

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 121

July 8, 1998

SUBJECT: Act 1476 - No Pay, No Play Law
General Overview

BACKGROUND: On April 23, 1998, the Louisiana Supreme Court ruled that Act 1476, the Omnibus Premium Reduction Act of 1997, is constitutional. Of particular importance is the "No Pay, No Play" provision which specifies a recovery threshold for uninsured injured motor vehicle owners and operators. Owners of uninsured vehicles are barred from recovering the first \$10,000 of property damage or bodily injury to uninsured vehicle owners/operators involved in an accident with an insured driver. The provisions of this law will have a significant impact on agents, effective September 6, 1998.

MAIN POINTS:

1. Owners of uninsured vehicles are barred from recovering the first \$10,000 of bodily injury or property damage to uninsured owners and operators. Passengers who are not owners in the uninsured vehicle, however, may recover damages.
2. An uninsured owner or operator may be assessed all court costs incurred by all parties when the recovery from a lawsuit is less than \$10,000.
3. There is a minimum 10 percent reduction for bodily injury and property damage rates.
4. The Louisiana Department of Public Safety must be notified within 15 days (formerly 45 days) of the effective date, withdrawal, cancellation or lapse of a motor vehicle policy.
5. There is an option to purchase Economic-Only Uninsured Motorist coverage at a minimum 20 percent rate below current uninsured and underinsured motorist coverage. However, LIRC actuarial analysis requires reductions between 45 percent and 50 percent.
6. The Louisiana Department of Insurance will provide a form to reject uninsured/underinsured motorist coverage, selection of uninsured/underinsured coverage limits lower than selected bodily injury liability limits, or selection of economic-only uninsured/underinsured motorist coverage. See TA 122.

7. **Important Dates:** All companies had to file their new rates with the Louisiana Insurance Rating Commission (LIRC) by June 6, 1998.

By August 5, 1998, LIRC must act on all rate filings in compliance with Act 1476.

September 6, 1998, is the effective date for the provisions of Act 1476 for all Louisiana drivers, both new and renewal.

**NECESSARY
ACTION:**

Advise all agency personnel handling personal or commercial automobile policies of the impact of Act 1476. Begin developing agency procedures for handling new claims and new UM Selection Forms under the provisions of Act 1476. See TA 122 and TA 123 for specific agency issues.