

2022 Regular Session

HOUSE BILL NO. 692

BY REPRESENTATIVE LARVADAIN

INSURANCE DEPARTMENT: Provides for the Louisiana Named Storm Insurance Fraud Prevention Authority

1 AN ACT

2 To enact Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of 1950, to be
3 comprised of R.S. 22:2188.1 through 2188.5, relative to the Named Storm Insurance
4 Fraud Prevention Authority; to provide for definitions; to create and provide for the
5 powers of the authority; to provide for the membership of the authority's board of
6 directors; to create and provide for the Named Storm Insurance Fraud Prevention
7 Authority Fund; to provide for the authority's plan of operations; to require and
8 provide for annual reporting from the authority; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Part IX of Chapter 11 of Title 22 of the Louisiana Revised Statutes of
11 1950, comprised of R.S. 22:2188.1 through 2188.5, is hereby enacted to read as follows:

12 PART IX. LOUISIANA NAMED STORM INSURANCE FRAUD PREVENTION

13 AUTHORITY

14 §2188.1. Definitions

15 As used in this Part:

16 (1) "Authority" means the Louisiana Named Storm Insurance Fraud
17 Prevention Authority.

18 (2) "Board" means the board of directors of the Louisiana Named Storm
19 Insurance Fraud Prevention Authority.

20 (3) "Commissioner" means the commissioner of insurance.

1 (4) "Department" means the Department of Insurance.

2 (5) "Fund" means the Named Storm Insurance Fraud Prevention Fund
3 administered by the board of directors as a dedicated fund in the state treasury.

4 §2188.2. Authority; creation; board; powers

5 A. The Louisiana Named Storm Insurance Fraud Prevention Authority is
6 hereby created within the department for the purpose of combating named storm
7 insurance fraud, including fraud by theft and other criminal acts.

8 B. The purposes, powers, and duties of the authority shall be vested in and
9 exercised by a board of directors.

10 C. The board of directors shall consist of the following members:

11 (1) The commissioner or his designee.

12 (2) The state treasurer or his designee.

13 (3) A representative of the Louisiana State Police Insurance Fraud and Auto
14 Theft Unit.

15 (4) A representative of the Insurance Fraud Unit in the office of the attorney
16 general.

17 (5) The chairman of the Senate Committee on Insurance or his designee.

18 (6) The chairman of the House Committee on Insurance or his designee.

19 (7) One member representing a victim of a named storm who has filed a
20 homeowners' insurance claim in excess of one hundred thousand dollars but less than
21 one million dollars, appointed by the chairman of the House Committee on
22 Insurance.

23 (8) One member representing a victim of a named storm who has filed a
24 homeowners' insurance claim in excess of one hundred thousand dollars but less than
25 one million dollars, appointed by the vice chairman of the House Committee on
26 Insurance.

27 (9) One member representing a victim of a named storm who has filed a
28 homeowners' insurance claim in excess of one hundred thousand dollars but less than

1 one million dollars, appointed by the chairman of the Senate Committee on
2 Insurance.

3 (10) One member representing a victim of a named storm who has filed a
4 homeowners' insurance claim in excess of one hundred thousand dollars but less than
5 one million dollars, appointed by the vice chairman of the Senate Committee on
6 Insurance.

7 (11) One member representing a business owner who has filed an insurance
8 claim in excess of one hundred fifty thousand dollars as a result of a named storm,
9 appointed by the chairman of the House Committee on Insurance.

10 (12) One member representing a business owner who has filed an insurance
11 claim in excess of one hundred fifty thousand dollars as a result of a named storm,
12 appointed by the chairman of the Senate Committee on Insurance.

13 (13) One member appointed by the Louisiana State Licensing Board for
14 Contractors.

15 (14) One member appointed by the American Policyholders Association.

16 (15) One member appointed by the Louisiana Professional Engineering and
17 Land Surveying Board.

18 (16) One member appointed by the National Association of Mutual
19 Insurance Companies.

20 (17) One member appointed by the Louisiana Association for Justice.

21 (18) One member appointed by the Louisiana Claims Association.

22 (19) One member appointed by United Policyholders.

23 (20) A representative of the American Property Casualty Insurance
24 Association.

25 (21) A representative of the Consumer Federation of America.

26 D. The commissioner shall serve as chairman of the board until the first
27 board meeting, at which time the board shall vote to elect one of its members as
28 chairman.

1 E. The members of the board, except the commissioner or his designee, the
2 state treasurer or his designee, the representative of the Louisiana State Police
3 Insurance Fraud and Auto Theft unit, and the legislative members serving on the
4 board, shall not be considered public employees by virtue of their service on the
5 board.

6 F. Members of the board shall serve without compensation for their service
7 on the board, except that members of the board may receive reasonable
8 reimbursement for necessary travel and expenses.

9 G. A majority of the members of the board shall constitute a quorum for the
10 transaction of business at a meeting or the exercise of a power or function of the
11 authority. Notwithstanding any other law to the contrary, any action may be taken
12 by the authority at a meeting upon a vote of the majority of the members present.
13 The authority shall meet at the call of the chairman or as may be provided in the
14 bylaws of the authority. Meetings of the authority may be held anywhere within the
15 state and shall be open public meetings.

