



The Tatman Group presents the

Final Report of the 2019 Legislative Session

prepared for





FINAL REPORT OF THE 2019 REGULAR LEGISLATIVE SESSION

The Tatman Group, a full-service government relations firm located in Baton Rouge, provides lobbying services for the Louisiana Surplus Line Association. This Final Report was prepared to illustrate LSLA's involvement & impact in the 2019 Regular Legislative Session.

LOUISIANA LEGISLATURE AND SURPLUS LINES

The 2019 Regular Session of the Louisiana Legislature was a busy one for the Louisiana Surplus Line Association. There were several bills that impacted insurance broadly and one that specifically targeted surplus lines. Tort Reform efforts were active and significant during the 2019 Regular Session. It was the first time in many years that there was a concerted effort to impact the litigious culture of Louisiana. This effort was sparked primarily by the high cost of auto insurance across the state. Auto and commercial vehicle insurance reached crisis status in recent years, and the Legislature responded to that pressure by addressing those issues through legislation. The effort was spearheaded by the insurance industry but lead by the business community who are bearing the burden of those costs.

HB 361 BY REP. EDMOND JORDAN

The most significant legislation of the Session for the Louisiana Surplus Line Association was HB 361 by Rep. Edmond Jordan (Baton Rouge – Democrat). HB 361 would have increased the tax on surplus lines from the current 4.85% by 2% for fire loss and 1.25% for the State Fire Marshal Tax. HB 361 would have raised the current tax from 4.85% to 8.1%. The legislation was proposed by the Louisiana State Fire Marshal as a way to restore his budget from cuts. The legislation would have made the surplus lines tax in Louisiana the highest in the nation and would have had a devastating impact on our markets. The bill was broadly opposed by Commissioner Jim Donelon and the Independent Insurance Agents and Brokers of Louisiana (IIABL). Our LSLA leadership and membership generated significant grassroots contacts to the House Ways and Means Committee. We were able to put enough concern in legislators' minds that the State Fire Marshal decided to take a different approach. Instead of raising the surplus lines tax to offset the offices budget cuts, the State Fire Marshal amended the legislation to dedicate a portion of the 4.85% to fire safety, including his office. The legislation passed the House and the Senate Revenue and Fiscal Affairs Committee but was killed in the Senate Finance Committee due to the impact on the overall state budget.



TORT REFORM

There was a concerted effort in the 2019 Regular Session to debate tort reform. The proponents of tort reform knew the chances of success were small but wanted to have the debate. In order to make it part of the conversation during the election process, many of the proponents wanted to have the debate during the Session ahead of the historical elections being held in the fall.

The most significant bill was filed by House Insurance Chairman, Rep. Kirk Talbot (River Ridge - Republican). His HB 372 would have enacted the Omnibus Premium Reduction Act of 2019 relative to automobile insurance. The legislation would have reduced the jury trial threshold in Louisiana from \$50,000 to \$5,000, repealed the right of direct action against an insurer, provided for the reduced damages for amounts paid or payable from collateral sources, and extended the prescriptive period from one year to two years. The legislation passed the House overwhelmingly but was killed in the Senate Judiciary A Committee. There were several attempts to revive the legislation by attaching it onto other germane bills moving through the process. All of those efforts failed, and the Session ended with no action to address the issue of high auto rates.

OTHER LEGISLATION

There were a few other bills that would have provided some relief to rates relative to auto insurance. Rep. Mike Huval (Breaux Bridge – Democrat) filed HB 51 and Sen. Sharon Hewitt (Slidell – Republican) filed SB 148, both of which would have eliminated the seat belt gag rule to allow for seat belt usage to be considered relative to damages in vehicle accidents. HB 51 passed the House, but was killed in the Senate Judiciary A Committee along with Sen. Hewitt's SB 148. Rep. Huval also returned this year with his distracted driving bill, HB 229. The legislation passed the House on the second try. The legislation was initially passed in the Senate Judiciary C Committee. Through a procedural move, the committee reconsidered the bill and killed it.

IN SUMMARY

The 2019 Regular Session of the Louisiana Legislature was a successful one for the Louisiana Surplus Line Association. The defeat of HB 361 and the efforts of the membership in communicating to the Legislature was a major accomplishment. While we were successful in our efforts to defeat this major piece of legislation, the industry as a whole was not able to address issues relative to the litigious nature of our culture in Louisiana.

Louisiana elections in the fall of 2019 will reshape the make up of the Louisiana Legislature. We will experience the largest turnover in the legislature in modern times. We will need to work to encourage our members to engage in the elections process to help our friends win reelection and to impact races where we could pick up a positive vote to help improve our insurance climate in Louisiana. We will very likely see another bill in 2020 relative to surplus lines taxes. We will also see legislation that will attempt to enact tort reform in Louisiana. It will be incumbent upon our leadership, our membership and our association to engage in a way that helps insure a strong future for our industry.



