

2023 Regular Session

HOUSE BILL NO. 569

BY REPRESENTATIVE THOMPSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE: Provides relative to homeowners' insurance

1 AN ACT

2 To amend and reenact R.S. 22:1265(D), (I), and (J) and 1333(C), (G), and (H) and to repeal

3 R.S. 22:1265(F) and (H) and 1333(D) and (F), relative to homeowners' insurance

4 policies; to provide with respect to property, casualty, and liability insurers' rights

5 for cancellation and nonrenewal of policies; to provide relative to policy deductibles

6 within designated locations; to provide relative to reentry into the homeowners'

7 insurance market with respect to insurers withdrawn from the market; to repeal

8 relative to certain filings of insurers to the commissioner of insurance; and to provide

9 for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 22:1265(D), (I), and (J) and 1333(C), (G), and (H) are hereby  
12 amended and reenacted to read as follows:

13 §1265. Property, casualty, and liability insurance policies; cancellation and  
14 nonrenewal provisions; nonrenewal for rate inadequacy; certain prohibitions

15 \* \* \*

16 D.(1) ~~No~~ An insurer providing property, casualty, or liability insurance shall

17 not cancel or fail to renew a homeowner's policy of insurance ~~or to increase the~~

18 ~~policy deductible~~ that has been in effect and renewed for more than three years

19 unless the cancellation or nonrenewal is based on nonpayment one or more of the

20 following reasons:

1            (a) Nonpayment of premium;  
 2            (b) ~~fraud~~ Fraud of the insured;  
 3            (c) ~~a~~ A material change in the risk being insured;  
 4            (d) ~~two~~ Two or more claims within a continuous three-year period of time  
 5            within the five years preceding the current policy renewal date, ~~or if continuation of~~  
 6            such policy endangers the solvency of the insurer.

7            (e) Continuation of coverage on any one policy or group of policies  
 8            endangers the solvency of the insurer in this state.

9            (f) Inadequacy or insufficiency of the rate or premium for coverage after the  
 10           insurer has sought actuarially justified rate relief from the commissioner and such  
 11           rate relief has been rejected by the commissioner.

12           (g) Unrepaired damage or deteriorated condition to the property, including  
 13           any condition that creates a safety hazard on the property.

14           (2) This Subsection ~~shall~~ does not apply to an insurer that withdraws from  
 15           the homeowners' insurance market in this state ~~or to~~ nor to an insurer that takes either  
 16           of the following actions:

17           (a) Increases policy deductibles ~~increased~~ for all homeowners' insurance  
 18           policies in this state, or alternatively, increases policy deductibles for all  
 19           homeowners' insurance policies within a designated group of parishes identified on  
 20           a plan submitted to the commissioner.

21           (b) Nonrenews two percent or less of its total policies in force in this state  
 22           within a designated group of parishes identified on a plan submitted to the  
 23           commissioner.

24           (3) For the purposes of this Subsection, an ~~incident shall be~~ "incident" is  
 25           deemed a claim only when there is a demand for payment by the insured or the  
 26           insured's representative under the terms of the policy. A report of a loss or a  
 27           question relating to coverage ~~shall~~ does not independently establish a claim. As used  
 28           in this Subsection, the phrase "two or more claims within a continuous three-year  
 29           period of time within the five years preceding the current policy renewal date" ~~shall~~

1 does not include any loss incurred or arising from an "Act of God" incident which  
2 is due directly to forces of nature and exclusively without human intervention.

3 \* \* \*

4 I. Any authorized property and casualty insurer that avails itself of the  
5 provisions of Subsection D of this Section relative to withdrawing from the  
6 homeowners' insurance market ~~may~~ shall not issue any homeowners' insurance  
7 coverage in this state during the ~~five-year~~ three-year period beginning on the date of  
8 the discontinuation of the last homeowners' insurance coverage not so renewed. The  
9 commissioner may, for good cause shown pursuant to a written request by the  
10 insurer, permit the insurer to reenter the homeowners' insurance market prior to the  
11 expiration of the ~~five-year~~ three-year period.

