purposes of authorizing the purchase of reinsurance as required by
 7 this Subsection, the fund shall be deemed an insurer. The excess insurance or
 8 reinsurance shall be purchased only from a company having a rating of A- by A.M.
 9 Best Rating Services, Inc., A- by Fitch Ratings, ~~A by Weiss Ratings~~, A- by S&P
 10 Global Ratings, or A3 by Moody's Investors Service, or better, and this reinsurance
 11 may be purchased from admitted or nonadmitted companies, provided that the
 12 **reinsurance purchase complies with the** provisions of R.S. 22:651 through 661,
 13 and Financial Accounting Standard Number 113 as promulgated and updated by the
 14 Financial Accounting Standards Board. The department shall approve all excess
 15 insurance policies or reinsurance agreements prior to use by the fund.

16 * * *

17 **H. All members of the fund shall establish and maintain an aggregate**
 18 **loss fund or a stop loss provision as part of the excess insurance policy**
 19 **placements in an amount equivalent to not more than one year's premium for**
 20 **each risk underwritten. The trust fund for each risk underwritten shall**
 21 **maintain a cash reserve for each coverage year sufficient to cover payment of**
 22 **the entire aggregate loss fund, as defined in the applicable excess insurance**
 23 **policy or policies for that risk.**

24 * * *

25 §1870. Jurisdiction

26 **A. Except as otherwise provided in Subsection B of this Section, The the**
 27 Nineteenth Judicial District Court shall have exclusive jurisdiction over any **civil or**
 28 **criminal** proceeding instituted pursuant to this Chapter.

29 **B. The fund and a member of the fund may contractually agree, through**

1 **a policy of insurance or otherwise, to resolve a claim dispute through mediation**
 2 **pursuant to the Louisiana Mediation Act, R.S. 9:4101 et seq., or appraisal**
 3 **pursuant to R.S. 22:1807.11 et seq.**

4 Section 2. The Louisiana State Law Institute, pursuant to its statutory authority, is
 5 hereby directed to change "property coverage" to "commercial coverage" in Chapter 28 of
 6 Part IV of Title 12.

7 Section 3. This Act shall become effective upon signature by the governor or, if not
 8 signed by the governor, upon expiration of the time for bills to become law without signature
 9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 11 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 Senate Legislative Services. The keyword, summary, 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)]

DIGEST

SB 341 Engrossed

2026 Regular Session

Edmonds

Present law allows churches and nonprofit religious organizations to form self-insurance pools for property insurance through the Louisiana Churches and Nonprofit Religious Organizations Self-Insured Fund (the fund).

Proposed law allows self-insurance pools for commercial coverage and defines "commercial coverage".

Proposed law allows churches and nonprofit religious organizations to also form self-insurance pools for other types of risk with approval of the commissioner of insurance.

Present law provides for a written application to the Department of Insurance(department) to form a self-insurance fund. Requires that the application contain proof of advance payment to the fund by each initial member of the fund of not less than twenty-five percent of that member's first year estimated annual normal premiums.

Proposed law retains present law except requires proof through a pledge to make advance payment prior to the fund providing coverage. Further authorizes the commissioner to suspend the funds' certificate or authority until every initial member of the fund has made their pledge advance payment and allows the commissioner to take additional regulatory action.

Present law sets forth certain requirements for the fund and provides that the fund maintain a contract or contracts of specific excess insurance and reinsurance of not less than an amount that is actuarially sound and approved by the department.

Proposed law requires the members of the fund establish and maintain an aggregate loss fund or a stop loss provision as part of the excess insurance policy placements in an amount

equivalent to not more than one year's premium for each risk underwritten. Further requires the trust fund for each risk underwritten to maintain a cash reserve, sufficient to cover payment of the entire aggregate loss fund, for each coverage year.

Present law grants exclusive jurisdiction over any proceeding instituted under present law to the 19th JDC.

Proposed law retains present law and further allows the fund and a member of the fund to resolve a claim dispute through mediation or appraisal process.

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

(Amends R.S. 12:1853, 1854(intro para), (3), and (7), 1855(B)(1)(intro para), (B)(2)(b)(xiii), 1856(A)(3) and (4), and 1870; adds R.S.12:1856(H))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Commerce, Consumer Protection, and International Affairs to the original bill

1. Changes the term "property insurance" to "commercial coverage", defines "commercial coverage", and excludes medical payment coverage definition.
2. Requires initial members to pledge and make advance payments prior to the fund providing coverage.
3. Provides that if the fund provides coverage before each initial member of the fund make advanced payment as pledged, the commissioner shall suspend the fund's certificate or authority until all payments are made.
4. Requires members of the fund to establish and maintain an aggregate loss fund or stop loss fund provision in an amount equivalent to one year's premium and maintain a cash reserve to cover the entire aggregate loss fund.
5. Provides for exclusive jurisdiction in the 19th JDC for any proceeding instituted and allow for mediation or appraisal to settle claim disputes.
6. Makes technical changes.