

**Independent Insurance Agents & Brokers of Louisiana**  
**9818 Bluebonnet Boulevard**  
**Baton Rouge, Louisiana 70810**  
**www.IIABL.com**  
**(225) 819-8007**

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**Subject:** Financial Liability Limits Moving from 10/20/10 to 15/30/25

**Background:** We are fast approaching the implementation date of Louisiana's new and higher minimum liability auto insurance limits. This is the first change in limits since September 1984. The Legislature made this change as the result of the increase in the cost of automobiles, auto repairs and medical care over the same 25 year period.

**Main Points:** Effective January 1, 2010, the minimum financial responsibility limits for automobile insurance will increase from \$10,000 bodily injury liability per person, \$20,000 bodily injury liability total for two or more persons, \$10,000 property damage liability (10/20/10) to \$15,000 bodily injury liability per person, \$30,000 bodily injury liability total for two or more persons, \$25,000 property damage liability (15/30/25). The legislation that increased these limits was Acts 2008 No. 921 of the Louisiana Legislature (now LSA-R.S. 32:900). The increased limits from 10/20/10 to 15/30/25 will begin with new business effective January 1, 2010, and on renewal business on or after January 1, 2010.

One area that has elicited questions and concerns is the uninsured/underinsured (UM/UIM) motorist coverage form. After January 1, 2010, a new UM/UIM motorist coverage form may be required at the time of renewal of a motor vehicle insurance policy (and issuance of new policies) because changes to the liability limits have been made. One reason for requiring execution of a new UM/UIM motorist coverage form is that if the policyholder does not reject UM/UIM coverage under the new law, there is a potential for class action litigation after the effective date which could result in liability for insurance producers.

The approximate 50% of our state's policies that provide coverage at or above the new minimum limits will not require execution of a new UM/UIM motorist coverage form. Policies that provide only minimum limits coverage with UM/UIM coverage will also not require execution of a new UM/UIM motorist coverage form. However, policies providing minimum limits coverage without UM/UIM coverage will require execution of a new UM/UIM motorist coverage form. This is based on our interpretation of LSA-R.S. 22:1295 (1)(a)(ii), which states, "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 a new uninsured motorist selection form."

Provided below are practical examples of changes that will occur based on this new law:

- If a renewing policyholder has a 10/20/10 policy and has previously rejected UM/UIM coverage, a new UM/UIM motorist coverage form must either be completed and signed or the policy will be renewed and priced with 15/30/25 UM/UIM coverage because there has been a change in limits.

- If a renewing policyholder has a 10/20/10 policy and had previously selected 10/20/10 UM/UIM coverage, that policy should be renewed with 15/30/25 UM/UIM coverage limits without execution of a new UM/UIM motorist coverage form.
- If the previous policy coverage was at or above 15/30/25 with UM/UIM coverage at or above 15/30/25, no new UM/UIM motorist coverage form is required.
- If the previous policy coverage was at or above 15/30/25 with UM/UIM coverage of 10/20/10, the new UM/UIM coverage limits are raised to 15/30/25. No new form is needed due to no change in limits of liability.
- If a renewing policyholder has a 10/20/10 policy and had previously selected economic only UM/UIM coverage, that policy should be renewed with 15/30/25 UM/UIM coverage limits and the policyholder must execute a new UM/UIM motorist coverage form because there has been a change in limits or the policy will be renewed and priced with 15/30/25 UM/UIM coverage.
- If a renewing policyholder had coverage at or above 15/30/25 and had previously selected economic only UM/UIM coverage, no new form is needed due to no change in limits of liability.
- Uninsured motorist property damage (UMPD) coverage will increase from \$10,000 minimum coverage to \$25,000 minimum coverage. Policies with \$10,000 UMPD limits should be increased to \$25,000 minimum limits.

**Necessary  
Action:**

**The key point is that if a policyholder had rejected UM/UIM coverage under the previous 10/20/10 limits, then a new UM/UIM coverage form must be completed or the policy renewal must include UM/UIM coverage at the new 15/30/25 liability limits. Also, UMPD limits shall be increased from \$10,000 to \$25,000. Both are effective January 1, 2010.**

**Circulate this Technical Advisory to all personal line employees.**