12 J. Any approved unauthorized property and casualty insurer that avails itself  
13 of the provisions of Subsection D of this Section relative to withdrawing from the  
14 homeowners' insurance market ~~may~~ shall not issue any homeowners' insurance  
15 coverage in this state during the ~~five-year~~ three-year period beginning on the date of  
16 the discontinuation of the last homeowners' insurance coverage not so renewed. The  
17 commissioner may, for good cause shown pursuant to a written request by the  
18 insurer, permit the insurer to reenter the homeowners' insurance market prior to the  
19 expiration of the ~~five-year~~ three-year period.

20 \* \* \*

21 §1333. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in  
22 insured's file prohibited; certain prohibitions

23 \* \* \*

24 C.(1) ~~No~~ An insurer providing property, casualty, or liability insurance shall  
25 not cancel or fail to renew a homeowner's policy of insurance ~~or to increase the~~  
26 ~~policy deductible~~ that has been in effect and renewed for more than three years  
27 unless the cancellation or nonrenewal is based on ~~nonpayment~~ one or more of the  
28 following reasons:

29 (a) Nonpayment of premium;

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1           (b) ~~fraud~~ Fraud of the insured;

2           (c) a A material change in the risk being insured;

3           (d) ~~two~~ Two or more claims within a continuous three-year period of time  
4 within the five years preceding the current policy renewal date, ~~or if continuation of~~  
5 ~~such policy endangers the solvency of the insurer.~~

6           (e) Continuation of coverage on any one policy or group of policies  
7 endangers the solvency of the insurer in this state.

8           (f) Inadequacy or insufficiency of the rate or premium for coverage after the  
9 insurer has sought actuarially justified rate relief from the commissioner and such  
10 rate relief has been rejected by the commissioner.

11           (g) Unrepaired damage or deteriorated condition to the property, including  
12 any condition that creates a safety hazard on the property.

13           (2) This Subsection ~~shall~~ does not apply to an insurer that withdraws from  
14 the homeowners' insurance market in this state ~~or to~~ nor to an insurer that takes either  
15 of the following actions:

16           (a) Increases policy deductibles ~~increased~~ for all homeowners' insurance  
17 policies in this state, or alternatively, increases policy deductibles for all  
18 homeowners' insurance policies within a designated group of parishes identified on  
19 a plan submitted to the commissioner.

20           (b) Nonrenews two percent or less of its total policies in force in this state  
21 within a designated group of parishes identified on a plan submitted to the  
22 commissioner.

23           (3) For the purposes of this Subsection, an ~~incident shall be~~ "incident" is  
24 deemed a claim only when there is a demand for payment by the insured or the  
25 insured's representative under the terms of the policy. A report of a loss or a  
26 question relating to coverage ~~shall~~ does not independently establish a claim. As used  
27 in this Subsection, the phrase "two or more claims within a continuous three-year  
28 period of time within the five years preceding the current policy renewal date" ~~shall~~

1 does not include any loss incurred or arising from an "Act of God" incident which  
2 is due directly to forces of nature and exclusively without human intervention.

3 \* \* \*

4 G. Any authorized property and casualty insurer that avails itself of the  
5 provisions of Subsection C of this Section relative to withdrawing from the  
6 homeowners' insurance market ~~may~~ shall not issue any homeowners' insurance  
7 coverage in this state during the ~~five-year~~ three-year period beginning on the date of  
8 the discontinuation of the last homeowners' insurance coverage not so renewed. The  
9 commissioner may, for good cause shown pursuant to a written request by the  
10 insurer, permit the insurer to reenter the homeowners' insurance market prior to the  
11 expiration of the ~~five-year~~ three-year period.

12 H. Any approved unauthorized property and casualty insurer that avails itself  
13 of the provisions of Subsection C of this Section relative to withdrawing from the  
14 homeowners' insurance market ~~may~~ shall not issue any homeowners' insurance  
15 coverage in this state during the ~~five-year~~ three-year period beginning on the date of  
16 the discontinuation of the last homeowners' insurance coverage not so renewed. The  
17 commissioner may, for good cause shown pursuant to a written request by the  
18 insurer, permit the insurer to reenter the homeowners' insurance market prior to the  
19 expiration of the ~~five-year~~ three-year period.

