



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **SB 412** SLS 22RS 961  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 6, 2022	8:52 AM	<b>Author:</b> TALBOT
<b>Dept./Agy.:</b> Insurance		
<b>Subject:</b> Insure Louisiana Incentive Program		<b>Analyst:</b> Patrice Thomas

INSURERS EN INCREASE GF EX See Note Page 1 of 1  
 Provides for the Insure Louisiana Incentive Program. (8/1/22)

Proposed law reenacts the Insure Louisiana Incentive Program for the 2020 and 2021 hurricanes Laura, Delta, Zeta, and Ida. Under proposed law, the Commissioner of Insurance shall do the following (1) shall issue a public invitation to insurers to submit grant applications to the Insure LA Incentive Program for individual grants between \$2 M to \$10 M, with 20% of the total grant funds to domestic insurers; (2) may issue a 2nd invitation if funding is still available from 1st invitation and allows insurers who received a grant in response to the 1st invitation to apply for an additional \$10 M; (3) may issue a 3rd invitation if funding is still available from 2nd invitation and allows insurers who received a grant in response to the 1st or 2nd invitation to apply for an additional \$10 M; and (4) surplus lines insurers must obtain a certificate of authority. Proposed law creates the Insure LA Incentive Fund and unallocated grant funding reverts to the SGF. Proposed law requires return of unearned grant money if an insurer has not complied with the rules of the incentive program for 5 consecutive years beginning 1/01/2024, thru 12/31/2028. Proposed law effective 8/01/2022.

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

**LA Department of Insurance (LDI)** - The proposed law would result in a significant but indeterminable increase in SGF expenditures. The proposed law reenacts the Insure LA Incentive Program for Hurricanes Laura, Delta, Zeta, and Ida as well as requires the LA Department of Insurance (LDI) to implement the program by issuing up to three invitations to apply for matching capital fund grants. According to the LA Department of Insurance (LDI), existing staff will administer the Insure Louisiana Incentive Program so there is no impact upon expenditures under this measure.

In order to get more insurers to write policies in south LA, the Incentive Program will award matching capital fund grants ranging from \$2 million to \$10 million to qualified property insurance companies. Only established insurers with a net worth over \$25 M are eligible. Insurance companies that are awarded matching grants must write at least half of their net premium from a property in the federal Gulf Opportunity (GO) Zone parishes (Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge and West Feliciana).

**Note: The original Insure LA Incentive Program for the 2005 Hurricanes Katrina and Rita utilized the Insure LA Incentive Program Fund, which was abolished by Act 226 of the 2009 RLS. The original revenue source of the fund was State General Fund.**

**Department of Treasury** - Creating a new statutory dedication (Insure Louisiana Incentive Fund) within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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**Evan Brasseaux**  
 Interim Deputy Fiscal Officer