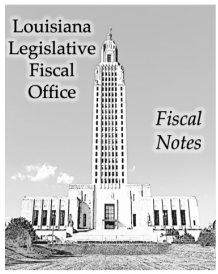


**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 932** HLS 26RS 1297

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 13, 2026	3:50 PM	<b>Author:</b> JORDAN
<b>Dept./Agy.:</b> Louisiana Department of Insurance		<b>Analyst:</b> Anthony Shamis
<b>Subject:</b> Trucking ins. market reform act relative to captive insurers		

INSURANCE

OR INCREASE EX See Note

Page 1 of 2

Creates the Louisiana Commercial Trucking Insurance Market Reform Act relative to captive insurers

Proposed law establishes the Louisiana Commercial Trucking Insurance Reform Act to: (1) correct market distortion created by captive insurance adverse selection, (2) expand affordable insurance access for small and minority-owned Louisiana commercial trucking companies, (3) protect accident victims by ensuring captive insurers maintain adequate reserves, and (4) promote transparency in insurance coverage available to satisfy commercial trucking claims. Proposed law establishes the Louisiana Commercial Trucking Market Access Fund (Market Access Fund) within the state treasury. The monies in the fund shall be appropriated solely for the purposes set forth in proposed law. The Louisiana Department of Insurance (LDI) shall administer the fund and adopt rules pursuant to the Administrative Procedure Act to implement the provisions of this measure, including rules establishing: (1) the methodology for calculating retained premium attributable to Louisiana commercial trucking risks, (2) the process and timing for annual contributions, (3) audit rights and examination procedures, (4) penalties for noncompliance, and (5) procedures for allocating fund resources to the Small Carrier Group Purchasing Pool established pursuant to this Act. Proposed law provides for annual market access fund contribution, annual reporting, establishment of a small carrier group purchasing pool, eligibility and participation, minimum reserve requirements, minimum surplus, qualified actuary certification, right to direct action, mandatory disclosure at the time of claim, penalties for failure to disclose, scope of disclosure obligation, rulemaking authority, examinations, suspension of operating authority, civil penalty schedule, severability, and applicability. Proposed law becomes effective upon signature of the governor.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Ded./Other	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>

**Annual Total**

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>

**Annual Total**

**EXPENDITURE EXPLANATION**

Proposed law is anticipated to increase SGR expenditures and statutory dedications from the Market Access Fund (see revenue explanation below) by approximately \$6.1 million in FY 27 within the Louisiana Department of Insurance (LDI), and by \$2.9 M beginning in FY 28 and then increasing by an inflationary factor in further out years. These expenditures are associated with procurement of an actuarial contract based on an estimated 75 Captive entities and Risk Retention Groups (RRGs) subject to annual review, along with oversight responsibilities for the small carrier pool. Additionally, LDI anticipates the need for one (1) Attorney 4 T.O. position, along with associated personnel-related expenses, operating costs, and one-time equipment expenditures to support the establishment of a regulatory framework, including development of bylaws, governance structures, and promulgation of rules and regulations. Additionally, implementation of the proposed law will necessitate development of a new Industry Access (IA) module to facilitate submission processing, two-way communication, and payment transactions. **Note: Increased SGR expenditures within LDI result in less monies reverted to SGF at the end of the fiscal year.**

**Personnel Costs (\$160,439):**

LDI reports that salaries and related benefits associated with the one (1) additional Attorney 4 T.O. position will total \$160,439, including \$109,368 in salary and \$51,071 in related benefits for FY 27. A 4% percent growth factor is applied to these personnel costs in subsequent fiscal years.

**EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

Proposed law is anticipated to result in an increase in Statutory Dedication revenues in the Market Access Fund within LDI by an indeterminable, but potentially significant amount associated with contributions to the Market Access Fund and civil penalties assessed on captive insurers that fail to timely remit required Market Access Fund contributions or captive insurers participating in the Louisiana Small Carrier Commercial Trucking Insurance Group Purchasing Pool that fail to file the required actuarial opinion certifying that reserves maintained for Louisiana commercial trucking risks meet the minimum reserve requirements of proposed law. In addition, to any other penalty provided by this Act, the Commissioner may impose civil penalties for: (1) failure to file annual report, (2) failure to maintain required reserves, (3) failure to maintain minimum surplus, (4) failure to disclose, and (5) willful or fraudulent misrepresentation in any filing. Civil penalties collected under proposed law shall be deposited into the Market Access Fund.

**Market Access Fund Contributions:**

Proposed law requires every captive insurer covering Louisiana commercial trucking risks to pay an annual Market Access Fund contribution equal to 3% of all retained premium attributable to Louisiana commercial trucking risks for the preceding calendar year. Proposed law authorizes the Louisiana Department of Insurance (LDI) to adjust the contribution rate by rule no more frequently than once every two years, based on actuarial analysis of the adverse selection impact of captive arrangements on the Louisiana commercial trucking insurance market; however, the contribution rate shall not exceed 5%.

