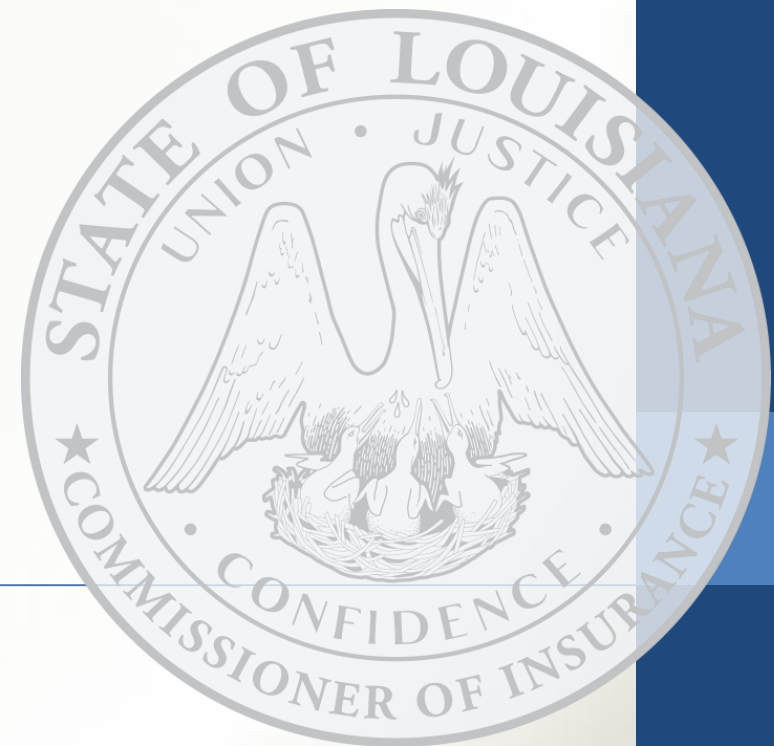


Louisiana Department of Insurance

2020

Legislation Review





LDI

Property & Casualty

Office of Property & Casualty

Review all property and casualty filings to ensure legal compliance of insurance:

- Rates and
- Policy forms
 - *the “contracts” between the insurance company and consumer*



LDI

Property & Casualty

Bills:

1. HB 170, Rep. Hollis: Workers compensation terminology revision
2. SB 72, Sen. G. Smith: Flat fee for all form filings - \$50.00
3. SB 119, Sen. R. Mills: Liability Limits and Defense Costs
4. Chair. Talbot: Commercial Auto Reporting Repeal
5. SB 195, Sen. Bernard: Notice of Policy Reinstatement to Relevant Parties
6. SB 71, Sen. G. Smith: La. Auto Insurance Plan – create pool mechanism
7. SB 65, Chair. Talbot: Military Deployment Lapse Exemption



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Property & Casualty

HB 170, Rep. Hollis

Workers compensation terminology
revision:

- This bill would change the term “independent claims adjuster” to “licensed workers’ compensation claims adjuster.”

1/7



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Property & Casualty

SB 72, Sen. G. Smith

Flat fee for all form filings:

- Would set a uniform filing fee for all insurers making a form filing via SERFF.
- The fee would be \$50, instead of a unique fee based on the type and amount of forms filed.
- This bill is intended to eliminate administrative burden and confusion for insurers.

2/7



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Property & Casualty

SB 119, Sen. R. Mills

Liability Limits and Defense Costs:

- This bill would provide for the types of policies that permit insurers to deduct defense costs from the liability limits and to what extent they may do so.
- It aligns statute with an existing Attorney General opinion that LDI already uses as a guideline.

3/7



LDI

Property & Casualty

Chairman Talbot

Commercial Auto Reporting Repeal:

- This bill would eliminate the requirement to report commercial auto information by parish and zip code.
- *Will be filed during session.

4/7



LDI

Property & Casualty

SB 195, Sen. Bernard

Notice of Policy Reinstatement to Relevant Parties:

- This bill spreads an existing requirement to all lines of P&C business and not just property:
 - Upon reinstatement of a cancelled casualty policy, all parties who were notified of the cancellation would be notified of the reinstatement.

5/7



LDI

Property & Casualty

SB 71, Sen. G. Smith - Louisiana Automobile Insurance Plan, private insurer of last resort - revision:

- This bill would eliminate the duplicative burden shared by all vehicle insurers in the state by permitting the pooling of especially high risk policies into one group to be more efficiently managed by a single Third Party Administrator.

