

Regular Session, 2008

HOUSE BILL NO. 1312

BY REPRESENTATIVE PONTI

INSURANCE/AUTOMOBILE: Increases the minimum limits for compulsory motor vehicle liability insurance

1 AN ACT

2 To amend and reenact R.S. 32:861(B)(2), (C)(1)(a) and (b), 866(A)(1) and (F), 894(A), and
3 900(B)(2)(a), (b), and (c), relative to motor vehicle liability policies; to provide for
4 increased minimum liability limits in motor vehicle liability policies for damages
5 resulting from bodily injury, death, or destruction of property; to provide for
6 increased minimum motor vehicle bonds to be secured with the state treasurer for
7 damages resulting from bodily injury, death, or destruction of property; to provide
8 for limited recovery by an uninsured motorist involved in a nonfault motor vehicle
9 accident; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 32:861(B)(2), (C)(1)(a) and (b), 866(A)(1) and (F), 894(A), and
12 900(B)(2)(a), (b), and (c) are hereby amended and reenacted to read as follows:

13 §861. Security required

14 * * *

15 B. "Motor vehicle liability bond" means a bond conditioned:

16 * * *

17 (2) To the amount or limit of:

18 (a) Not less than ~~ten~~ twenty-five thousand dollars for damages to the
19 property of others, and

20 (b) ~~Of not~~ Not less than ~~ten~~ twenty-five thousand dollars on account of injury
21 to or death of any one person, and

1 (c) Subject to such limits as respects injury to or death of one person, of not
2 less than ~~twenty~~ fifty thousand dollars on account of any one accident resulting in
3 injury to or death of more than one person.

4 C.(1)(a) The applicant for registration may, in lieu of procuring a motor
5 vehicle liability bond or policy, deposit with the state treasurer cash in the amount
6 of ~~thirty~~ seventy-five thousand dollars, or otherwise pledge, assign, or securitize, to
7 the satisfaction of the state treasurer on such forms and documents as he shall
8 require, which shall constitute a lien thereon in favor of the treasurer for the
9 liabilities set forth in this Section and authorize him to sell same pursuant to
10 Subparagraph (c) of this Paragraph, bonds, stocks, securities, or other evidences of
11 indebtedness satisfactory to said treasurer of a market value of not less than ~~thirty~~
12 seventy-five thousand dollars as security for the payment by such applicant or by any
13 person responsible for the operation of such applicant's motor vehicle with his
14 express or implied consent of all judgments rendered against such applicant or
15 against such person in actions to recover damages to property or for bodily injuries,
16 including death at any time resulting therefrom, and judgments rendered as aforesaid
17 for consequential damages consisting of expenses incurred by a husband, wife,
18 parent, or tutor for medical, nursing, hospital, or surgical services in connection with
19 or on account of such bodily injuries or death sustained during the term of
20 registration by any person and arising out of the ownership, operation, maintenance,
21 control, or use upon the highways and roads of the state of such motor vehicle to the
22 amount or limit of at least ~~ten~~ twenty-five thousand dollars on account of any such
23 judgment for damages to property or to the amount of ~~ten~~ twenty-five thousand
24 dollars for bodily injury or death to any one person or to the amount of ~~twenty~~ fifty
25 thousand dollars for bodily injury or death to more than one person.

26 (b) Upon presentation to the state treasurer by an officer qualified to serve
27 civil process of an execution issued on any such judgment against the registrant or
28 other person responsible as aforesaid, the treasurer shall pay, out of the cash
29 deposited by the registrant as herein provided, the amount of the execution, including

costs and interest, up to but not in excess of ~~ten~~ twenty-five thousand dollars for damages to property or ~~ten~~ twenty-five thousand dollars to any one person for damages for bodily injury or death or ~~twenty~~ fifty thousand dollars for bodily injury or death to more than one person.

* * *

§866. Compulsory motor vehicle liability security; failure to comply; limitation of damages

A.(1) There should be no recovery for the first ~~ten~~ twenty-five thousand dollars of bodily injury and no recovery for the first ~~ten~~ twenty-five thousand dollars of property damage based on any cause or right of action arising out of a motor vehicle accident, for such injury or damages occasioned by an owner or operator of a motor vehicle involved in such accident who fails to own or maintain compulsory motor vehicle liability security.

* * *

F (1) Notwithstanding any provision of law to the contrary, no insurer shall lose any rights of subrogation for claims paid under the applicable insurance policy for the recovery of any sum in excess of the first ~~ten~~ twenty-five thousand dollars of bodily injury and the first ~~ten~~ twenty-five thousand dollars of property damages.

(2) In claims where no suit is filed, the claimant's insurer shall have all rights to recover any amount paid by the claimant's insurer on behalf of the insured for the recovery of any sum in excess of the first ~~ten~~ twenty-five thousand dollars of bodily injury and the first ~~ten~~ twenty-five thousand dollars of property damages.

* * *

§894. Payments sufficient to satisfy requirements

A. Judgments herein referred to shall, for the purpose of this Chapter only, be deemed satisfied:

(1) When ~~ten~~ twenty-five thousand dollars has been credited upon any judgment or judgments rendered in excess of that amount because of bodily injury to or death of one person as the result of any one accident.

(2) When, subject to such limit of ~~ten~~ twenty-five thousand dollars because of bodily injury to or death of one person, the sum of ~~twenty~~ fifty thousand dollars has been credited upon any judgment, or judgments, rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of any one accident.

(3) When ~~ten~~ twenty-five thousand dollars has been credited upon any judgment or judgments rendered in excess of that amount because of injury to or destruction of property of others as a result of any one accident.

