

RÉSUMÉ DIGEST

SB 418

2020 Regular Session

Talbot

Proposed law would create the Omnibus Premium Reduction Act of 2020, which has as its general purpose the reduction of the cost of motor vehicle insurance by legislation in regard to civil law and insurance policies.

Present law provides a general one-year liberative prescriptive period for delictual actions (C.C. Art. 3492), and a two-year period for delictual actions for damages arising from an act defined as a crime of violence, except for any act of sexual assault which is subject to a liberative prescription of three years. (C.C. Art. 3493.10).

Proposed law would increase the general one-year prescriptive period for delictual actions for injury or damages arising from the operation of any motor vehicle, aircraft, watercraft, or other means of conveyance to a two-year prescriptive period and retains the liberative prescription of three years for any act of sexual assault.

Present law (C.C.P. Art. 1732) authorizes a jury trial when the amount in controversy exceeds \$50,000.

Proposed law would reduce the threshold for a jury trial to \$35,000, except for tort actions, for which the threshold is \$10,000.

Proposed law (R.S. 9:2800.25) would provide for definitions:

- (1) "Health insurance issuer" means a health insurance coverage through a policy or certificate of insurance subject to regulation of insurance under state law, health maintenance organization, employer sponsored health plan, the office of group benefits, and an equivalent federal or state health plan.
- (2) "Medical provider" means any health care provider, hospital, ambulance service, or their heirs or assignees.
- (3) "Cost sharing" means copayments, coinsurance, deductibles, and any other amounts which have been paid or are owed by the plaintiff.

Proposed law would provide that when a plaintiff's medical expenses have been paid by a health insurance company or Medicare, plaintiff's recovery of medical expenses is limited to the amount actually paid to the health care provider by the insurer or Medicare, and not the amount billed.

Proposed law would limit the time period for which the court may receive evidence of the amount of insurance premiums paid and applies a 1.5% multiplier to the amount of premiums as an award of damages.

Proposed law would further provide that in an action where a person suffers injury, death, or loss, the court may receive evidence concerning any amount which has been paid or contributed as of the date it enters judgment, by or on behalf of, the claimant or members of his immediate family to secure his right to any private insurance benefit which he has received as a result of such injury or death.

Present law (R.S. 22:1269 (B)) provides relative to liability policies and direct action against an insurer.

Present law provides that an injured third party has the right to take direct legal action against the insurer if that right is provided for within the terms and limits of the policy. Provides for action against the insurer alone if at least one of the following applies:

- (1) The insured has been adjudged bankrupt by a court of competent jurisdiction or proceedings to adjudge an insured bankrupt have been commenced before a court of competent jurisdiction.
- (2) The insured is insolvent.

- (3) Service of citation or other process cannot be made on the insured.
- (4) The cause of action is for damages resulting from an offense or quasi offense between children and parents or between married persons.
- (5) The insurer is an uninsured motorist carrier.
- (6) The insured is deceased.

Proposed law would provide for action against the insurer alone within the terms and limits of the policy if at least one of the following applies:

- (1) The insured has been adjudged bankrupt by a court of competent jurisdiction or proceedings to adjudge an insured bankrupt have been commenced before a court of competent jurisdiction.
- (2) The insured is insolvent or dissolved.
- (3) Service of citation or other process cannot be made on the insured.
- (4) The cause of action is for damages resulting from an offense or quasi offense between children and parents or between married persons.
- (5) The plaintiff is seeking recovery pursuant to uninsured or underinsured policy.
- (6) When the tortfeasor's liability insurer has reserved the right to dispute whether the policy at issue provides coverage for some or all of the claims asserted in the action, other than limits of coverage provided by the policy.
- (7) When the tortfeasor's liability insurer has denied coverage to the tortfeasor for some or all of the claims asserted in the action.
- (8) The cause of action is for damages as a result of an offense or quasi offense related to asbestos exposure.
- (9) The insured is deceased.

