

2016 Regular Session

HOUSE BILL NO. 1126

BY REPRESENTATIVE CHAD BROWN

RISK MANAGEMENT: Clarifies that the Office of Risk Management and certain other insurance providers are exempt from the Louisiana Insurance Code

1 AN ACT

2 To amend and reenact R.S. 22:439(D) and R.S. 39:1528 and to enact R.S. 22:2301(F),
3 relative to the office of risk management; to clarify that the office and certain
4 providers are not subject to the provisions of the Louisiana Insurance Code; to
5 prohibit application of certain insurance taxes and assessments on insurance policies
6 of the state and its agencies; to provide for an effective date; and to provide for
7 related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:439(D) is hereby amended and reenacted and R.S. 22:2301(F) is
10 hereby enacted to read as follows:

11 §439. Tax on surplus lines

12 * * *

13 D.~~(1)~~ The tax imposed pursuant to this Section shall not apply to the
14 purchase of insurance by a or on behalf of any of the following:

15 (1) A college, university, school, institution, or program that is under the
16 supervision or management of a system board of supervisors provided for in R.S.
17 17:3215 through 3217.1.

18 ~~(2) The tax imposed pursuant to this Section shall not apply to the purchase~~
19 ~~of insurance by political subdivisions~~ A political subdivision having a population of
20 not less than three hundred fifty thousand persons according to the latest federal
21 decennial census.

1 (3) An agency of this state as defined in R.S. 39:2.

2 * * *

3 §2301. Assessable insureds

4 * * *

5 F. The office of risk management shall not be an assessable insured.

6 Accordingly, any policy of property coverage purchased by the office of risk

7 management on behalf of the state or any agency thereof as defined in R.S. 39:2 shall

8 not be subject to any regular or emergency assessment.

9 Section 2. R.S. 39:1528 is hereby amended and reenacted to read as follows:

10 §1528. Creation of the office of risk management

11 A. There is hereby created the office of risk management within the division
12 of administration headed by the commissioner of administration.

13 B. The office of risk management, as the administrator of the risk
14 management program of the state, is a plan of the state and is subject to the
15 provisions of this Chapter and Title 39 of the Louisiana Revised Statutes of 1950. In
16 managing all insurance covering property and liability exposure of the state, the
17 office of risk management, the Self-Insurance Fund administered by the office, and
18 commercial coverage transactions by the office on behalf of the state shall not be
19 subject to the provisions of the Louisiana Insurance Code set forth in Title 22 of the
20 Louisiana Revised Statutes of 1950.

21 Section 3. This Act shall become effective on July 1, 2016.

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 1126 Engrossed 2016 Regular Session Chad Brown

Abstract: Clarifies that the office of risk management, the Self-Insurance Fund, and certain commercial coverage for the state are not subject to the La. Insurance Code, surplus lines tax on insurance premiums, or the Coastal and FAIR plan assessments.

Present law levies a tax on the gross premium for all surplus lines of insurance for which La. is the home state of the policyholder and provides for exemptions.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

Proposed law adds insurance purchased by state agencies to the list of policies exempted from the surplus lines tax.

Present law provides for the La. Insurance Underwriting Plan (Coastal Plan) and the La. Joint Reinsurance Plan (FAIR Plan) as insurance programs of the La. Citizens Property Insurance Corporation and requires all assessable insurers to participate in assessments levied by the plans as a condition of authority to transact the business of insurance in La.

Proposed law exempts the office of risk management as an assessable insured and prohibits any policy of property coverage purchased by the office from being subject to any regular or emergency assessment under present law.

Present law establishes the office of risk management within the division of administration.

Proposed law retains present law, but clarifies that the office, the Self-Insurance Fund, and commercial coverage transactions by the office on behalf of the state are not subject to the provisions of the La. Insurance Code.

Effective July 1, 2016.

(Amends R.S. 22:439(D) and R.S. 39:1528; Adds R.S. 22:2301(F))

Summary of Amendments Adopted by House

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

1. Add provision exempting insurance policies of state agencies from the surplus lines tax on insurance premiums.
2. Add a provision exempting the office of risk management as an assessable insured for purposes of paying the Coastal Plan and FAIR Plan assessments authorized through the La. Citizens Property Insurance Corporation.
3. Add an effective date of July 1, 2016.