

2020 First Extraordinary Session

SENATE RESOLUTION NO. 26

BY SENATOR JACKSON

INSURANCE PREMIUMS. Requests the Department of Insurance to report to the Senate on legislation from the 2020 sessions intended to lower automobile insurance premiums for policyholders.

1 A RESOLUTION

2 To urge and request the commissioner of the Department of Insurance to report to the
3 legislature how any savings attributable to certain tort reform legislation will be
4 measured and tracked.

5 WHEREAS, Louisiana residents currently pay the second highest automobile
6 insurance premiums in the country, and this statistic was the reason for filing legislation that
7 claims to reduce automobile insurance rates through drastic changes to the civil justice
8 system; and

9 WHEREAS, pursuant to work of the legislatively created High Automobile Insurance
10 Rate Task Force, the Report of the Actuarial Subcommittee was issued in February 2019 and
11 was authored by actuaries for the Department of Insurance, State Farm Mutual Auto
12 Insurance Company, Government Employees Insurance Company, Allstate Insurance
13 Company, and Liberty Mutual Insurance Company; and

14 WHEREAS, the report concluded that, while a small and relatively insignificant
15 savings may be achieved by measures in House Bill 372 of the 2019 Regular Session of the
16 Legislature and Senate Bill 418 of the 2020 Regular Session of the Legislature, neither
17 instrument guaranteed any savings, and the report listed several caveats that could reduce
18 these projections; and

1 WHEREAS, numerous bills and resolutions seeking to reduce insurance premiums
2 were filed during the 2020 First Extraordinary Session of the Legislature, and the motivation
3 behind filing these instruments is the claim that certain reforms of the state's civil legal
4 system will reduce automobile insurance premiums; and

5 WHEREAS, it is important to know exactly how any reductions in rates will be
6 attributed to tort reform legislation approved by the legislature, including legislation
7 reducing the jury trial threshold, amending or eliminating the collateral source rule,
8 amending or eliminating the direct action statute, providing for admissibility of evidence
9 relating to seatbelts, and increasing the statute of limitations for delictual actions or
10 automobile accident cases.

11 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana
12 does hereby urge and request the commissioner of insurance to report to the Senate
13 Committee on Insurance by October 1, 2020, and every six months thereafter, whether and
14 to what extent any savings attributable to the enactment or adoption of any of the tort reform
15 legislation are realized and the methods employed to determine and track those savings.

16 BE IT FURTHER RESOLVED that any report submitted after January 1, 2022, shall
17 also define the rating methodology by which the Department of Insurance will calculate
18 premium rates for automobile insurance that are on average at least ten percent lower than
19 the rates in effect on January 1, 2021, and whether the calculation is by a weighted average
20 of market share, whether the premium rate means the base rate applied to all drivers or the
21 average premium charged to customers, whether the premium rate is limited to only the cost
22 of minimum limits of liability or includes other limits, and whether any applied rating
23 methodology changes premium rates for some drivers but not others in order to reach an
24 average of ten percent lower rates than the rates in effect on January 1, 2021.

25 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
26 commissioner of the Department of Insurance.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

DIGEST

SR 26 Original

2020 First Extraordinary Session

Jackson

Requests the commissioner of insurance to report to the legislature how the savings attributable to certain tort reform legislation will be measured and tracked. The first report shall be submitted by October 1, 2020.