**REVENUE EXPLANATION CONTINUED ON PAGE TWO**

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

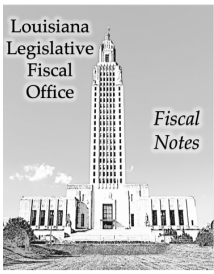
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*

**Alan M. Boxberger**  
**Legislative Fiscal Officer**

**LEGISLATIVE FISCAL OFFICE**  
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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

**Operating Expenses (\$6,117):**

In addition, LDI anticipates operating expenses of \$6,117 in FY 27, including office supplies (\$644), postage (\$137), telephone/data ports (\$354), printing (\$100), equipment maintenance (\$514), security (\$1,095), software licenses (\$1,440) and fees (\$1,833). These operating expenses are also projected to increase by 4% annually beginning in FY 28.

**Professional Services (\$5,897,840):**

Information provided by LDI indicates implementation will require \$5,897,840 in professional services expenditures associated with one-time expenditures for the development of a new IA module to support submissions, two-way communication, and payment processing, as well as a contract for actuarial services. LDI estimates one-time IT costs of \$147,840 for the development of the new IA module, based on 1,232 hours of programming at a rate of \$120 per hour. LDI further estimates a professional services contract for first-year actuarial services will be required at an estimated cost of up to \$5,750,000. LDI reports ongoing IT maintenance costs of \$12,000 annually, calculated at 100 hours at a rate of \$120 per hour, in addition to \$2,750,000 annually for ongoing actuarial services.

**Equipment Costs (\$2,890):**

LDI further estimates the purchase of one-time equipment costs of \$2,890 in FY 27, including a desk (\$550), chair (\$350), personal computer/printer (\$1,500), and a file cabinet (\$490). These costs are not anticipated to recur in subsequent fiscal years.

*Note: The LFO is unable to corroborate the estimated staffing level, operating expenses, professional services expenses, and equipment costs projected by LDI. To the extent the required staffing levels may be lower or higher, corresponding operating costs would shift accordingly. To the extent that a portion or all of the prescribed duties can be absorbed by existing staff and resources, a portion of the projected costs may be mitigated. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.*

**EXPENDITURES**

Position	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Attorney 4	\$160,439	\$166,857	\$173,531	\$180,472	\$187,691
Operating Expenses	\$6,117	\$6,362	\$6,616	\$6,881	\$7,156
Professional Services	\$5,897,840	\$2,762,000	\$2,872,480	\$2,987,379	\$3,106,874
Equipment	\$2,890	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$6,067,286</b>	<b>\$2,935,219</b>	<b>\$3,052,627</b>	<b>\$3,174,732</b>	<b>\$3,301,721</b>
T.O.	1	1	1	1	1

**REVENUE EXPLANATION CONTINUED FROM PAGE ONE**

Assuming that every captive insurer covering Louisiana commercial trucking risks is required to pay a 3% contribution to the Market Access Fund, LDI estimates additional collections of approximately \$1,350,000 annually, based on actual RRG commercial automobile premium data reported by the National Association of Insurance Commissioners (NAIC) and estimated non-fronted captive premium collections. Additionally, if the maximum contribution rate of 5% is assessed, total collections would increase to approximately \$2,250,000 annually. LDI notes that the projected revenue collections to be deposited into the Statutory Dedicated Market Access Fund is based on preliminary information and actual collections may vary.

**Market Access Fund/Risk Pool Penalties:**

- Late payment penalty - A captive insurer that fails to timely pay the Market Access Fund contribution required by proposed law shall be subject to a late payment penalty equal to 1% of the unpaid contribution for each month or portion thereof that the contribution remains unpaid, not to exceed 12% in the aggregate.
- Minimum reserve penalty - A captive insurer that fails to file the required actuarial opinion required for participation in the risk pool shall be subject to a civil penalty of not more than \$10,000 per day of noncompliance, not to exceed \$300,000 in the aggregate for any single violation.

**Additional Civil Penalty Schedule:**

- Failure to file annual report - \$5,000 per month of noncompliance.
- Failure to maintain required reserves - \$25,000 per examination finding.
- Failure to maintain minimum surplus - \$10,000 per month of noncompliance.
- Failure to disclose - \$5,000 per claim.
- Willful fraudulent misrepresentation in any filing required under this Act - \$50,000 per violation.

*Note: The LFO is unable to corroborate the estimated revenue collections projected by LDI. The amount of penalties that may be assessed and collected pursuant to proposed law is indeterminable and will depend on the number and severity of violations. Information provided by the LDI indicates that, based on current estimates, revenue collections may be insufficient to fully offset total implementation and ongoing administrative costs. To the extent actual revenue collections and expenditures vary from the information provided and assumptions utilized in this analysis, the fiscal impact of proposed law may differ.*

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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