6/7



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Property & Casualty

SB 65, Chair. Talbot:

- This bill would allow deployed military service members to notify their insurer of their deployment rather than being required to turn in their license plate(s) to the OMV prior to their deployment.
- Their insurer would then notify OMV.
- This would amend both R.S. Title 32 and the insurance code, Title 22.

7/7



LDI

Financial Solvency

Monitor Financial Condition
of Insurers:

Solvency's primary responsibility is to ensure companies have enough money to pay the qualified claims policyholders.



Bills:

1. HB 232, Rep. Seabaugh: Insurer “Controlling Party” discretion upon appeal
2. HB 547, Rep. Hollis: Investment Safety and Risk Updates
3. HB 131, Rep. Firment: LIGA government secondary payer exemption
4. HB 247, Rep. Green: Credit for Reinsurance
5. HB 682, Rep. Frieman: Actuarial Updates



HB 232, Rep. Seabaugh

Insurer “Controlling Party” appeals:

- The controlling party is, and will still be, determined by LDI according to the percentage ownership of a company.
- In the event of an appeal, this bill would provide discretion to the Commissioner to make the final determination.



HB 547, Rep. Hollis

Investment Safety and Risk Updates:

- This bill would update and modernize investment requirements regarding permissible investments, investment practices, and investment concentrations.
- The bill was developed in a series of collaborative meetings with Louisiana insurance industry representatives using NAIC model language.

2/5



HB 131, Rep. Firment

LIGA – Louisiana Insurance Guaranty Fund:

- LIGA is a fund used to pay covered insurance claims on policies from insolvent insurance companies.
- This bill would exempt LIGA from liability for government or Medicare secondary payer claims.



HB 247, Rep. Green

Credit for Reinsurance:

- This bill would update rules that allow LDI to give credit for an insurance company's reinsurance policy.
- This is an NAIC model update.



HB 682, Rep. Frieman

Actuarial Updates:

1. Allows LDI to accept the “actuarial opinion” of foreign (other state) and alien (other country) regulators in lieu of the obsolete “Certificate of Valuation.”
2. ...



2. Updates the “qualified actuary” education requirements to current and more objective NAIC model language, including specific exams required.
3. Takes existing LDI policy regarding the way insurance companies must calculate their reserves and puts it in statute in order to maintain our national Accreditation.



LDI

Licensing

Licensing reviews the background, knowledge and ongoing professionalism of individuals and companies in the insurance business.



LDI

Licensing

Bills:

1. SB 175, Sen. Bernard: Repeal Deposit Requirements
2. HB 185, Rep. Willard: Licensing of Fraternal Benefit Society producers
3. SB 91, Sen. Fési: Repeal of Dental Referral Plan provisions



SB 175, Sen. Bernard

Repeal Deposit Requirements:

- This bill would repeal the statutory deposit requirements for insurers that are covered by guaranty funds.
- More recent solvency protections, such as uniform liquidation procedures and robust guaranty funds, provide much more protection for Louisiana policy holders.

1/3



HB 185, Rep. Willard

Licensing of Fraternal Benefit Society producers:

- This bill would codify LDI's authority to require producers of FBS products to be licensed.
- Such producers already are licensed and all such entities known to LDI are in favor of this statutory confirmation.



SB 91, Sen. Fési

Repeal of Dental Referral Plan provisions:

- This would statutorily reclassify “Dental Referral Plans” under existing provisions for “Discount Medical Plans.”
- Dental plans are already included in the definition of a discount medical plan. This reduces confusion as to the applicable statutes.



LDI

Consumer Services

The Office of Consumer Services monitors consumer complaints which informs their general market conduct surveillance and regulation.

Bills:

1. HB 296, Rep. Ilg: Require Written Request for Policy Cancellations
2. SB 20, Sen. G. Smith: Repeal Life Policy Search



HB 296, Rep. Ilg

Require Written Request for Policy Cancellations:

- This bill would require written request for consumer requested policy cancellations.



SB 20, Sen. G. Smith - Repeal Life Policy

Search:

- This bill would repeal the requirement that LDI transmit life policy search requests to life insurers.
- Instead, LDI will refer consumers to a similar service offered by the NAIC.
- The NAIC search captures all policies nationwide and provides more uniformity for insurers in terms of how requests are received.