* * *

§900. "Motor Vehicle Liability Policy" defined

* * *

B. Such owner's policy of liability insurance:

* * *

(2) Shall insure the person named therein and any other person, as insured, using any such motor vehicle or motor vehicles with the express or implied permission of such named insured against loss from the liability imposed by law for damages arising out of the ownership, maintenance, or use of such motor vehicle or motor vehicles within the United States of America or the Dominion of Canada, subject to limits exclusive of interest and costs with respect to each such motor vehicle as follows:

(a) ~~Ten~~ Twenty-five thousand dollars because of bodily injury to or death of one person in any one accident, and

(b) Subject to said limit for one person, ~~twenty~~ fifty thousand dollars because of bodily injury to or death of two or more persons in any one accident, and

(c) ~~Ten~~ Twenty-five thousand dollars because of bodily injury to or destruction of property of others in any one accident.

* * *

Section 2.(A) The provisions of this Act shall become effective on January 1, 2009, and shall apply to new policies issued on or after January 1, 2009.

- 1 (B) The provisions of this Act shall not apply to policies already existing on January
2 1, 2009, until the renewal date of such policies.

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)]

Ponti

HB No. 1312

Abstract: Increases the minimum liability limits for motor vehicle insurance policies.

Present law (R.S. 32:861) provides that an owner of a motor vehicle shall have the minimal automobile liability limits as described in R.S. 32:900(B)(2) or (M), or a binder for same, or by a motor vehicle liability bond, or by a certificate of the state treasurer stating that the cash has been deposited with the treasurer, or by a certificate of self-insurance. Provides that the minimum liability bond with respect to each motor vehicle is as follows: (a) not less than \$10,000 for damages to the property of others, (b) not less than \$10,000 on account of injury to or death of any one person, and (c) not less than \$20,000 on account of any accident resulting in injury to or death of more than one person.

Present law further provides that, in lieu of obtaining a motor vehicle bond, an applicant may deposit with the state treasurer a minimum amount of \$30,000 or pledge, assign or securitize to the satisfaction of the treasurer, as security for the payment of all judgments rendered against him or any person responsible for the operation of applicant's vehicle with his express or implied consent.

Proposed law (R.S. 32:861) increases the minimum motor vehicle bond amount for damage to the property of others from \$10,000 to \$25,000.

Proposed law also increases the minimum motor vehicle bond amount for the bodily injury to or death of one person from \$10,000 to \$25,000.

Proposed law increases the minimum motor vehicle bond amount for the bodily injury to or death of more than one person from \$20,000 to \$50,000.

Proposed law further increases the deposit an applicant for registration must submit with the state treasurer from \$30,000 to \$75,000.

Present law (R.S. 32:866) prevents an uninsured motorist who has been involved in a nonfault automobile accident from recovering the first: (a) \$10,000 of bodily injury; and (b) \$25,000 of property damage. Present law further provides that an insurer has the right of subrogation for claims paid where the recovery is in excess of the first: (a) \$10,000; and (b) \$20,000 of property damage.

Proposed law (R.S. 32:866) increases the minimum recoverable for bodily injury by an uninsured driver from \$10,000 to \$25,000.

Proposed law also increases the minimum recoverable for property damage by an uninsured driver from \$10,000 to \$25,000.

Proposed law further increases the recovery amount by an insurer for subrogation claims from \$10,000 to \$25,000 of bodily injury. Further increases the recovery amount for property damage by an insurer for subrogation claims from \$10,000 to \$25,000.

Present law (R.S. 32:894) provides that judgments are satisfied as follows: (1) when \$10,000 is credited upon a judgment rendered in excess of that amount due to bodily injury to or death of one person as the result of one accident; (2) when subject to the limit of \$10,000 because of bodily injury to or death of one person, \$20,000 is credited upon a judgment rendered in excess of that amount because of bodily injury to or death of two or more persons as the result of one accident; and (3) when \$10,000 is credited upon a judgment rendered in excess of that amount because of bodily injury, death, or property damage as a result of a motor vehicle accident shall be credited in reduction of the amounts provided in present law.

Proposed law (R.S. 32:894) increases the amount credited upon a judgment rendered in excess due to bodily injury or death of one person from \$10,000 to \$25,000.

Proposed law also increases the amount, when subject to the limit of proposed law because of bodily injury to or death of one person from \$20,000 to \$50,000.

Proposed law further increases the amount credited upon a judgment rendered in excess due to property damage from \$10,000 to \$25,000.

Present law (R.S. 32:900) provides that an owner's policy of liability insurance must insure the named insured and any other insured person using the motor vehicle with permission of the named insured against damages arising from ownership, maintenance, or use of such motor vehicle subject to limits exclusive of interests and costs with respect to each motor vehicle as follows: (a) \$10,000 for bodily injury to or death of one person in any one accident, (b) subject to said limit of one person, \$20,000 because of bodily injury to or death of two or more persons in any one accident, and (c) \$10,000 because of bodily injury to or destruction of property of others in any one accident.

Proposed law (R.S. 32:900) increases the minimum liability limit for bodily injury to one person from \$10,000 to \$25,000.

Proposed law also increases the minimum liability for the bodily injury of two or more persons from \$20,000 to \$50,000.

Proposed law also increases the minimum liability limit for bodily injury or destruction to property in any one accident from \$10,000 to \$25,000.

Effective Jan. 1, 2009.

(Amends R.S. 32:861(B)(2), (C)(1)(a) and (b), 866(A)(1) and (F), 894(A), and 900(B)(2)(a), (b), and (c))

Summary of Amendments Adopted by House

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

1. Removes provisions regarding insurance covering temporary, substitute, or rental motor vehicles.
2. Makes technical changes.