

Regular Session, 2014

HOUSE BILL NO. 549

BY REPRESENTATIVE BROSSETT

INSURANCE/PROPERTY: Provides relative to disclosures for windstorm insurance

1 AN ACT

2 To amend and reenact R.S. 22:1333(D) and to enact R.S. 22:1337(D), relative to disclosures
3 for windstorm insurance; to provide for uniform disclosure of deductibles to
4 policyholders; to cap the maximum deductible applicable to windstorms; and to
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1333(D) is hereby amended and reenacted and R.S. 22:1337(D)
8 is hereby enacted to read as follows:

9 §1333. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in
10 insured's file prohibited; certain prohibitions

11 * * *

12 D. Notwithstanding the provisions of Subsection C of this Section, an insurer
13 may make a filing with the commissioner pursuant to R.S. 22:1464 for authorization
14 to deviate from the provisions of Subsection C of this Section for the sole purpose
15 of changing the policy deductible to a total deductible of not more than ~~four~~ two
16 percent of the value of the property being insured for named storms or hurricanes on
17 a homeowner's policy of insurance ~~that has been in effect for more than three years.~~

18 Any insurer filing with the commissioner pursuant to this Subsection shall file with
19 the commissioner a business plan setting forth the insurer's plan to write new
20 business in the particular region or area of the state in which the new deductible is

1 to apply. The commissioner's approval is to be based on the insurer's commitment
 2 to the writing of new business in the respective region or area of the state in which
 3 the new deductible is to apply. The commissioner may also approve a filing that he
 4 determines to be in the best interest of the policyholders. The commissioner may
 5 subsequently rescind his approval of any filing made pursuant to this Subsection in
 6 the event the insurer fails to write new business in accordance with the business plan.
 7 Any business plan filed shall be considered proprietary or trade secret pursuant to
 8 information under the provisions of R.S. 44:3.2 and the Uniform Secrets Act. The
 9 commissioner shall provide an annual report to the legislative committees on
 10 insurance on the application and effectiveness of the provisions of this Section. The
 11 commissioner shall promulgate regulations pursuant to the Administrative Procedure
 12 Act setting forth the criteria for the filing, including any financial or other
 13 requirements that he deems necessary to act on the request by an insurer. Any
 14 regulation promulgated by the commissioner pursuant to this Subsection shall
 15 require the insurer to itemize to the insured the premium savings based on the
 16 increase in the insured's deductible.

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18 §1337. Homeowners' insurance deductibles applied to named-storms, hurricanes,
 19 and wind and hail deductibles; required notice to policyholders

* * *

21 D. (1) The commissioner of insurance shall promulgate rules and regulations
 22 pursuant to the Administrative Procedure Act establishing disclosure requirements
 23 with respect to the operation of any deductible in a homeowner's insurance policy
 24 which applies as a result of a named storm or hurricane. Such rules and regulations
 25 shall prescribe the form of a notice to be provided by an insurer to an insured. The
 26 notice shall explain in clear and plain language the amount of the deductible subject
 27 to Paragraph (A)(3) of this Section, the circumstances under which the deductible
 28 applies and any other matters which the commissioner, in his discretion, shall deem
 29 necessary or appropriate.

- 1 (2) A separate deductible applicable to a homeowner's insurance policy shall
2 not be approved by the commissioner unless the deductible is applicable only to
3 losses incurred in a named storm or hurricane which causes wind speeds of one
4 hundred twenty-five miles or greater per hour to occur within the state.
- 5 (3) The maximum deductible allowed shall not be greater than two percent
6 and shall be stated on the policy in numerical terms.
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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)]

Brossett

HB No. 549

Abstract: Sets the maximum deductible that an insurer may charge a policyholder at two percent of the value of the property being insured for claims made under a homeowner's policy for losses incurred in a hurricane with wind speeds of 125 miles or greater per hour, and requires insurers to provide policyholders disclosure notices approved by the commissioner of insurance regarding the applicability of the deductible.

Present law provides that insurers may charge a total deductible of up to 4% of the value of the property being insured for named storms or hurricanes on a homeowner's policy of insurance in effect for three years or longer under certain circumstances.

Proposed law provides instead that the maximum deductible that insurers may charge is 2% of the value of the property being insured for named storms or hurricanes on a homeowner's policy of insurance regardless of how long the policy has been in effect, under certain circumstances.

Present law provides that an insurer may charge a separate deductible for losses incurred in a named storm or hurricane.

Proposed law provides that an insurer may charge a separate deductible for losses incurred in a named storm or hurricane which causes wind speeds of 125 miles or greater per hour to occur within the state.

Proposed law requires that an insurer provide to each policyholder a notice approved by the commissioner of insurance that explains to the policyholder the circumstances under which the separate deductible applies.

(Amends R.S. 22:1333(D); Adds R.S. 22:1337(D))