2/2



HB 614, Rep. Seabaugh - Data Security:

- This bill would enact NAIC Insurance Data Security Model Law (#668) - 2017 including:
 - Information Security Program
 - Investigation of Cybersecurity Events
 - Notification to Commissioner (72 hours) and Consumers
 - Exemption for licensees with fewer than 10 employees

1/2



Data Security:

- This NAIC model law has been passed in some form in eight states, others pending:
 - Alabama
 - Connecticut
 - Delaware
 - Michigan
 - Mississippi
 - New Hampshire
 - Ohio
 - South Carolina



LDI Health, Life & Annuity

Office Health, Life and Annuity

- Review health and life insurance forms to ensure compliance with state law.
 - No rate approval authority as in Property and Casualty
 - No authority over insurance carrier-provider contracting
- Independent Review Oversight
- Policy guidance to legislature and stakeholders



LDI

Health, Life & Annuity

Bills:

1. SB 213, Sen. Cathey: Medical Necessity Standards for Substance Abuse Disorders
2. SB 174, Sen. Bernard: Revisions of References to the Affordable Care Act
3. SB 216, Sen. Cathey: Annuity section revisions

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LDI Health, Life & Annuity

Bills:

4. SB 90, Sen. Fési: Life Policy Lapse Written Notice Exceptions reorganization
5. SB 47, Sen. R. Mills: Funeral cost reservation & citation revision - R.S. 22:941
6. SB 148, Chair. Talbot: Health Reinsurance

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LDI

Health, Life & Annuity

Bills:

7. SB 231, Chair. Talbot: High Risk Pool – ACA repeal contingency plan
8. Surprise Billing – Work in progress



LDI Health, Life & Annuity

SB 213, Sen. Cathey

Medical Necessity Standards, Substance Abuse Disorders:

- Louisiana law does not currently define placement criteria insurers may use in medical necessity determinations for substance use disorders.
- This would require use of the placement criteria established by the American Society of Addiction Medicine.

1/8



LDI Health, Life & Annuity

SB 174, Sen. Bernard

Revisions of References to the Affordable Care Act:

- This bill revises ACA references in the state insurance code/Title 22 to prevent potential uncertainty and ensure state insurance law will still function as intended in the event the ACA is overturned, repealed, or significantly amended.

2/8



LDI

Health, Life & Annuity

SB 216, Sen. Cathey

Annuity Revisions,

Adds missing annuity language to clarify:

- That the existing consent requirement and its group-policy exception both apply to annuities.
- That the insurable interest requirement applies to annuities

3/8



SB 90, Sen. Fési

Life Policy Lapse Written Notice

Exceptions location revision:

- Current law requires written notice prior to lapsing a life policy for nonpayment with two exceptions.
- This bill simply moves both exceptions to the same subsection.



LDI Health, Life & Annuity

SB 47, Sen. R. Mills

Funeral cost reservation & citation
revision - R.S. 22:941:

1. Updates permission for group life policies to reserve up to \$2,500 of death benefit for funeral costs instead of only \$250.
2. Corrects a citation that was not updated when language regarding Credit Life insurance was moved. 5/8



LDI Health, Life & Annuity

SB 148, Chair. Talbot

Louisiana Health Reinsurance Association:

- This bill would create an individual market reinsurance program for use in a 1332 Waiver.
- Funded by a combination of:
 - a fee on all health policies statewide, capped at \$2.50 and
 - 1332 Waiver “pass through” of money the federal government saves on ACA subsidies as a result of reduced premiums under the program. (...)

6/8



Health Reinsurance, continued:

- The purpose of the bill is to reduce premiums in the individual market to foster more participation by what are currently the healthy under/un-insured, and increase the number of insurers doing business in the market.
- 12 states currently have approved 1332 Waivers for reinsurance program and another 2 are pending.

6/8



LDI Health, Life & Annuity

SB 231, Chair. Talbot

High Risk Pool - background:

- This bill would revive Louisiana's High Risk Pool as a safety net to protect individuals with preexisting conditions in the absence of the ACA's protections.
- Louisiana had a High Risk Pool that was deactivated in 2013 and 2014 as a result of the ACA's guaranteed issue provision.
- The High Risk Pool and associated fees remain dormant as long as the ACA's pre-ex provisions remain effective. (...)

7/8



SB 231, Chair. Talbot

High Risk Pool - continued:

- The High Risk Pool would serve as Louisiana's health insurer of last resort, providing coverage to patients who are unable to find coverage in the private sector.
- The High Risk Pool would be funded by a combination of premiums, restoration of the bed fee as a pass through, and an assessment on premiums to cover prior year shortfalls.

7/8



LDI

Health, Life & Annuity

Surprise Billing:

- TBD
- Two bills are in process. LDI is working to ensure both bills protect consumers by:
 - Preventing surprise bills and
 - Avoiding inflationary pricing that causes premium increases.

Contact Information

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