16 H. The attorney general or his designee shall serve as the authority's legal
17 counsel.

18 I. The authority shall be subject to the provisions of law regarding public
19 records (R.S. 44:1 et seq.), open meetings (R.S. 42:11 et seq.), and public bid (R.S.
20 38:2211 et seq.).

21 §2188.3. Authority; additional powers and duties

22 The authority shall have the powers necessary and convenient to implement
23 and effectuate the provisions of this Part and the powers delegated to the authority
24 by other laws. These powers include but shall not be limited to the following:

25 (1) To sue and be sued, have perpetual succession, make, execute, and
26 deliver contracts, conveyances, and other instruments necessary and convenient to
27 the exercise of its powers, and to make and amend its bylaws by a majority vote of
28 the board.

1 (2) To solicit and accept gifts, grants, donations, loans, and other assistance
2 from any person or entity, private or public, or the federal, state, or local
3 governments or any agency thereof. Such gifts, grants, donations, loans, and other
4 assistance shall be immediately deposited, upon receipt, into the fund provided for
5 in R.S. 22:2188.4(A).

6 (3) To establish programs in conjunction with state agencies, local governing
7 authorities, and law enforcement agencies for insurance fraud prevention, detection,
8 and enforcement, which include the criminal division and the investigation division
9 of the office of the attorney general.

10 (4) To make grants to state agencies, local governing authorities, and law
11 enforcement agencies for insurance fraud prevention, detection, and enforcement.

12 (5) To procure insurance against any loss in connection with its property,
13 assets, or activities.

14 (6) To deposit all monies received for the purposes of this Part into the fund
15 provided for in R.S. 22:2188.4.

16 (7) To contract for goods and services as provided by law, payable out of any
17 money in the fund legally available for such purposes. Additionally, the board may
18 authorize the attorney general to contract for the services of ad hoc prosecutors or
19 other legal assistance, payable out of any money in the fund legally available for
20 such purposes.

21 (8) To indemnify and procure insurance indemnifying the members of the
22 board from personal loss from liability resulting from an action or inaction of the
23 board.

24 (9) To do all other things necessary and convenient to achieve the objectives
25 and purposes of the authority.

26 §2188.4. Named Storm Insurance Fraud Prevention Authority Fund

27 A. There is hereby established in the state treasury as a special fund the
28 Named Storm Insurance Fraud Prevention Authority Fund consisting of monies
29 provided by the legislature and monies received from any other sources, including

1 but not limited to gifts, grants, and donations. After allocation of money to the Bond
2 Security and Redemption Fund as provided in Article VII, Section 9(B) of the
3 Constitution of Louisiana, the treasurer shall deposit in and credit to the fund all
4 monies received for the benefit of the authority. Monies in the fund shall be invested
5 in the same manner as monies in the state general fund. Interest earned on monies
6 in the fund shall be credited to the fund, and all unexpended and unencumbered
7 monies in the fund at the end of the fiscal year shall remain in the fund. Subject to
8 appropriation, monies in the fund shall be used by the authority for the purposes of
9 this Part.

10 B. Monies in the fund shall only be administered by the director of the
11 authority, upon a majority vote of the board, in the following order of priority:

12 (1) To pay the administrative costs of the authority.

13 (2) To pay the costs of legal counsel.

14 (3) To achieve the purposes and objectives of this Part, which may include,
15 but are not limited to, the following:

16 (a) Providing financial support to state and local law enforcement agencies,
17 including, but not limited to, the office of attorney general, for insurance fraud
18 prevention, detection, and enforcement.

19 (b) Providing financial support to state and local law enforcement agencies,
20 including, but not limited to, the office of attorney general, for programs designed
21 to reduce the incidence of insurance fraud.

22 (c) Providing financial support to state and local prosecutors including, but
23 not limited to, the office of attorney general, for programs designed to reduce the
24 incidence of insurance fraud.

25 (d) Conducting educational and public awareness programs designed to
26 inform the citizens of this state about methods of preventing named storm insurance
27 fraud.

28 C. All monies in the fund shall be used only to enhance fraud prevention
29 efforts as determined by the board.

1 §2188.5. Plan of operation

2 A. The authority shall develop and implement a plan of operation upon the
3 recommendations of the director.

4 B. The plan of operation shall include an assessment of the scope of named
5 storm insurance fraud, including a determination of particular areas of the state
6 where fraud is most severe, an analysis of various methods of combating named
7 storm insurance fraud, a plan for providing financial support for efforts to combat
8 named storm insurance fraud, and an estimate of funds required to implement the
9 plan.

10 C. The authority shall report on or before March first annually to the House
11 Committee on Insurance and the Senate Committee on Insurance regarding its
12 activities in the preceding year. The report shall include information regarding the
13 following:

14 (1) The number of complaints filed by policyholders with the department
15 against insurers and their representatives after named storms over the previous ten
16 years, the number of complaints referred to law enforcement, the number of law
17 enforcement investigations initiated as a result of such complaints, the number of
18 investigations completed, the number of such investigations that resulted in
19 prosecution, and the results of the prosecutions.

