

Regular Session, 2013

HOUSE BILL NO. 227

BY REPRESENTATIVE LORUSSO

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

INSURANCE/PROPERTY: Changes requirements relative to Property Insurance Association of Louisiana

1 AN ACT

2 To amend and reenact R.S. 22:1460(B)(2)(introductory paragraph) and (h), (3), and (E) and  
3 to repeal R.S. 22:1460(D)(3), relative to the Property Insurance Association of  
4 Louisiana; to change membership requirements; to change requirements of  
5 operation; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1460(B)(2)(introductory paragraph) and (h), (3), and (E) are  
8 hereby amended and reenacted to read as follows:

9 §1460. Fire insurance rates; the Property Insurance Association of Louisiana

10 \* \* \*

11 B.

12 \* \* \*

13 (2) The board of directors of the association shall ~~be residents of this state~~  
14 ~~and~~ consist of nineteen members, as follows:

15 \* \* \*

16 (h) Nine members who shall be elected from and by the membership of the  
17 association. These nine members shall ~~be properly apportioned as between~~ include  
18 representatives of stock and nonstock members predicated with consideration given  
19 to on the ratio of their net direct fire insurance premiums, less returned premiums,  
20 for the most recently available calendar year ~~immediately preceding said election.~~

1 ~~Said net~~ Such direct fire insurance premiums, less returned premiums, shall be  
2 furnished the association by the commissioner of insurance.

3 \* \* \*

4 (3) Each board member shall be entitled to one vote, except that the  
5 legislative members serving pursuant to ~~Subparagraphs (f) and (g) of Paragraph (2)~~  
6 ~~of this Subsection~~ Subpragraphs (B)(3)(f) and (g) shall be nonvoting members who  
7 shall also not be counted for the purposes of a quorum. The officers shall consist of  
8 a president, vice president, and secretary-treasurer. The bylaws may provide for  
9 such other officers and employees as may be deemed necessary or advisable. The  
10 main office of the association shall be in the ~~city of New Orleans~~ state of Louisiana,  
11 and branch offices may be established throughout this state.

12 \* \* \*

13 E.(1) Expenses of the association shall be paid by its members and  
14 subscribers through assessments levied upon them by the association equitably in  
15 proportion to services rendered by the association to the individual member which,  
16 insofar as possible, shall be in proportion to the direct premiums, less returned  
17 premiums, ~~received~~ written on properties located in this state by each insurer in the  
18 year before the preceding year, provided that any insurer member which has not  
19 operated in this state for the two full years next preceding the assessment shall be  
20 required to pay a proportionate payment based upon that part of the penultimate year  
21 it was operating in this state. Members who deviate from association rates shall be  
22 assessed on an amount of premium that would have been received had the  
23 association rates been charged. Any member-insurer may appeal to the  
24 commissioner of insurance to review and modify its assessment to assure that the  
25 assessment complies with the provisions of this Section. Credit in assessment shall  
26 not be taken for dividends paid to policyholders. The association shall have the right  
27 to charge subscribers for services rendered, and to charge members and subscribers  
28 reasonable entrance and annual membership and subscription fees.

1           (2) Upon the failure of any member or subscriber of the association to pay  
2           its lawful proportion of the said expenses and the fees due by it, within thirty days  
3           after the same is due and payable, the association ~~shall~~ may refuse to furnish its  
4           services to the said delinquent and ~~shall~~ may report such delinquency to the  
5           commissioner of insurance, who for such delinquency ~~shall~~ may suspend or revoke  
6           the license of the delinquent member insurer.

7   \*       \*       \*

8           Section 2. R.S. 22:1460(D)(3) is hereby repealed in its entirety.

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#### 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)]

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Lorusso

HB No. 227

**Abstract:** Changes membership and operation requirements for Property Insurance Association of Louisiana.

Present law requires that board members of the Property Insurance Association of Louisiana be Louisiana residents.

Proposed law deletes this requirement.

Present law requires that nine members of the Property Insurance Association of Louisiana be elected by the membership of the association, with these nine members consisting of properly apportioned stock and non-stock members, based upon the ratio of net fire insurance premiums in the year preceding the election of such members.

Proposed law changes present law to require that the nine member-elected members of the board simply consist of stock and non-stock members, with consideration given to their direct fire insurance premiums, less returned premiums, for the most recent calendar year.

Present law requires the main office of the Property Insurance Association of Louisiana to be located in the city of New Orleans.

Proposed law allows the main office of the Property Insurance Association of Louisiana to be located anywhere in the state of Louisiana.

Present law lists one of the powers of the Property Insurance Association of Louisiana as the right to audit, on special call by the association, policies written by member companies in compliance with filings made in accordance with present law.

Proposed law removes this power from the enumerated list of the association's powers and duties.

Present law requires the association to refuse to continue furnishing its services to member-insurers that become delinquent in the payment of such member's lawful portion of fees and

expenses. Further requires the association to suspend or revoke the license of the delinquent member insurer.

Proposed law changes the requirement in present law to an option that the association may make upon its own discretion.

(Amends R.S. 22:1460(B)(2)(intro. para.) and (h), (3), and (E); Repeals R.S. 22:1460(D)(3))