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AN ACT

To amend and reenact R.S. 22:2134(B)(3)(d), R.S. 40:1421, the introductory paragraph of 1422(A), 1422(C), the introductory paragraph of 1427, 1427(1) and (3), 1428(A)(1) and (4)(a) and (C), and 1429, relative to the insurance fraud investigation unit within the Department of Public Safety and Corrections, public safety services, office of state police; to provide for definitions; to provide for powers and duties of the unit; to provide for reporting; to provide relative to the Insurance Fraud Investigation Fund; to extend the termination date of the unit; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:2134(B)(3)(d) is hereby amended and reenacted to read as follows:

§2134. Automobile Theft and Insurance Fraud Prevention Authority Fund

* * *

B. Any monies in the Automobile Theft and Insurance Fraud Prevention Authority Fund shall be administered only by the director of the authority, upon a majority vote of the board, in the following order of priority:

* * *

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

* * *

(d) Conducting educational **and public awareness** programs designed to inform ~~motor vehicle owners~~ **the citizens** of **the state about** methods of preventing motor vehicle theft and **combating** insurance fraud.

* * *

Section 2. R.S. 40:1421, the introductory paragraph of 1422(A) and 1422(C), the introductory paragraph of 1427, 1427(1) and (3), 1428(A)(1) and (4)(a) and (C), and 1429

1 are hereby amended and reenacted to read as follows:

2 §1421. Definitions

3 As used in this Chapter, the following words shall have the following
4 meanings:

5 (1) "Commissioner" means commissioner of insurance.

6 (2) "Fraud unit" or "unit" means the insurance fraud investigation unit within
7 the Department of Public Safety and Corrections, office of state police.

8 (3) "Fraud support unit" means the insurance fraud support unit within the
9 Department of Justice.

10 (4) "Insurance fraud" means any commission or attempted commission of
11 criminal acts or practices as provided in R.S. 22:1923, 1924, or 1925 which involves
12 any type of insurance as provided in R.S. 22:47.

13 **(5) "Insurance fraud section" means the insurance fraud section within**
14 **the Louisiana Department of Insurance.**

15 ~~(5)~~**(6)** "Insurance policy" means a contract or other written instrument
16 between an insured and insurer setting forth the obligations and responsibilities of
17 each party.

18 ~~(6)~~**(7)** "Insurance premium finance company" means a person engaged or
19 purporting to engage in the business of advancing money, directly or indirectly, to
20 an insurer or producer at the request of an insured pursuant to the terms of a premium
21 finance agreement, including but not limited to loan contracts, notes, agreements, or
22 obligations, wherein the insured has assigned the unearned premiums, accrued
23 dividends, or loss payments as security for such advancement in payment of
24 premiums on insurance policies only, and does not include the financing of insurance
25 premiums purchased in connection with the financing of goods and services.

26 ~~(7)~~**(8)** "Insurance professional" means an adjuster, agent, managing general
27 agent, surplus lines broker, reinsurance intermediary, insurance consultant, broker,
28 or attorney-in-fact.

29 ~~(8)~~**(9)** "Insurance transaction", "insurance business", and "business of
30 insurance" include solicitation, negotiations preliminary to execution of an insurance

1 contract, execution of an insurance contract and the transaction of matters subsequent
2 to execution of a contract and arising out of it, and matters arising out of any
3 relationship among or between an insured, an insurer, and a third party for which an
4 insurance policy provides coverage.

5 ~~(9)~~(10) "Insured" means any person covered by an insurance policy.

6 ~~(10)~~(11) "Insurer" means any person or company subject to regulation
7 pursuant to Title 22 of the Louisiana Revised Statutes of 1950.

