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**SUBJECT:** Economic Only Uninsured/Underinsured Motorists Coverage

**BACKGROUND:** Act 1476, the Omnibus Premium Reduction Act (OPRA) of the 1997 Regular Session of the Louisiana Legislature, became effective September 6, 1998.

Section 3 of OPRA amended Louisiana RS 22:1406D(1)(a) to grant insurers the option to offer "economic-only" UM coverage to their insureds.

**MAIN POINTS:** Some insurers have been using economic-only uninsured / underinsured motorists coverage endorsements, which define the term "uninsured motor vehicle" as a vehicle which has no insurance or whose insurance coverage is **less than the economic loss** suffered by the insured. The Louisiana Department of Insurance (LDI) has found that these policies do not meet the legal definition established in the statute. The statute defines uninsured motorists to include vehicles with coverage "**less than the amount of damages** suffered by an insured and/or the passengers in the insured's vehicle." Insurers may not issue new or renewal policies with this prohibited language after December 31, 2001.

The effect of this change is to permit an underinsured motorist to collect non-economic losses from the underinsured motorist and still collect under their own economic-only underinsured motorists coverage.

**NECESSARY ACTION:** Distribute this Technical Advisory and the attached LDI bulletin to appropriate personnel who handle automobile insurance coverage.