MEASURES PASSED | 2019 REGULAR LEGISLATIVE SESSION

HB 128 by Rep. Anders

Provides relative to the applications for licenses filed with the commissioner of insurance.
7/1/2019 Effective as Act 66

HB 181 by Rep. Brass

Provides relative to safety belt use in certain vehicles.
8/1/2019 Effective as Act 208

HB 271 by Rep. Anders

Provides relative to the procedure following the merger or consolidation of foreign or alien insurers.
1/1/2020 Effective as Act 108

HB 288 by Rep. Hollis

Provides relative to the administration of large deductible policies and collateral as relates to workers' compensation.
1/1/2020 Effective as Act 109

HB 319 by Rep. Pierre

Provides relative to the appointment of an insurance producer as an agent for an insurer.
8/1/2019 Effective as Act 397

HB 407 by Rep. Brown

Provides relative to the refund of unearned premiums.
8/1/2019 Effective as Act 225

HB 426 by Rep. Hilferty

Provides with respect to insurance coverage in condominium units.
8/1/2019 Effective as Act 228

HB 575 by Rep. Magee

Establishes requirements for transportation network companies.
7/1/2019 Effective as Act 286

SB 3 by Sen. Mizell

Provides authority for the commissioner of the OMV to waive any penalty, procedure, or requirement for failure to maintain insurance provided that the principal driver of the motor vehicle is the owner's spouse or child.
6/11/2019 Effective as Act 173



MEASURES PASSED DURING 2019 LEGISLATIVE SESSION (CONT.)

SB 46 by Sen. Peacock

Enacts the Louisiana Cybersecurity Information Sharing Act.
8/1/2019 Effective as Act 187

SB 103 by Sen. Gary Smith

Provides relative to the unauthorized practice of public adjusting and fraudulent insurance acts by public adjusters.
7/1/2019 Effective as Act 83

SB 107 by Sen. Gatti

Adds post traumatic stress disorder to the list of injuries which are compensable for injured public employees as relates to Workers' Compensation.
8/1/2019 Effective as Act 122

SB 197 by Sen. Bishop

Provides for disclosures in homeowners' insurance policies.
6/30/2019 Effective as Act 194

SB 212 by Sen. Appel

Requires insurers to report certain commercial vehicle information.
1/1/2020 Effective as Act 262

2019 REGULAR LEGISLATIVE SESSION | MEASURES FAILED

HB 6 by Rep. Jenkins

Creates the crime of aggressive driving and provides for the elements and penalties of the offense.
5/13/2019 Removed from hearing 05/14/19 - House Administration of Criminal Justice

HB 51 by Rep. Huval

Provides relative to the admissibility of evidence for failure to wear a safety belt.
5/7/2019 Voluntarily Deferred in Committee Senate Judiciary A



MEASURES FAILED DURING 2019 LEGISLATIVE SESSION (CONT.)

HB 132 by Rep. Crews

Modifies postaccident drug testing requirements.

6/1/2019 Returned to the calendar - subject to call

HB 213 by Rep. Huval

Provides relative to expedited jury trials.

4/25/2019 Failed to pass in the House (Vote: Y: 40/N: 45)

HB 229 by Rep. Huval

Provides with respect to the use of a wireless telecommunications device while operating a motor vehicle.

6/3/2019 Meeting set for At Adj., Rm. F - Senate Judiciary C

HB 311 by Rep. Norton

Creates the Louisiana Motor Vehicle Insurance Cost Reduction and Fairness Act.

5/15/2019 Involuntarily Deferred House Insurance

HB 361 by Rep. Jordan

Provides for a premium tax on surplus lines coverage that includes fire loss or damage.

5/30/2019 Committee Hearing Cancelled Senate Finance

HB 362 by Rep. Lyons

Grants certain workers' compensation benefits to members of the classified fire service.

5/2/2019 Voluntarily Deferred in Committee House Labor and Industrial Relations

HB 372 by Rep. Talbot

Enacts the Omnibus Premium Reduction Act of 2019 relative to automobile insurance.

5/14/2019 Involuntarily Deferred Senate Judiciary A

HB 572 by Rep. Barras

Establishes requirements for transportation network companies.

3/29/2019 Referred to House Committee on House Transportation

SB 20 by Sen. Fannin

Provides for legislative oversight and adoption of proposed updates to the State Uniform Construction Code.

3/1/2019 Referred to Senate Committee on Senate Commerce



MEASURES FAILED DURING 2019 LEGISLATIVE SESSION (CONT.)

SB 74 by Sen. Long

Provides relative to the use of assumed names by insurance producers.
3/26/2019 Referred to Senate Committee on Senate Insurance

SB 75 by Sen. Lambert

Provides for changes in the producer of record upon written request of the policyholder or first named insured.
3/26/2019 Referred to Senate Committee on Senate Insurance

SB 89 by Sen. Luneau

Prohibits insurance providers from using credit reports and gender as basis for rate setting.
5/1/2019 Involuntarily Deferred Senate Insurance

SB 148 by Sen. Hewitt

Provides relative to safety belts.
5/7/2019 Voluntarily Deferred in Committee Senate Judiciary A

QUESTIONS?

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