20 (2) The number of complaints filed with the Louisiana Professional
21 Engineering and Land Surveying Board regarding named storm insurance claims
22 over the previous ten years, the number of complaints referred to law enforcement,
23 the number of law enforcement investigations initiated as a result of such complaints,
24 the number of investigations completed, the number of such investigations that
25 resulted in prosecution, and the results of the prosecutions.

26 (3) The number of complaints filed with the Louisiana State Licensing Board
27 for Contractors regarding named storm insurance claims over the previous ten years,
28 the number of complaints referred to law enforcement, the number of law
29 enforcement investigations initiated as a result of such complaints, the number of

1 investigations completed, the number of such investigations that resulted in
 2 prosecution, and the results of the prosecutions.

3 (4) The number of complaints filed against insurers regarding named storm
 4 insurance claims filed over the previous ten years, the number of complaints referred
 5 to law enforcement, the number of law enforcement investigations initiated as a
 6 result of such complaints, the number of investigations completed, the number of
 7 investigations that resulted in prosecution, and the results of the prosecutions.

8 (5) Any other information deemed relevant.

9 Section 2. The provisions of this Part shall terminate and no longer be effective on
 10 and after August 1, 2025.

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)]

HB 692 Reengrossed

2022 Regular Session

Larvadain

Abstract: Provides for the La. Named Storm Insurance Fraud Prevention Authority.

Proposed law creates the La. Named Storm Insurance Fraud Prevention Authority within the La. Department of Insurance.

Proposed law provides that the powers and duties of the authority shall be vested in its board of directors.

Proposed law provides that the authority's board of directors shall consist of the following members:

- (1) The commissioner of insurance or his designee.
- (2) The state treasurer or his designee.
- (3) A representative of the La. State Police Insurance Fraud and Auto Theft Unit.
- (4) A representative of the Insurance Fraud Unit in the office of the attorney general.
- (5) The chairman of the Senate Committee on Insurance or his designee.
- (6) The chairman of the House Committee on Insurance or his designee.
- (7) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the House Committee on Insurance.

- (8) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the vice chairman of the House Committee on Insurance.
- (9) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the chairman of the Senate Committee on Insurance.
- (10) One member representing a victim of a named storm who has filed a homeowners' insurance claim valued between \$100,000 and \$1,000,000, appointed by the vice chairman of Senate Insurance Committee.
- (11) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the House Committee on Insurance.
- (12) One member representing a business owner who has filed an insurance claim in excess of \$150,000 as a result of a named storm, appointed by the chairman of the Senate Committee on Insurance.
- (13) One member appointed by the La. State Licensing Board for Contractors.
- (14) One member appointed by the American Policyholders Association.
- (15) One member appointed by the La. Professional Engineering and Land Surveying Board.
- (16) One member appointed by the National Association of Mutual Insurance Companies.
- (17) One member appointed by the La. Association for Justice.
- (18) One member appointed by the La. Claims Association.
- (19) One member appointed by United Policyholders.
- (20) A representative of the American Property Casualty Insurance Association.
- (21) A representative of the Consumer Federation of America.

Proposed law provides that the commissioner shall serve as the chairman of the board until its first meeting, at which time the board shall elect one of its members as chairman.

Proposed law provides that the members of the board shall serve without compensation, except reasonable reimbursement for necessary travel and expenses.

Proposed law provides that the authority shall meet at the call of the chairman or as provided in the authority's bylaws. Provides that meetings may be held anywhere within the state and shall be open public meetings.

Proposed law provides that the authority shall have the powers necessary and convenient to implement and effectuate the purposes and provisions of proposed law and the powers delegated to the authority by other laws; however, proposed law does not grant the authority the power to contract for personnel.

Proposed law creates the Named Storm Insurance Fraud Prevention Authority Fund within the state treasury.

Proposed law provides that no expenditures shall be made from the fund unless appropriated by the legislature. Provides that the monies in the fund shall be invested by the state treasurer in the same manner as monies in the state general fund, and all interest earned on money from the fund shall be credited to the fund.

Proposed law provides the order of priority that monies in the fund shall be spent.

Proposed law provides that the authority shall develop and implement a plan of operations that shall include an assessment of certain enumerated issues related to named storm insurance fraud and prevention.

Proposed law provides that the authority shall make a report regarding its activities for the past year to the House Committee on Insurance and the Senate Committee on Insurance by March first of each year.

The provisions of proposed law terminate on Aug. 1, 2025.

(Adds R.S. 22:2188.1-2188.5)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Add a representative of the American Property Casualty Insurance Association and a representative of the Consumer Federation of America to the authority's board of directors.
2. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Remove provisions authorizing employment of personnel of the authority.
2. Remove provisions authorizing the authority to contract for personnel.
3. Make technical changes.
4. Add termination of Aug. 1, 2025, for proposed law.