Proposed law would provide that in a direct action against the insurer, the insured, and not the insurer, shall be the named party in the caption.

Present law provides that a direct action may be brought in the parish in which the accident or injury occurred or in the parish in which the action could be brought against either the insured or the insurer under the general rules of venue prescribed by present law.

Proposed law would provide that the direct action may be brought in the parish in which the accident or injury occurred or in the parish in which the action could be brought against the insured under the general rules of venue.

Present law (R.S. 32:295.1(E)) provides that the failure to wear a safety belt in violation of present law shall not be admitted to mitigate damages in any action to recover damages arising out of the ownership, common maintenance, or operation of motor vehicle, and the failure to wear a safety belt in violation of present law shall not be considered evidence of comparative negligence.

Proposed law would repeal this provision.

Proposed law would provide that pursuant to its provisions every motor vehicle insurer authorized to transact business in the state shall make a motor vehicle policy rate filing with the Dept. of Insurance at least once every 12 months for the 36-month period following the effective date of the proposed law and shall reduce rates when actuarially justified.

Proposed law would further provide that for policies of automobile insurance issued or renewed one year following the effective date of the proposed law, each insurer shall file with the commissioner of insurance for approval premium rates which actuarially reflect the

savings it anticipates as a result of the proposed law, which is presumed to be 10% lower for each impacted coverage, when compared to the premium rates in effect for that coverage on the date of enactment of the proposed law. Also provides that each such insurer shall have the right to request all or partial relief from the presumed roll-back amount of 10% on each impacted coverage, if it can demonstrate to the commissioner of insurance that it has not experienced a sufficient reduction in loss costs to actuarially justify the full amount of presumed savings of 10%.

Proposed law would further provide that any filing with premium rates that provide for the 10% reduction or more for each impacted coverage shall be deemed approved, if not disapproved, 30 days after filing. Proposed law also would provide that it does not prohibit an increase for any individual insurance policy premium if the increase results from an increase in the risk of loss.

Proposed law would have prospective application only and shall not apply to a cause of action arising or action pending Present to January 1, 2021.

Would become effective on January 1, 2021.

(Would amend C.C. Arts. 3492 and 3493.10, C.C.P. Art. 1732, and R.S. 22:1269(B); enact R.S. 9:2800.25; repeal R.S. 22:295.1(E))

VETO MESSAGE: "Please be advised that I have vetoed Senate Bill 418 of the 2020 Regular Session.

While I appreciate the efforts that Senator Talbot made to work on a compromise bill that would lower automobile insurance rates in Louisiana, Senate Bill 418 is neither a compromise nor is it a mandate to decrease rates. I worked closely with Senator Talbot and other legislators and presented a number of areas where compromise could have been reached. My proposals included items such as a reduction of the jury trial threshold, elimination of the seatbelt evidentiary prohibition, and simplification of the collateral source rule in a manner which would prevent the unfair recoveries complained of by many insurers. However, for whatever reason, these efforts at compromise were not successful. However, I remain willing to work with anyone operating in good faith to reach a compromise. Those efforts and discussions have continued into this current extraordinary session, and I am confident that we can reach an agreement on a bill that will have broad support.

It is important to note that not a single insurance company testified in committee that Senate Bill 418 would actually reduce rates. Further, the rate reduction provision in the bill is permissive, rather than mandatory, and actually allows for rate increases if the insurers are able to demonstrate one would be needed. I remain convinced that if we are truly going to reduce insurance rates, we need to confront all of the underlying factors that lead to high insurance rates, such as distracted driving, poor road and bridge infrastructure, and discriminatory practices based on credit rating and gender that lead to more uninsured or underinsured drivers. I supported efforts in this last regular session that would have addressed many of these issues, and I will continue to advocate for these changes.

The issue of lowering insurance rates should be non-political and bipartisan, so long as those legislators and stakeholders who truly want to arrive at a real solution are able to define the debate and ultimate agreement. I support those efforts and will work diligently to get to that result."