

Regular Session, 2007

SENATE BILL NO. 223

BY SENATOR MICHOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

AUTOMOBILE INSURANCE. Increases minimum motor vehicle liability insurance limits.
(8/15/07)

1 AN ACT

2 To amend and reenact R.S. 22:681 and R.S. 32:861(B)(2), (C)(1)(a) and (b), and
3 900(B)(2)(a), (b) and (c), relative to motor vehicle insurance; to provide for
4 compulsory motor vehicle liability insurance limits; to provide for security and proof
5 of financial responsibility; to increase the amount of insurance or security required;
6 to increase the amount of deposit required in lieu of liability bond or policy; to
7 provide insurance coverage for rental motor vehicles; and to provide for related
8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:681 is hereby amended and reenacted to read as follows:

11 §681. Coverage of temporary, substitute, and rental vehicles

12 Every approved insurance company, reciprocal or exchange, writing
13 automobile liability, physical damage, or collision insurance, shall extend to
14 temporary substitute motor vehicles as defined in the applicable insurance policy and
15 rental ~~private passenger automobiles~~ **motor vehicles** any and all such insurance
16 coverage in effect in the original policy or policies. Where an insured has coverage
17 on multiple vehicles, at least one of which has comprehensive and collision

insurance coverage, that comprehensive and collision substitute coverage shall apply to the temporary substitute motor vehicle or rental motor vehicle. Such insurance shall be primary. However, if other automobile insurance coverage is purchased by the insured for the temporary substitute or rental motor vehicle, that coverage shall become primary. The coverage purchased by the insured shall not be considered a collateral source.

* * *

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

§861. Security required

* * *

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

* * *

(2) To the amount or limit of:

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

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

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

C.(1)(a) The applicant for registration may, in lieu of procuring a motor vehicle liability bond or policy, deposit with the state treasurer cash in the amount of ~~thirty~~ **seventy-five** thousand dollars, or otherwise pledge, assign, or securitize, to the satisfaction of the state treasurer on such forms and documents as he shall require, which shall constitute a lien thereon in favor of the treasurer for the liabilities set forth in this Section and authorize him to sell same pursuant to Subparagraph (c) of this Paragraph, bonds, stocks, securities, or other evidences of indebtedness satisfactory to said treasurer of a market value of not less than ~~thirty~~

seventy-five thousand dollars as security for the payment by such applicant or by any person responsible for the operation of such applicant's motor vehicle with his express or implied consent of all judgments rendered against such applicant or against such person in actions to recover damages to property or for bodily injuries, including death at any time resulting therefrom, and judgments rendered as aforesaid for consequential damages consisting of expenses incurred by a husband, wife, parent, or tutor for medical, nursing, hospital, or surgical services in connection with or on account of such bodily injuries or death sustained during the term of registration by any person and arising out of the ownership, operation, maintenance, control, or use upon the highways and roads of the state of such motor vehicle to the amount or limit of at least ~~ten~~ twenty-five thousand dollars on account of any such judgment for damages to property or to the amount of ~~ten~~ twenty-five thousand dollars for bodily injury or death to any one person or to the amount of ~~twenty~~ fifty thousand dollars for bodily injury or death to more than one person.

(b) Upon presentation to the state treasurer by an officer qualified to serve civil process of an execution issued on any such judgment against the registrant or other person responsible as aforesaid, the treasurer shall pay, out of the cash 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.

* * *

§900. "Motor Vehicle Liability Policy" defined

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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

1 permission of such named insured against loss from the liability imposed by law for
 2 damages arising out of the ownership, maintenance, or use of such motor vehicle or
 3 motor vehicles within the United States of America or the Dominion of Canada,
 4 subject to limits exclusive of interest and costs with respect to each such motor
 5 vehicle as follows:

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

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

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

12 * * *

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Carla S. Roberts.

DIGEST

Michot (SB 223)

Present law provides the following minimum amounts or limits involving motor vehicle liability policies and motor vehicle liability bonds:

- (a) \$10,000 for damages to property of others
- (b) \$10,000 on account of injury to or death of any one person.
- (c) \$20,000 on account of injury or death to more than one person in any one accident.

Proposed law increases these minimum amounts or limits as follows:

- (a) \$25,000 for damages to property of others.
- (b) \$25,000 on account of injury to or death of any one person.
- (c) \$50,000 on account of injury or death to more than one person in any one accident.

Present law allows a person, in lieu of procuring a motor vehicle liability bond or policy, to deposit with the state treasurer cash in the amount of \$30,000 or bonds, stocks, or other evidences of indebtedness having a market value of not less than \$30,000.

Proposed law retains present law but increases these amounts on deposit with the state treasurer to \$75,000.

Present law requires certain insurance coverage for rental motor vehicles and private passenger automobiles.

Proposed law retains present law but clarifies that coverage is required for all rental motor vehicles and not just private passenger automobiles.

Effective August 15, 2007.

(Amends R.S. 22:681, R.S. 32:861(B)(2), (C)(1)(a) and (b), 900(B)(2)(a), (b) and (c))

Summary of Amendments Adopted by Senate

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

1. Clarifies that coverage is required for all rental motor vehicles and not just private passenger automobiles.