

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 204** SLS 12RS 342

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|   |          |                                   |
|---|----------|-----------------------------------|
| <b>Date:</b> May 12, 2012   | 11:42 AM | <b>Author:</b> MORRISH            |
| <b>Dept./Agy.:</b> Louisiana Department of Insurance                    |          |                                   |
| <b>Subject:</b> Exempts Louisiana Citizens Property Insurance Corp from |          | <b>Analyst:</b> Alan M. Boxberger |

CIVIL PROCEDURE

EG SEE FISC NOTE SG EX See Note

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Includes Louisiana Citizens Property Insurance Corporation among the entities exempt from furnishing bonds in judicial proceedings. (8/1/12)

Present law provides that the state, state agencies, political subdivisions, parishes, certain municipal boards or commissions, sheriff's departments and law enforcement districts, the Louisiana Insurance Guaranty Association and the Patient's Compensation Fund are not required to furnish any bond in any judicial proceedings arising from activities within the scope and course of their duties and employment. Present law provides for the La. Citizens Property Insurance Corporation, a nonprofit corporation created for the purposes of discharging certain state obligations. Proposed law adds La. Citizens Property Insurance Corporation to the list of entities exempted from furnishing bonds in any judicial proceeding. Proposed law gives the exemption prospective application only and does not affect any action pending or claim arising prior to the effective date.

| <b>EXPENDITURES</b> | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>5 -YEAR TOTAL</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd.      | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Agy. Self-Gen.      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      | SEE BELOW      |                      |
| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b><u>\$0</u></b>    |
| <b>Annual Total</b> |                |                |                |                |                |                      |

  

| <b>REVENUES</b>     | <b>2012-13</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>5 -YEAR TOTAL</b> |
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| Ded./Other          | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Federal Funds       | \$0            | \$0            | \$0            | \$0            | \$0            | <b>\$0</b>           |
| Local Funds         | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <u>\$0</u>     | <b><u>\$0</u></b>    |
| <b>Annual Total</b> |                |                |                |                |                |                      |

**EXPENDITURE EXPLANATION**

Generally, judicial bonds are posted in order to protect the courts against financial loss that can be associated with holding a court case or law suit, or to protect assets due by judgment during an appeal process. Several factors can impact the amount of a judicial bond, but they are generally set to cover amounts due by judgment plus an additional percentage to cover anticipated court and legal fees. Placement of dollars into a judicial bond effectively restrict access to cash assets during the course of a court proceeding. La. Citizens Insurance Corporation reports that it has paid out in excess of \$6,000,000 in appeal bonds over the past several years. The proposed law would reduce expenditures made by La. Citizens in association with future law suits or legal cases. The amount is indeterminate and based upon the number of cases appealed or other legal proceedings that may require judicial bonds under existing law.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure. La. Citizens Property Insurance Corporation is not backed by the full faith and credit of the state of Louisiana and does not receive a budget appropriation from the state legislature. Therefore, expenditure requirements of the Corporation determine rates charged to policy holders. To the extent that an exemption from paying judicial bonds lowers expenditure obligations, the Corporation may realize the ability to reduce premiums or slow premium growth rates in future fiscal years to support its line of business.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*

**Evan Brasseaux**  
**Staff Director**