

2021 Regular Session

HOUSE BILL NO. 451

BY REPRESENTATIVE DAVIS

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

INSURANCE/RATES: Provides for discounts and insurance rate reductions for residential and commercial buildings built to, or retrofitted to, reduce the threat of loss due to windstorm events

1 AN ACT

2 To amend and reenact R.S. 22:1483(C) and to enact R.S. 22:1483(D), relative to insurance  
3 discounts and rate reductions for residential and commercial buildings; to provide  
4 the requirements for buildings to qualify for the discount or rate reduction; and to  
5 provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1483(C) is hereby amended and reenacted and R.S. 22:1483(D)  
8 is hereby enacted to read as follows:

9 §1483. Premium discounts, credits, rate differentials, adjustments in deductibles,  
10 and other adjustments for compliance with building codes and for damage  
11 mitigation

12 \* \* \*

13 C.(1) After July 1, 2022 all insurers required to submit rating plans to the  
14 commissioner shall provide credits and discounts in compliance with the fortified  
15 home and fortified commercial standards created by the Institute for Business and  
16 Home Safety. Any homeowner who is currently receiving discounts pursuant to this  
17 Section may opt to maintain discounts offered prior to July 1, 2022, if the  
18 homeowner continues to meet the requirements to maintain such discounts, in lieu  
19 of the discount provided in this Subsection.

1           (2) To obtain a credit or discount provided in this Subsection, any insurable  
2           property located in this state shall be certified as constructed in accordance with the  
3           fortified home or fortified commercial standards provided by the Institute for  
4           Business and Home Safety.

5           (3) An insurable property shall be certified as in conformance with the  
6           fortified home or fortified commercial standards only after inspection and  
7           certification by an Institute for Business and Home Safety certified inspector.

8           (4) An owner of insurable property claiming a credit or discount shall  
9           maintain and provide certification records and construction records, including  
10          certification of compliance with the Institute for Business and Home Safety  
11          standards, for which it seeks a discount. Such documents may include but are not  
12          limited to receipts for contractors, receipts for materials, and records from local  
13          building officials.

14          (5) An owner of insurable property claiming a credit or discount shall  
15          maintain the Institute for Business and Home Safety certification documents, which  
16          shall be considered evidence of compliance with the fortified home or fortified  
17          commercial standards. The certification shall be presented to the insurer or potential  
18          insurer of a property owner before the adjustment becomes effective for the insurable  
19          property along with any other necessary records.

20          (6) The credit or discount shall apply only to policies that provide wind  
21          coverage and may apply to the portion of the premium for wind coverage or to the  
22          total premium, if the insurer does not separate out the premium for wind coverage  
23          in the rate filing. The adjustment shall apply exclusively to the premium designated  
24          for the improved insurable property. The adjustment is not required to be in addition  
25          to other mitigation adjustments provided by the insurer and shall be in lieu of those  
26          other adjustments, including those in place prior to January 1, 2022, if they are  
27          deemed to be duplicated.

28          (7) The records required by this Subsection shall be subject to audit by the  
29          commissioner.

1           (8) Nothing in this Section shall prohibit insurers from offering additional  
2           adjustments in deductible, other credit rate differentials, or a combination thereof.  
3           These adjustments shall be available under the terms specified in this Section to any  
4           owner who builds or locates a new insurable property in this state to resist loss due  
5           to hurricane, tornado, or other catastrophic windstorm events.

6           (9) For the purposes of this Subsection, insurable property shall include  
7           single-family residential property, commercial property, modular homes, and  
8           manufactured homes that may be retrofitted.

9           D. The commissioner of insurance, in consultation with the State Uniform  
10          Construction Code Council, shall, no later than January 1, 2008, promulgate rules  
11          and regulations in accordance with the Administrative Procedure Act to implement  
12          the provisions of this Section. The rules and regulations may include but not be  
13          limited to the following:

14                 (1) Provisions defining and delineating the criteria for discounts, credits, rate  
15                 differentials, adjustments in deductibles, or any other adjustments to reduce the  
16                 insurance premium and how such discounts, credits, rate differentials, adjustments  
17                 in deductibles, or any other adjustments are computed in determining their  
18                 application in each premium quoted.

19                 (2) Those items necessary for an insurer to compute or otherwise determine  
20                 the actuarially justified amount of any premium rate reduction, discount, credit, rate  
21                 differential, reduction in deductible, or other adjustment available to an insured.

22                 (3) Provisions establishing the inspection and certification requirements for  
23                 insureds who comply with the provisions of this Section.

24                 (4) Recordkeeping requirements for insurers.

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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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HB 451 Original

2021 Regular Session

Davis

**Abstract:** Provides for discounts and insurance rate reductions for residential and commercial buildings built to, or retrofitted to, reduce the threat of loss due to windstorm events.

Proposed law provides that after July 1, 2022, all insurers required to submit rating plans to the commissioner shall provide credits and discounts in compliance with the fortified home and fortified commercial standards created by the Institute for Business and Home Safety.

Proposed law provides that any homeowner currently receiving discounts under present law may opt to maintain discounts offered prior to July 1, 2022, so long as the homeowner continues to meet the requirements to maintain such discounts, in lieu of the discount provided in present law.

Proposed law provides that to obtain a credit or discount provided in proposed law, any insurable property located in this state shall be certified as constructed in accordance with the fortified home or fortified commercial standards provided by the Institute for Business and Home Safety.

Proposed law provides that an insurable property shall be certified as in conformance with the fortified home or fortified commercial standards only after inspection and certification by an Institute for Business and Home Safety certified inspector.

Proposed law provides that an owner of insurable property claiming a credit or discount shall maintain and provide certification records and construction records for which it seeks a discount.

Proposed law provides that an owner of insurable property claiming a credit or discount shall maintain the Institute for Business and Home Safety certification documents. The certification shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for the insurable property along with any other necessary records.

Proposed law provides that the credit or discount shall apply only to policies that provide wind coverage and may apply to the portion of the premium for wind coverage or to the total premium, if the insurer does not separate out the premium for wind coverage in the rate filing.

Proposed law provides that the records required in proposed law are subject to audit by the commissioner.

Proposed law provides that nothing in proposed law shall prohibit insurers from offering additional adjustments in deductible, other credit rate differentials, or a combination thereof.

Proposed law specifies that for the purposes of proposed law, insurable property shall include single-family residential property, commercial property, modular homes, and manufactured homes that may be retrofitted.

Proposed law makes technical changes.

(Amends R.S. 22:1483(C); Adds R.S. 22:1483(D))