

# TECHNICAL ADVISORY

## INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 146

September 9, 1999

**SUBJECT:** NEW UNINSURED MOTORIST LAW

**BACKGROUND:** Few coverage lines in an agency's book of business generate more confusion and trepidation than Uninsured Motorist, especially where the selection form is involved.

**MAIN POINTS:** Among the greatest concerns, and one of the main sources of litigation, is the proper execution of the UM selection form, especially when making mid-term policy changes.

An avalanche of adverse litigation over the years resulted in near-paranoia about getting a new selection form signed, with even the slightest change in an automobile policy.

Hopefully, the new legislation that was recently passed during this session will greatly reduce both the administrative hassles, as well as the E&O risks. Here is the key part of SB 243, now Act 732, which was signed into law and is effective 8/15/99:

**22:1406.D.(1)(a)(ii): The form signed by the insured or his legal representative which initially rejects coverage, selects lower limits, or selects economic-only coverage shall remain valid for the life of the policy and shall not require the completion of a new selection form when a renewal, reinstatement, substitute, or amended policy is issued to the same named insured by the same insurer or any of its affiliates. An insured may change the original uninsured motorist selection or rejection on a policy at any time during the life of the policy by submitting a new uninsured motorist selection form to the insurer on the form prescribed by the commissioner of insurance. Any changes to an existing policy, regardless of whether these changes create new coverage, except changes in the limits of liability, do not create a new policy and do not require the completion of new uninsured motorist selection forms. For the purpose of this Subsection, a new policy shall mean an original contract of insurance, which an insured enters into through the completion of an application on the form required by the insurer.**

To summarize, a UM selection form is valid for the life of the policy unless the policyholder: (1) completes a new UM selection form; (2) changes liability limits; (3) purchases a new policy. The new law applies to all policies currently in force, as well as those written on or after 8/15/99.

**NECESSARY ACTION:**

Circulate this Technical Advisory to all agency staff who handle automobile insurance.