

Regular Session, 2014

HOUSE BILL NO. 647

BY REPRESENTATIVE HUNTER

INSURERS: Provides relative to vehicle mechanical breakdown insurers

1 AN ACT

2 To amend and reenact R.S. 22:369(A)(introductory paragraph) and to enact R.S. 22:362(C),
3 369(A)(5), and 369.1, relative to vehicle mechanical breakdown insurers; to permit
4 the commissioner of insurance to levy a fine; to provide that mechanical breakdown
5 insurers shall notify the commissioner of insurance within sixty days of any material
6 change in its ownership, control, or other circumstance affecting its qualifications for
7 a license; to provide that the commissioner may levy a fine, suspend, or revoke a
8 license for failing to comply with the law or a lawful order of the commissioner; to
9 provide for reinstatement of license for failure to pay the annual license renewal fee;
10 to provide for reinstatement of license for failure to file the annual audited financial
11 statement; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 22:369(A)(introductory paragraph) is hereby amended and reenacted
14 and R.S. 22:362(C), 369(A)(5), and 369.1 are hereby enacted to read as follows:

15 §362. License required of vehicle mechanical breakdown insurer

16 * * *

17 C. Every licensee shall notify the commissioner within sixty days of any
18 material change in its ownership, control, or other fact or circumstance affecting its
19 qualification for a license in this state. Material changes shall include but are not
20 limited to the following:

- 1 (1) Changes in officers or directors.
- 2 (2) Changes in ownership.
- 3 (3) Change in articles of incorporation.
- 4 (4) A merger.
- 5 (5) An addition or change of a trade name or "d/b/a".
- 6 (6) Cessation of business in Louisiana.

* * *

§369. Revocation or suspension of license

A. In accordance and compliance with R.S. 49:961, the commissioner may levy a fine not to exceed one thousand dollars per violation or revoke or suspend any license required by this Subpart should he find any of the following:

* * *

(5) If the insurer fails to comply with any provision of this Subpart or a lawful order of the commissioner.

* * *

§369.1. Reinstatement of license

A. A vehicle mechanical breakdown insurer whose license has been suspended for failure to pay the annual renewal fee required by R.S. 22:362 shall have his license reinstated if the annual renewal fee is paid within ninety days of the date of suspension, provided all other requirements of this Subpart have been met.

B. A vehicle mechanical breakdown insurer whose license has been suspended for failure to file the annual audited financial statement required by R.S. 22:366 shall have his license reinstated if the annual audited financial statement is filed within ninety days of the deadline for filing provided in R.S. 22:366.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, 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)]

Hunter

HB No. 647

Abstract: Requires vehicle mechanical breakdown insurers to notify the commissioner of insurance of any corporate structure changes within 60 days.

Present law requires vehicle mechanical breakdown insurers be licensed by the commissioner of insurance, but does not require vehicle mechanical breakdown insurers to notify the commissioner of insurance of any changes in their corporate structure.

Proposed law requires vehicle mechanical breakdown insurers licensed in La. to notify the commissioner of insurance of any changes in their corporate structure. Such changes include but are not limited to:

- (1) Changes in officers or directors.
- (2) Changes in ownership.
- (3) Change in articles of incorporation.
- (4) A merger.
- (5) An addition or change of a trade name or "d/b/a".
- (6) Cessation of business in the state.

Present law provides that the commissioner may suspend or revoke the license required of vehicle mechanical breakdown insurers under certain conditions.

Proposed law retains present law but provides that the commissioner may levy a fine not to exceed \$1,000 rather than suspend or revoke the license.

Proposed law authorizes disciplinary action if a vehicle mechanical breakdown insurer fails to comply with any present law provision or lawful order of the commissioner.

Proposed law grants a 90-day grace period for reinstatement of a vehicle mechanical breakdown insurer's license when the insurer fails to timely pay the annual renewal fee or file the annual audited financial statement.

(Amends R.S. 22:369(A)(intro. para.); Adds R.S. 22:362(C), 369(A)(5), and 369.1)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Specified that the commissioner may levy a fine not to exceed \$1,000 per violation.
2. Provided that the commissioner may impose a fine, suspend, or revoke a license for failure to comply with any provision of present law or lawful order of the commissioner.

3. Provided a 90-day grace period for reinstatement of a license that has been suspended for failure to timely pay the annual renewal fee or failure to timely file the annual audited financial statement.
4. Made various technical changes.