

2024 Regular Session

SENATE BILL NO. 113

BY SENATOR TALBOT

PROPERTY INSURANCE. Provides the Louisiana Insurance Guaranty Association and the Louisiana Citizens Property Insurance Cooperation exceptions from liability for certain property insurance claims.

1 AN ACT

2 To amend and reenact R.S. 22:1892(H), 1892.2(F), and 2303(A)(1), relative to Louisiana
3 Citizens Property Insurance Corporation; to provide for liability; to provide for rates;
4 and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1892(H), 1892.2(F), and 2303(A)(1) are hereby amended and
7 reenacted to read as follows:

8 §1892. Payment and adjustment of claims; policies other than life and health and
9 accident; **good faith duty; breach of good faith duty;** vehicle
10 damage claims; extension of time to respond to claims during
11 emergency or disaster; penalties; arson-related claims suspension;
12 **definitions**

13 * * *

14 H. The Louisiana Insurance Guaranty Association, as provided in R.S.
15 22:2051 et seq., and the Louisiana Citizens Property Insurance Corporation, as
16 provided in R.S. 22:2291 et seq., shall not be subject to the provisions of Code of
17 Civil Procedure Article 591 et seq., or any other provision allowing a class action,

1 for any damages including any penalties awarded pursuant to the provisions of this
 2 Section. The Louisiana Insurance Guaranty Association, as provided in R.S.
 3 22:2051 et seq., shall also not be liable for any special damages or penalties
 4 provided for in this Section. The Louisiana Citizens Property Insurance
 5 Corporation, as provided in R.S. 22:2291 et seq., shall not be liable for damages
 6 in excess of the policy's limit.

7 * * *

8 §1892.2. Catastrophic loss claims settlement practices; penalties and attorney fees

9 * * *

10 F. The Louisiana Insurance Guaranty Association, as provided in R.S.
 11 22:2051 et seq., and the Louisiana Citizens Property Insurance Corporation, as
 12 provided in R.S. 22:2291 et seq., shall not be subject to the provisions of Code of
 13 Civil Procedure Article 591 et seq., or any other provision allowing a class action,
 14 for any damages, that includes any penalties awarded pursuant to the provisions of
 15 this Section. The Louisiana Insurance Guaranty Association, as provided in R.S.
 16 22:2051 et seq., shall also not be liable for any special damages or penalties provided
 17 for in this Section. The Louisiana Citizens Property Insurance Corporation, as
 18 provided in R.S. 22:2291 et seq., shall not be liable for damages in excess of the
 19 policy's limit.

20 * * *

21 §2303. Rates, rating plans, and rate rules applicable

22 A.(1) As residual markets, the plans made available by the Louisiana Citizens
 23 Property Insurance Corporation are not intended to offer rates competitive with the
 24 voluntary market. Rates for policies issued under the Coastal Plan and the FAIR Plan
 25 shall be set by the governing board of the Louisiana Citizens Property Insurance
 26 Corporation, adjusted annually, and for policies issued or renewed in 2025, except
 27 for policies covering properties located in the parishes included in the federal
 28 Gulf Opportunity Zone Act of 2005 in Louisiana, shall exceed by at least ~~ten~~ five
 29 percent the higher of (a) the actuarially justified rate or (b) the highest rates charged

1 among assessable insurers that have a minimum of two percent of the total direct
 2 written premium in each respective parish for that line of business in the preceding
 3 year, or, with respect to personal lines property insurance, excluding wind and hail
 4 policies, only, (c) the highest rates charged among assessable insurers in each
 5 respective parish which in the preceding year increased by at least twenty-five
 6 additional personal lines property insurance policies, excluding wind and hail
 7 policies, in such parish, the total number of such policies in effect for the parish over
 8 the year before. **Rates for policies issued or renewed in 2025 covering property**
 9 **located in the parishes included in the federal Gulf Opportunity Zone Act of**
 10 **2005 in Louisiana shall not include the rate increase provided for in this**
 11 **Paragraph. Rates for policies issued or renewed on or after January 1, 2026 for**
 12 **policies covering properties located in any parish shall include the rate increase**
 13 **provided for in this Paragraph.** Such rates shall include an appropriate catastrophe
 14 loading factor and may include rules for classification of risks insured hereunder and
 15 rate modifications hereof.

16 * * *

17 Section 2. The provisions of this Act are intended to and shall supersede the
 18 provisions of Senate Bill 323 of the 2024 Regular Session of the Louisiana
 19 Legislature to the extent which they conflict.

20 Section 3. This Act shall become effective on July 1, 2024. If vetoed by the
 21 governor and subsequently approved by this legislature, this Act shall become
 22 effective on the day following such approval or July, 1, 2024, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Beth O'Quin.

DIGEST

SB 113 Reengrossed

2024 Regular Session

Talbot

Present law provides an exemption from class actions and penalties awarded pursuant to present law for the La. Insurance Guaranty Association and the La. Citizens Property Insurance Corporation.

Proposed law retains present law but adds certain exemptions for property damages for the La. Insurance Guaranty Association and for the La. Citizens Property Insurance Corporation for damages relative to claims.

Present law provides certain exemptions for property damages for the La. Insurance Guaranty Association and for the La. Citizens Property Insurance Corporation for damages relative to catastrophic claims.

Proposed law specifically provides that La. Citizens Property Insurance Corporation shall not be liable for damages in excess of policy limits.

Present law provides policies issued or renewed are required to be at least 10% higher in accordance with present law and provides applicable rate rules for the La. Citizens Property Insurance Corporation.

Proposed law retains present law but changes the rate requirement rates for the La. Citizens Property Insurance Corporation from 10% to 5%, except for certain properties located in the parishes included in the federal Gulf Opportunity Zone Act of 2005 in Louisiana. Proposed law provides rate requirements for certain policies issued or renewed by the La. Citizens Property Insurance Corporation.

Effective July 1, 2024.

(Amends R.S. 22:1892(H), 1892.2(F), 2303(A)(1))

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Adds certain exemptions for property damages for the La. Insurance Guaranty Association and for the La. Citizens Property Insurance Corporation for damages relative to claims.
2. Adds certain exemptions for property damages for the La. Insurance Guaranty Association and for the La. Citizens Property Insurance Corporation for damages relative to catastrophic claims.
3. Changes the rate requirement for the La. Citizens Property Insurance Corporation from 10% to 5%, except for properties located in the parishes included in the federal Gulf Opportunity Zone Act of 2005 in Louisiana.
4. Provides rate requirements for certain policies issued or renewed by the La. Citizens Property Insurance Corporation.
5. Provides for an effective date.
6. Makes technical changes.