

2019 Regular Session

HOUSE RESOLUTION NO. 255

BY REPRESENTATIVE JORDAN

A RESOLUTION

To urge and request the Louisiana Department of Insurance to study the desirability and feasibility of the state regulation of private market flood insurance and to report the findings of the study to the legislative committees on insurance.

WHEREAS, flood insurance protects home and business owners from specific flood events; and

WHEREAS, flood insurance is available through the National Flood Insurance Program and private insurers, including surplus lines insurers; and

WHEREAS, a standard homeowner's or renter's policy does not provide coverage for damages sustained from a flood; and

WHEREAS, the National Flood Insurance Program is a federal program that provides flood insurance to property owners, renters, and businesses and is the main provider of residential flood insurance in the United States; and

WHEREAS, Louisiana is the largest recipient of funds from the National Flood Insurance Program, and nearly half a million Louisiana residents are insured through the program; and

WHEREAS, National Flood Insurance Program policies provide coverage for one building per policy and ten percent for a detached garage, but do not provide coverage for detached structures, basements, and some other structures; and

WHEREAS, surplus lines insurers are required to be registered with the Louisiana Department of Insurance but are not required to submit to rate and policy review and are not subject to some Louisiana insurance laws; and

WHEREAS, the Louisiana Insurance Guaranty Association, which pays claims if a standard insurance company becomes insolvent, does not cover policies written by surplus lines insurers; and

WHEREAS, the private flood insurance market is small and there is a large flood insurance protection gap in the United States; and

WHEREAS, there is increased interest from private insurers to provide flood protection, and an increase in private flood insurance could give policyholders more choices for coverage and reduce premiums; and

WHEREAS, the purpose of the Louisiana Insurance Code, comprising Title 22 of the Louisiana Revised Statutes of 1950, is to regulate the insurance industry in all of its phases; and

WHEREAS, there is currently no regulatory framework within the Louisiana Insurance Code specifically for private flood insurance; and

WHEREAS, the Department of Insurance works diligently to balance the needs of insurance consumers with the insurance industry's need to run a competitive business; and

WHEREAS, as a regulator, the department enforces the laws that provide a fair and stable marketplace with transparent rules so one insurer does not have an unfair competitive advantage over other insurers.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the Department of Insurance to study the desirability and feasibility of the state regulation of private market flood insurance.

BE IT FURTHER RESOLVED that, in carrying out the purposes of this Resolution, the Department of Insurance shall engage and solicit input, recommendations, and advice from all interested parties and stakeholders.

BE IT FURTHER RESOLVED that, in conducting the study required by this Resolution, the Department of Insurance shall survey the laws and best practices in other states.

BE IT FURTHER RESOLVED that the department shall submit a written report of its findings and recommendations, including proposed legislation if necessary, to the House Committee on Insurance and Senate Committee on Insurance no later than February 1, 2020. The department may render objective, fiscally feasible recommendations to the legislature for implementation of policies that could be adopted by the state.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of insurance.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES