

2022 Regular Session

SENATE BILL NO. 264

BY SENATOR BOUIE

INSURERS. Provides for minimum capital and surplus requirements for certain domestic insurers. (8/1/22)

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AN ACT

To amend and reenact R.S. 22:165(B) and to enact R.S. 22:81(D), 82(D) and (E), 111(D), 112(D) and (E), and 165(C), relative to capital and surplus requirements for certain domestic insurers; to provide for minimum requirements for domestic insurers writing homeowner's and fire and allied lines insurance; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:165(B) is hereby amended and reenacted and R.S. 22:81(D), 82(D) and (E), 111(D), 112(D) and (E), and 165(C) are hereby enacted to read as follows:

§81. Capital requirements; applicants prior to September 1, 1989

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D. Domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines prior to September 1, 1989, shall have paid-in capital, minimum surplus, and operating surplus in the amount of five million dollars on or after December 31, 2026, and ten million dollars on or after December 31, 2031.

§82. Capital requirements; applicants on and after September 1, 1989

* * *

D. Domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines after September 1, 1989, shall have paid-in capital, minimum surplus, and operating surplus in the amount of five million dollars on or after December 31, 2026, and ten million dollars on or after December 31, 2031.

E. Domestic stock insurers who apply for a certificate of authority on or after September 1, 2022, that includes the lines of homeowners' insurance or fire and allied lines shall have paid-in capital, minimum surplus, and operating surplus in the amount of ten million dollars.

* * *

§111. Surplus requirements; applicants prior to September 1, 1989

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D. Domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines prior to September 1, 1989, shall have initial minimum surplus and operating surplus in the amount of five million dollars on or after December 31, 2026, and ten million dollars on or after December 31, 2031.

§112. Surplus requirements; applicants on and after September 1, 1989

* * *

D. Domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines after September 1, 1989, shall have initial minimum surplus and operating surplus in the amount of five million dollars on or after December 31, 2026, and ten million dollars on or after December 31, 2031.

E. Domestic mutual insurers who apply for a certificate of authority on or after September 1, 2022, that includes the lines of homeowners' insurance or fire and allied lines shall have initial minimum surplus and operating surplus in the amount of ten million dollars.

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2 §165. Minimum application and surplus requirements

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4 ~~B. Insurers already organized and qualified under the laws of this state as of~~
5 ~~July 27, 1966, shall continue to have the same underwriting powers they had as of~~
6 ~~that date, provided all such insurers shall increase the surplus requirements to the~~
7 ~~amounts set out in Subsection A of this Section on or before August 1, 1967.~~

8 **Domestic reciprocal insurers authorized to transact homeowners' insurance or**
9 **fire and allied lines after August 1, 1967, shall have initial minimum surplus in**
10 **the amount of five million dollars on or after December 31, 2026, and ten**
11 **million dollars on or after December 31, 2031.**

12 **C. Domestic reciprocal insurers who apply for a certificate of authority**
13 **on or after September 1, 2022, that includes the lines of homeowners' insurance**
14 **or fire and allied lines shall have initial minimum surplus in the amount of ten**
15 **million dollars.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

SB 264 Original 2022 Regular Session Bouie

Proposed law requires that domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines prior to September 1, 1989, have paid-in capital, minimum surplus, and operating surplus in the amount of \$5,000,000 on or after December 31, 2026, and \$10,000,000 on or after December 31, 2031.

Proposed law requires that domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines after September 1, 1989, have paid-in capital, minimum surplus, and operating surplus in the amount of \$5,000,000 on or after December 31, 2026, and \$10,000,000 on or after December 31, 2031. Provides that domestic stock insurers who apply for a certificate of authority on or after September 1, 2022, which includes the lines of homeowners' insurance or fire and allied lines, have paid-in capital, minimum surplus, operating surplus in the amount of \$10,000,000.

Proposed law requires that domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines prior to September 1, 1989, have initial minimum surplus and operating surplus in the amount of \$5,000,000 on or after December 31, 2026, and \$10,000,000 on or after December 31, 2031.

Proposed law requires that domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines after September 1, 1989, have initial minimum surplus and operating surplus in the amount of \$5,000,000 on or after December 31, 2026, and

\$10,000,000 on or after December 31, 2031. Provides that domestic mutual insurers who apply for a certificate of authority on or after September 1, 2022, which includes the lines of homeowners' insurance or fire and allied lines, have initial minimum surplus and operating surplus in the amount of \$10,000,000.

Present law requires that insurers already organized and qualified under state law as of July 27, 1966, continue to have the same underwriting powers as possessed on July 27, 1966, provided they increase the surplus requirements to the minimum amounts set forth in law on or before August 1, 1967.

Proposed law removes this requirement and requires that domestic reciprocal insurers authorized to transact homeowners' insurance or fire and allied lines after August 1, 1967, have the initial minimum surplus in the amount of \$5,000,000 on or after December 31, 2026, and \$10,000,000 on or after December 31, 2031. Requires that domestic reciprocal insurers who apply for a certificate of authority on or after September 1, 2022, which includes the lines of homeowners' insurance or fire and allied lines, shall have initial minimum surplus in the amount of \$10,000,000.

Effective on August 1, 2022.

(Amends R.S. 22:165(B); enacts R.S. 22:81(D), 82(D) and (E), 111(D), 112(D) and (E), and 165(C))