

2023 Regular Session

HOUSE BILL NO. 569

BY REPRESENTATIVE THOMPSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE: Provides relative to homeowners' insurance

1 AN ACT

2 To amend and reenact R.S. 22:1265(D) and 1333(C) and to repeal R.S. 22:1265(F) and (H)
3 and 1333(D) and (F), relative to homeowners' insurance policies; to provide with
4 respect to property, casualty, and liability insurers' rights for cancellation and
5 nonrenewal of policies; to repeal relative to certain filings of insurers to the
6 commissioner of insurance; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:1265(D) and 1333(C) are hereby amended and reenacted to read
9 as follows:

10 §1265. Property, casualty, and liability insurance policies; cancellation and
11 nonrenewal provisions; nonrenewal for rate inadequacy; certain prohibitions

12 * * *

13 D. ~~No~~ An insurer providing property, casualty, or liability insurance shall not
14 cancel or fail to renew a homeowner's policy of insurance ~~or to increase the policy~~
15 ~~deductible~~ that has been in effect and renewed for more than three years unless based
16 on nonpayment of premium, fraud of the insured, a material change in the risk being
17 insured, two or more claims within a continuous three-year period of time within the
18 five years preceding the current policy renewal date, or if continuation of such policy
19 endangers the solvency of the insurer. This Subsection ~~shall~~ does not apply to an
20 insurer that withdraws from the homeowners' insurance market in this state or to

1 modification of policy deductibles ~~increased~~ for all homeowners' insurance policies
 2 in this state. For the purposes of this Subsection, an incident ~~shall be~~ is deemed a
 3 claim only when there is a demand for payment by the insured or the insured's
 4 representative under the terms of the policy. A report of a loss or a question relating
 5 to coverage ~~shall~~ does not independently establish a claim. As used in this
 6 Subsection, the phrase "two or more claims within a continuous three-year period of
 7 time within the five years preceding the current policy renewal date" ~~shall~~ does not
 8 include any loss incurred or arising from an "Act of God" incident which is due
 9 directly to forces of nature and exclusively without human intervention.

* * *

11 §1333. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in
 12 insured's file prohibited; certain prohibitions

* * *

14 C. ~~No~~ An insurer providing property, casualty, or liability insurance shall not
 15 cancel or fail to renew a homeowner's policy of insurance ~~or to increase the policy~~
 16 ~~deductible~~ that has been in effect and renewed for more than three years unless based
 17 on nonpayment of premium, fraud of the insured, a material change in the risk being
 18 insured, two or more claims within a continuous three-year period of time within the
 19 five years preceding the current policy renewal date, or if continuation of such policy
 20 endangers the solvency of the insurer. This Subsection ~~shall~~ does not apply to an
 21 insurer that withdraws from the homeowners' insurance market in this state or to
 22 modification of policy deductibles ~~increased~~ for all homeowners' insurance policies
 23 in this state. For the purposes of this Subsection, an incident ~~shall be~~ is deemed a
 24 claim only when there is a demand for payment by the insured or the insured's
 25 representative under the terms of the policy. A report of a loss or a question relating
 26 to coverage ~~shall~~ does not independently establish a claim. As used in this
 27 Subsection, the phrase "two or more claims within a continuous three-year period of
 28 time within the five years preceding the current policy renewal date" ~~shall~~ does not

1 include any loss incurred or arising from an "Act of God" incident which is due
2 directly to forces of nature and exclusively without human intervention.

3 * * *

4 Section 2. R.S. 22:1265(F) and (H) and 1333(D) and (F) are hereby repealed in their
5 entirety.

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 569 Engrossed

2023 Regular Session

Thompson

Abstract: Modifies relative to property, casualty, and liability insurance providers with respect to the cancellation and nonrenewal of policies and policy deductibles.

Present law (R.S. 22:1265(D) and 1333(C)) prohibits insurers providing property, casualty, and liability insurance from cancelling or nonrenewing a homeowner's policy or increasing a policy deductible that has been in effect and renewed for more than 3 years, unless certain circumstances apply.

Proposed law deletes an insurer's present law prohibition against increasing deductibles for homeowners' policies in effect and renewed for more than 3 years.

Present law provides that the present law prohibition does not apply to an insurer that increases policy deductibles for all homeowners' insurance policies in this state

Proposed law amends to provide that the present law prohibition does not apply to modifications of policy deductibles for homeowners' insurance policies.

Present law (R.S. 22:1265(F) and 1333(D)) authorizes an insurer to file with the commissioner of insurance certain rating plans as a request to change the policy deductible to a total deductible of not more than 4% of the value of property being insured for named storms or hurricanes on a homeowner's policy that has been in effect for more than 3 years. Requires the insurer to include in its filing the details of the insurer's plan to write new business in the particular region or area of the state in which the new deductible will apply.

Present law requires the commissioner to base his approval on the insurer's commitment to the writing of new business in the respective region or area in which the new deductible will apply. Authorizes the commissioner to approve a filing that he determines is in the best interest of policyholders and further authorizes the commissioner to subsequently rescind approval of any filing if the insurer fails to write new business in accordance with the plan.

Present law provides that any business plan is considered proprietary or trade secret pursuant to present law. Requires the commissioner to provide an annual report to the legislative committees on insurance on the application and effectiveness of the provisions of present law and requires the commissioner to promulgate regulations in accordance with the APA setting forth the criteria for the filings he deems necessary to act on the insurer's request.

Present law requires the insurer to itemize to the insured the premium savings based on the increase in the insured's deductible.

Proposed law repeals present law (R.S. 22:1265(F) and 1333(D)).

Present law requires any company that makes a filing in accordance with present law (R.S. 22:1265(H) and 1333(F)) to reduce the rates paid by the individual homeowner by the amount determined to be actuarially justified by the commissioner.

Proposed law repeals present law (R.S. 22:1265(H) and 1333(F)).

Proposed law makes technical changes.

(Amends R.S. 22:1265(D) and 1333(C); Repeals R.S. 22:1265(F) and (H) and 1333(D) and (F))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Delete the present law prohibition against insurers increasing deductibles for homeowners' policies in effect and renewed for more than 3 years.
2. Provide that present law does not apply to modifications of policy deductibles for homeowners' insurance policies.
3. Retain certain present law provisions.
4. Make technical changes.