20 Section 2. R.S. 22:1265(F) and (H) and 1333(D) and (F) are hereby repealed in their  
21 entirety.

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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)]

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HB 569 Original

2023 Regular Session

Thompson

**Abstract:** Modifies relative to property, casualty, and liability insurance providers with respect to the cancellation and nonrenewal of policies, deductibles, and rights of such insurers withdrawn from the homeowners' insurance market.

Present law (R.S. 22:1265 and 1333) prohibits issuers providing property, casualty, and liability insurance from cancelling or nonrenewing a homeowner's policy or increasing a policy deductible that has been in effect and renewed for more than 3 years, unless the

insurer's cancellation or nonrenewal is based on several factors, including but not limited to an insured's nonpayment of premiums, fraud of the insured, or multiple claims of the insured within a certain period of time.

Proposed law retains present law but makes technical changes to the statutory placement of present law.

Proposed law adds additional factors for which an insurer may cancel or nonrenew a policy, including continuation of coverage that endangers the insurer's solvency, inadequacy or insufficiency of the rate or premium for coverage when the insurer sought actuarially justified rate relief from the commissioner of insurance and the commissioner rejected such rate relief, or unrepaired damage or a deteriorated condition to the insured's property.

Present law does not apply to an insurer that withdraws from the homeowners' insurance market in this state or to policy deductibles increased for all homeowners' policies in this state.

Proposed law retains present law but adds that present law does not apply to an insurer that increases policy deductibles for all homeowners' insurance policies within a designated group of parishes identified on its plan submitted to the commissioner, nor to an insurer that nonrenews 2% or less of its total policies in this state within a designated group of parishes identified on its plan submitted to the commissioner.

Present law prohibits an authorized property and casualty insurer and an approved unauthorized property and casualty insurer that withdraws from the homeowners' insurance market from issuing homeowners' insurance policies in this state during the 5-year period that commences on the date of discontinuation of the last homeowners' insurance coverage nonrenewed. Further provides that if the insurer makes a written request to the commissioner, the commissioner may, for good cause shown, permit the insurer to reenter the homeowners' insurance market prior to the expiration of the 5-year period.

Proposed law reduces the suspension period from 5 years to 3 years and otherwise retains present law.

Present law (R.S. 22:1265(F) and 1333(D)) authorizes an insurer to file with the commissioner certain rating plans as a request to change the policy deductible to a total deductible of not more than 4% of the value of property being insured for named storms or hurricanes on a homeowner's policy that has been in effect for more than 3 years. Requires the insurer to include in its filing the details of the insurer's plan to write new business in the particular region or area of the state in which the new deductible will apply.

Present law requires the commissioner to base his approval on the insurer's commitment to the writing of new business in the respective region or area in which the new deductible will apply. Authorizes the commissioner to approve a filing that he determines is in the best interest of policyholders and further authorizes the commissioner to subsequently rescind approval of any filing if the insurer fails to write new business in accordance with the plan.

Present law provides that any business plan is considered proprietary or trade secret pursuant to present law. Requires the commissioner to provide an annual report to the legislative committees on insurance on the application and effectiveness of the provisions of present law and requires the commissioner to promulgate regulations in accordance with the APA setting forth the criteria for the filings he deems necessary to act on the insurer's request.

Present law requires the insurer to itemize to the insured the premium savings based on the increase in the insured's deductible.

Proposed law repeals present law (R.S. 22:1265(F) and 1333(D)).

Present law requires any company that makes a filing in accordance with present law (R.S. 22:1265(H) and 1333(F)) to reduce the rates paid by the individual homeowner by the amount determined to be actuarially justified by the commissioner.

Proposed law repeals present law (R.S. 22:1265(H) and 1333(F)).

Proposed law makes technical changes.

(Amends R.S. 22:1265(D), (I), and (J) and 1333(C), (G), and (H); Repeals R.S. 22:1265(F) and (H) and 1333(D) and (F))