

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

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1483(A) and (C) are hereby amended and reenacted and R.S.
8 22:1483(D) 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 A. Any insurer required to submit rates and rating plans to the commissioner
13 of insurance shall provide an actuarially justified discount, credit, rate differential,
14 adjustment in deductible, or any other adjustment to reduce the insurance premium
15 to insureds who build or retrofit a structure to comply with the requirements of the
16 State Uniform Construction Code or the Insurance Institute for Business and Home
17 Safety.

18 * * *

19 C.(1) After July 1, 2022, all insurers required to submit rating plans to the
20 commissioner may, if actuarially justified, provide credits and discounts in

1 compliance with the fortified home and fortified commercial standards created by
2 the Insurance Institute for Business and Home Safety. Any homeowner who is
3 currently receiving discounts pursuant to this Section may opt to maintain discounts
4 offered prior to July 1, 2022, if the homeowner continues to meet the requirements
5 to maintain such discounts, in lieu of the discount provided in this Subsection.

6 (2) To obtain a credit or discount provided in this Subsection, an insurable
7 property located in this state shall be certified as constructed in accordance with the
8 fortified home or fortified commercial standards provided by the Insurance Institute
9 for Business and Home Safety.

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

14 (4) An owner of insurable property claiming a credit or discount shall
15 maintain and provide certification records and construction records, including
16 certification of compliance with the Insurance Institute for Business and Home
17 Safety standards, for which the owner seeks a discount. Such documents may
18 include but are not limited to receipts for contractors, receipts for materials, and
19 records from local building officials.

20 (5) An owner of insurable property claiming a credit or discount shall
21 maintain the Insurance Institute for Business and Home Safety certification
22 documents, which shall be considered evidence of compliance with the fortified
23 home or fortified commercial standards. The certification shall be presented to the
24 insurer or potential insurer of a property owner before the adjustment becomes
25 effective for the insurable property along with any other necessary records.

26 (6) The credit or discount shall apply only to policies that provide wind
27 coverage and may apply to the portion of the premium for wind coverage or to the
28 total premium, if the insurer does not separate out the premium for wind coverage
29 in the rate filing. The adjustment shall apply exclusively to the premium designated

1 for the improved insurable property. The adjustment is not required to be in addition
2 to other mitigation adjustments provided by the insurer and shall be in lieu of those
3 other adjustments, including those in place prior to January 1, 2022, if they are
4 deemed to be duplicated.

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

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

12 (9) For the purposes of this Subsection, insurable property includes single-
13 family residential property, commercial property, modular homes, and manufactured
14 homes that may be retrofitted.

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

20 (1) Provisions defining and delineating the criteria for discounts, credits, rate
21 differentials, adjustments in deductibles, or any other adjustments to reduce the
22 insurance premium and how such discounts, credits, rate differentials, adjustments
23 in deductibles, or any other adjustments are computed in determining their
24 application in each premium quoted.

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

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

1 (4) Recordkeeping requirements for insurers.

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)]

HB 451 Reengrossed

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.

Present law provides that any insurer required to submit rates and rating plans to the commissioner of insurance shall provide an actuarially justified discount, credit, rate differential, adjustment in deductible, or any other adjustment to reduce the insurance premium to insureds who build or retrofit a structure to comply with the requirements of the State Uniform Construction Code.

Proposed law retains present law and provides that insurers required to submit rates and rating plans to the commissioner shall comply with the requirements of the State Uniform Construction Code or the Insurance Institute for Business and Home Safety.

Proposed law provides that after July 1, 2022, all insurers required to submit rating plans to the commissioner may, if actuarially justified, provide credits and discounts in compliance with the fortified home and fortified commercial standards created by the Insurance 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 may be certified as constructed in accordance with the fortified home or fortified commercial standards provided by the Insurance 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 Insurance 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 Insurance 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(A) and (C); Adds R.S. 22:1483(D))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.
2. Allow insurers required to submit rates and rating plans to the commissioner to either comply with the requirements of the State Uniform Construction Code or the Institute for Business and Home Safety.
3. Make the application of the credits and discounts by insurers in present law (R.S. 22:1483) permissive, rather than mandatory.

The House Floor Amendments to the engrossed bill:

1. Clarify that the Institute for Business and Home Safety referenced in proposed law is the Insurance Institute for Business and Home Safety.