

RÉSUMÉ DIGEST

ACT 754 (SB 412)

2022 Regular Session

Talbot

Prior law creates the Insure Louisiana Incentive Program (program).

Prior law provides that Louisiana experienced a crisis regarding the availability and affordability of insurance for residential and commercial properties from the catastrophic losses in 2005 from hurricanes Katrina and Rita. Provided underwriting practices have resulted in property owners having to obtain property insurance or coverage for wind peril from Louisiana Citizens Property Insurance Corporation (Citizens). Provided Citizens had a substantial deficit as a result of those storms and required both insurers and policyholders were charged assessments to fund Citizens deficit. Prior law provided some property owners were forced to sell or abandon their properties or they were prevented from repairing their storm-damaged properties, and some resident left the state and have failed to return. Provides Louisiana has a vital interest in fostering the availability of property insurance at a reasonable cost.

New law retains prior law but changes the year of the storms from "2005" to "2020 and 2021", and changed the names of the hurricanes from "Katrina and Rita" to "Laura, Delta, Zeta, and Ida", and deletes that insurers and policyholders are required to be assessed to fund the deficit of Citizens.

Prior law required the commissioner of insurance (commissioner) issue a public invitation to insurers to submit grant applications upon the implementation of the program and prohibited the commissioner from allocating individual grants less than \$2 million nor in excess of \$10 million in the initial applications and required the commissioner to initially allocate 20% of the total funds to domestic insurers. Prior law required the commissioner to offer a second invitation if all monies from the first invitation were not allocated and required the commissioner to offer a second invitation and prohibited the commissioner from allocating individual grants less than \$2 million nor in excess or \$10 million, but authorized insurers who received a grant in response to the first invitation could apply for an additional grant up to a \$10 million limit. Required the commissioner to offer a third invitation if all monies from the second and third invitation were not allocated and prohibited the commissioner from allocating individual grants less than \$2 million nor in excess of \$10 million, but authorized insurers who received a grant in response to the first and second invitation could apply for an additional grant up to a \$10 million limit.

New law retains prior law but changes the commissioner is required to issue a second and third invitation, to the commissioner is authorized to issue a second and third invitation.

Prior law required that once the three separate invitations and responses were finalized, the commissioner was to direct any unexpended or unencumbered funds and any matching capital grant funds not earned were used for the property insurance tax credit, but required that if the amount of funds in the program was less than \$35 million after the three separate invitations were finalized, the funds were to be used to accelerate payoff of the Unfunded Accrued Liability of the state retirement systems.

New law retains prior law but deletes the three separate invitations provision and requires the unallocated money reverts back to the state general fund and deleted funds less than \$35 million are to be allocated to the Unfunded Accrued Liability of the state retirements systems.

Prior law required grants were only made to insurers who had a capital and surplus exceeding \$25 million.

New law retains prior law but changes the minimum capital and surplus requirement from \$25 million to \$10 million.

Prior law authorized a non-admitted insurer and an approved unauthorized insurer could apply for a grant if the insurer became admitted and licensed to do business in this state and required the commissioner to reallocate funds the insurer was to receive if the insurer did not apply timely or was not admitted and licensed in this state.

New law retains prior law but removes non-admitted insurers and an approved unauthorized insurers and adds surplus lines insurers and changes from failing to become admitted and licensed in this state to failing to obtain a certificate of authority.

Prior law required the commissioner to promulgate rules to establish procedures to monitor the net written premium of insurers receiving a grant and to ensure that an insurer complies with the provisions of prior law. Required the commissioner to provide rules for returning grant money to the state on a pro rata basis if the insurer failed to comply with prior law. Required the commissioner to seek the return of unearned grant money from an insurer if the insurer had not complied with the rules for five consecutive years commencing on January 1, 2009 and ending December 31, 2013.

New law retains prior law but changes the dates from "January 1, 2009" and "December 31, 2013" to "January 1, 2024" and "December 31, 2028".

New law established the Insure Louisiana Incentive Fund as a special fund in the state treasury for the financing of grants awarded according to the provisions of the prior law. Requires monies in the fund are invested in the same manner as monies in the state general fund, and any interest earned on the investment of fund monies are to be credited to the fund. Requires unexpended and unencumbered monies in the fund at the end of the fiscal year are to remain in the fund.

Effective August 1, 2022.

(Amends R.S. 22:2361-2370; adds R.S. 22:2371)