

2022 Regular Session

HOUSE BILL NO. 866

BY REPRESENTATIVE FRIEMAN

INSURERS: Provides for minimum capital and surplus requirements for certain domestic insurers

1 AN ACT

2 To amend and reenact R.S. 22:165(B) and to enact R.S. 22:81(D), 82(D) and (E), 111(D),
3 112(D) and (E), and 165(C), relative to capital and surplus requirements for certain
4 domestic insurers; to provide for minimum requirements for domestic insurers
5 writing homeowners' insurance and fire and allied lines insurance; and to provide for
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:165(B) is hereby amended and reenacted and R.S. 22:81(D),
9 82(D) and (E), 111(D), 112(D) and (E), and 165(C) are hereby enacted to read as follows:

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

11 * * *

12 D. Domestic stock insurers authorized to transact homeowners' insurance or
13 fire and allied lines prior to September 1, 1989, shall have paid-in capital, a
14 minimum surplus, and an operating surplus totaling at least five million dollars by
15 December 31, 2026, and totaling at least ten million dollars by December 31, 2031.

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

17 * * *

18 D. Domestic stock insurers authorized to transact homeowners' insurance or
19 fire and allied lines after September 1, 1989, shall have paid-in capital, a minimum

1 surplus, and an operating surplus totaling at least five million dollars by December
2 31, 2026, and totaling at least ten million dollars by December 31, 2031.

3 E. Domestic stock insurers who apply for a certificate of authority that
4 includes homeowners' insurance or fire and allied lines after September 1, 2022,
5 shall have paid-in capital, a minimum surplus, and an operating surplus totaling at
6 least ten million dollars.

7 * * *

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

9 * * *

10 D. Domestic mutual insurers authorized to transact homeowners' insurance
11 or fire and allied lines prior to September 1, 1989, shall have an initial minimum
12 surplus and an operating surplus totaling at least five million dollars by December
13 31, 2026, and totaling at least ten million dollars by December 31, 2031.

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

15 * * *

16 D. Domestic mutual insurers authorized to transact homeowners' insurance
17 or fire and allied lines after September 1, 1989, shall have an initial minimum
18 surplus and an operating surplus totaling at least five million dollars by December
19 31, 2026, and totaling at least ten million dollars by December 31, 2031.

20 E. Domestic mutual insurers who apply for a certificate of authority that
21 includes homeowners' insurance or fire and allied lines after September 1, 2022,
22 shall have an initial minimum surplus and an operating surplus totaling at least ten
23 million dollars.

24 * * *

25 §165. Minimum application and surplus requirements

26 * * *

27 ~~B. Insurers already organized and qualified under the laws of this state as of~~
28 ~~July 27, 1966, shall continue to have the same underwriting powers they had as of~~
29 ~~that date, provided all such insurers shall increase the surplus requirements to the~~

1 ~~amounts set out in Subsection A of this Section on or before August 1, 1967.~~
2 Domestic reciprocal insurers authorized to transact homeowners' insurance or fire
3 and allied lines after August 1, 1967, shall have an initial minimum surplus of at
4 least five million dollars by December 31, 2026, and at least ten million dollars by
5 December 31, 2031.

6 C. Domestic reciprocal insurers who apply for a certificate of authority that
7 includes homeowners' insurance or fire and allied lines after September 1, 2022,
8 shall have an initial minium surplus of at least ten million dollars.

9 Section 2. This Act shall become effective January 1, 2023.

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 866 Engrossed	2022 Regular Session	Frieman
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Abstract: Provides for minimum capital and surplus requirements for certain domestic insurers.

Proposed law provides that domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines prior to Sept. 1, 1989, shall have paid-in capital, minimum surplus, and operating surplus totaling at least \$5,000,000 by Dec. 31, 2026, and totaling at least \$10,000,000 by Dec. 31, 2031.

Proposed law provides that domestic stock insurers authorized to transact homeowners' insurance or fire and allied lines after Sept. 1, 1989, shall have paid-in capital, minimum surplus, and operating surplus totaling at least \$5,000,000 by Dec. 31, 2026, and totaling \$10,000,000 by Dec. 31, 2031.

Proposed law provides that domestic stock insurers who apply for a certificate of authority after Sept. 1, 2022, which includes homeowners' insurance or fire and allied lines, shall have paid-in capital, minimum surplus, operating surplus of \$10,000,000.

Proposed law provides that domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines prior to Sept. 1, 1989, shall have initial minimum surplus and operating surplus totaling at least \$5,000,000 by Dec. 31, 2026, and totaling \$10,000,000 by Dec. 31, 2031.

Proposed law provides that domestic mutual insurers authorized to transact homeowners' insurance or fire and allied lines after Sept. 1, 1989, shall have initial minimum surplus and operating surplus totaling at least \$5,000,000 by Dec. 31, 2026, and totaling at least \$10,000,000 by Dec. 31, 2031.

Proposed law provides that domestic mutual insurers who apply for a certificate of authority after Sept. 1, 2022, which includes homeowners' insurance or fire and allied lines, shall have initial minimum surplus and operating surplus totaling at least \$5,000,000 by December 31,

2026 and have at least \$10,000,000 of minimum surplus and operating surplus by December 31, 2031.

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 Aug. 1, 1967.

Proposed law repeals present law and provides that domestic reciprocal insurers authorized to transact homeowners' insurance or fire and allied lines after Aug. 1, 1967, shall have initial minimum surplus of at least \$5,000,000 by Dec. 31, 2026, and at least \$10,000,000 by Dec. 31, 2031.

Proposed law provides that domestic reciprocal insurers who apply for a certificate of authority after Sept. 1, 2022, which includes homeowners' insurance or fire and allied lines, shall have an initial minimum surplus of at least \$10,000,000.

Effective Jan. 1, 2023.

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

Summary of Amendments Adopted by House

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

1. Provide that domestic mutual insurers who apply for a certificate of authority after Sept. 1, 2022, which includes homeowners' insurance or fire and allied lines, shall have initial minimum surplus and operating surplus totaling at least \$5,000,000 by December 31, 2026 and have at least \$10,000,000 of minimum surplus and operating surplus by December 31, 2031.
2. Add a special effective date of January 1, 2023