

2023 First Extraordinary Session

HOUSE BILL NO. 1

BY REPRESENTATIVE ZERINGUE

APPROPRIATIONS/GENERAL: Appropriates funding for the Insure Louisiana Incentive Program

1 AN ACT

2 To appropriate funds for Fiscal Year 2022-2023, relative to the Insure Louisiana Incentive
3 Program; to impose restrictions on the use of such appropriation; to require reports
4 relative to the use of such appropriation; to direct the state treasurer to transfer
5 certain sums into the program fund for the execution of the appropriation; to provide
6 for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. The following sum is hereby appropriated from the source specified for the
9 purpose of making a supplemental appropriation for Fiscal Year 2022-2023 to the
10 Department of Insurance.

11 ELECTED OFFICIALS

12 DEPARTMENT OF INSURANCE

13 04-165 COMMISSIONER OF INSURANCE

14 EXPENDITURES:

15 Administrative/Fiscal Program for the Insure
16 Louisiana Incentive Program \$ 45,000,000

17 TOTAL EXPENDITURES \$ 45,000,000

18 MEANS OF FINANCE:

19 State General Fund by:
20 Statutory Dedications:
21 Insure Louisiana Incentive Fund \$ 45,000,000

22 TOTAL MEANS OF FINANCING \$ 45,000,000

23 Provided, however, that funds appropriated herein to the Administrative/Fiscal Program for
24 the Insure Louisiana Incentive Program, shall be used to award grants only to insurers
25 licensed in Louisiana possessing a minimum financial strength rating of AM Best "B+" or
26 a Demotech financial stability rating of "A". Additionally, at least fifty percent of such

1 funds shall be used to award grants to companies with a minimum financial strength rating
2 of AM Best "B+". If an insurer applies for a grant prior to obtaining a license to write
3 policies in Louisiana, such insurer shall have a minimum financial strength rating of AM
4 Best "A".

5 Provided further that the commissioner shall expedite to the greatest extent possible the
6 approval of certificates of authority, rate filings, form filings, and other necessary regulatory
7 approvals of qualified insurers to facilitate the underwriting of new policies pursuant to the
8 program as quickly as possible and shall monitor the financial solvency of insurers that are
9 issued a grant pursuant to the program. Such monitoring shall include an evaluation of the
10 adequacy of insurer reinsurance programs using catastrophe model stress tests against the
11 insurer's book of business. The commissioner shall take whatever action is necessary to
12 ensure that insurers receiving grants pursuant to the program remain financially solvent.

13 Provided further that the commissioner shall submit annual and quarterly reports on the
14 Insure Louisiana Incentive Program to the House Committee on Appropriations, the Senate
15 Committee on Finance, and the House and Senate committees on insurance containing
16 information for the preceding year and quarter, respectively, detailing: the amount of
17 premiums written, by parish and by grantee, pursuant to the program; the amount of
18 premiums, by parish and by grantee, for property located in the parishes included in the
19 federal Gulf Opportunity Zone Act of 2005; the amount of premiums, by parish and by
20 grantee, removed from the Louisiana Citizens Property Insurance Corporation; and the total
21 amount of premiums for each grantee, by parish, inclusive of premiums written pursuant to
22 the program.

23 Section 2. The state treasurer is hereby authorized and directed to transfer \$45,000,000
24 to the Insure Louisiana Incentive Fund from the state general fund out of FY 2022-2023
25 excess state general fund monies recognized by the Revenue Estimating Conference at its
26 December 15, 2022, meeting.

27 Section 3. This Act shall become effective upon signature by the governor or, if not
28 signed by the governor, upon expiration of the time for bills to become law without signature
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
30 vetoed by the governor and subsequently approved by the legislature, this Act shall become
31 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 1 Original

2023 First Extraordinary Session

Zeringue

Abstract: Transfers \$45 M from the State General Fund into the Insure La. Incentive Fund and appropriates the funding, with certain restrictions and reporting requirements, to the Dept. of Insurance for implementation and execution of the Insure La. Incentive Program.

Proposed law directs the state treasurer to transfer \$45 M from the state general fund into the Insure La. Incentive Fund.

Proposed law appropriates \$45 M of budget authority to the Dept. of Insurance out of the Insure La. Incentive Fund for implementation and execution of the Insure La. Incentive Program. Requires that funds be used to award grants only to insurers licensed in Louisiana possessing a minimum financial strength rating of AM Best "B+" or a Demotech financial stability rating of "A". Further requires that at least fifty percent of such funds be used to award grants to companies with a minimum financial strength rating of AM Best "B+". Provides that if an insurer applies for a grant prior to obtaining a license to write policies in Louisiana, such insurer shall have a minimum financial strength rating of AM Best "A".

Further requires the commissioner to expedite to the greatest extent possible the approval of certificates of authority, rate filings, form filings, and other necessary regulatory approvals of qualified insurers to facilitate the underwriting of new policies pursuant to the program as quickly as possible and to monitor the financial solvency of insurers that are issued a grant pursuant to the program. Provides such monitoring shall include an evaluation of the adequacy of insurer reinsurance programs using catastrophe model stress tests against the insurer's book of business. Requires the commissioner to take whatever action is necessary to ensure that insurers receiving grants pursuant to the program remain financially solvent.

Additionally requires that the Dept. of Insurance submit annual and quarterly reports on the program to the House Committee on Appropriations, the Senate Committee on Finance, and the House and Senate committees on insurance detailing the amount of premiums written by parish pursuant to the program; the amount of premiums by parish for property located in the parishes included in the federal Gulf Opportunity Zone Act of 2005; the amount of premiums by parish removed from the Louisiana Citizens Property Insurance Corporation; and the total amount of premiums by parish, inclusive of premiums written pursuant to the program.

Effective upon signature of the governor or lapse of time for gubernatorial action.