
DIGEST

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K. Carter

HB No. 113

Abstract: Authorizes the attorney general to issue cease and desist orders to stop the practice of canceling or nonrenewing homeowners' policies due to the risk of hurricanes.

Proposed law provides for legislative findings and purposes that necessitates empowering the attorney general to issue cease and desist orders to stop the practice of canceling and nonrenewing homeowners' insurance policies.

Proposed law prohibits insurers who were doing business on August 28, 2005, from canceling or nonrenewing homeowners' policies on the basis of hurricane risk unless authorized by the attorney general. Requires cancellations and nonrenewals to be substantiated in writing by underwriting rules filed with and accepted by the department.

Proposed law applies to "personal lines residential property insurance", which includes homeowners', condominium unit owners', and mobile homeowners'. Excludes commercial and auto coverages.

Proposed law provides that the prohibition on cancellation and nonrenewal does not apply if the insurer demonstrates it is necessary to avoid unreasonable risk of insolvency.

Proposed law provides that insurers shall not be required to risk more than its total surplus to a probable maximum loss from one Louisiana hurricane loss event.

Proposed law requires the attorney general, under certain circumstances, to order a withdrawal schedule for an insurance company that avoids unnecessary market disruption or exposure to the insureds.

Proposed law requires the attorney general to respond within 60 days to an application for a waiver.

Proposed law requires the Department of Insurance to provide the expertise needed to administer proposed law.

Proposed law provides that it can only be implemented by written cease and desist order by the attorney general issued during the period of a gubernatorially declared emergency or disaster.

Proposed law provides that the cease and desist order terminates 180 days from issuance unless an earlier date is specified in the order.

Proposed law provides that a violation of proposed law or an order of the attorney general is an unfair and deceptive act or practice.

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

(Adds R.S. 51:1422)