8 **(12) "LATIFPA" means the Louisiana Automobile Theft and Insurance**
9 **Fraud Prevention Authority within the Louisiana Department of Insurance.**

10 §1422. Insurance fraud investigation unit; powers and duties

11 A. There is hereby created an insurance fraud investigation unit in the
12 Department of Public Safety and Corrections, public safety services, office of state
13 police, **and the unit shall be solely dedicated to the investigation of property and**
14 **casualty, worker's compensation, life, and health insurance fraud.** The purposes
15 of this unit shall be to:

16 * * *

17 C. The police employees of the unit shall have the same duties and powers
18 as are provided for other police employees of the office in R.S. 40:1379 and such
19 other duties as are assigned by the deputy secretary of public safety services of the
20 Department of Public Safety and Corrections. **The police employees of the unit**
21 **shall complete the National Insurance Crime Training Academy, phases 1, 2,**
22 **and 3, and Fraud Claims Law Specialist program, within the first two years of**
23 **assignment to the unit.**

24 * * *

25 §1427. Reports

26 The insurance fraud investigation unit, **fraud support unit, and insurance**
27 **fraud section** shall submit ~~an~~ **a combined** annual report to the governor and the
28 insurance committees of each house of the legislature no later than February fifteenth
29 of each year on the progress made in deterring insurance fraud. Such report shall
30 detail:

1 (1) All expenditures and receipts of the insurance fraud investigation unit,
2 **fraud support unit, and insurance fraud section.**

3 * * *

4 (3) The results achieved as a consequence of such expenditures, including
5 the number of notifications or inquiries received, the number of inquiries and
6 investigations undertaken, the number of inquiries to which an investigation was not
7 initiated, the number of arrests, the number of files presented to prosecutors, the
8 number of prosecutions, the number of convictions, and the total dollar amount of
9 restitution resulting from the operation of the insurance fraud investigation unit,
10 **fraud support unit, and insurance fraud section, as applicable to each.**

11 §1428. Special assessment; creation of fund

12 A.(1) Except as provided in Paragraph (2) of this Subsection, the
13 commissioner of insurance may assess a fee on the direct premiums received by each
14 insurer licensed by the Department of Insurance to conduct business in this state.
15 Such fee shall be imposed by rule adopted by the commissioner in accordance with
16 the Administrative Procedure Act. The total fees assessed for any year shall not
17 exceed the amount necessary to pay the costs of investigation, enforcement, **public**
18 **education and public awareness,** and prosecution of insurance fraud in this state
19 by the programs to which funds are allocated in Paragraph (4) of this Subsection.
20 The total fee assessed in any year shall not exceed an amount equal to 0.000375
21 multiplied times the annual direct premium dollars received that are subject to the
22 fee.

23 * * *

24 (4)(a) Prior to making the allocations specified in Subparagraph (b) of this
25 Paragraph, the commissioner of insurance is authorized to withhold the sum of thirty
26 thousand dollars per year from the fees collected pursuant to this Section to defray
27 the expense of collection of the fees, enforcement of this Subpart, and operation of
28 the Department of Insurance **and shall withhold one hundred eighty-seven**
29 **thousand dollars to fund the Louisiana Automobile Theft and Insurance Fraud**
30 **Prevention Authority pursuant to R.S. 22:2134.**

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C. After compliance with the requirements of Article VII, Section 9(B) of the Constitution of Louisiana relative to the Bond Security and Redemption Fund, an amount equal to that deposited as required by Subsection B of this Section shall be credited to a special fund hereby created in the state treasury to be known as the Insurance Fraud Investigation Fund. ~~The monies in this fund shall be used solely as provided by Subsection A of this Section and only in the amounts appropriated by the legislature. All unexpended and unencumbered monies in this fund at the end of the fiscal year shall remain in such fund.~~ **The monies shall be irrevocably dedicated and deposited in the Insurance Fraud Investigation Fund and shall be used solely as provided in Subsection A of this Section and only in the amounts appropriated by the legislature. Monies in the fund shall be appropriated, administered, and used solely and exclusively for purposes of the fraud unit, fraud support unit, insurance fraud section, LATIFPA, and as further provided in this Section. All unexpended and unencumbered monies in this fund at the end of the fiscal year shall be refunded to each insurer licensed by the Department of Insurance to conduct business in this state assessed a fee pursuant to this Section on a pro-rata basis based on each insurer's proportionate share of the total fees collected pursuant to this Section.**

* * *

§1429. Effectiveness of Subpart

This Subpart shall be null, void, and unenforceable on July 1, ~~2010~~ **2012**.

Section 3. This Act shall become effective on July 1, 2010.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____