

SENATE CONCURRENT RESOLUTION NO. 7

BY SENATOR TALBOT AND REPRESENTATIVES KNOX AND GAROFALO

A CONCURRENT RESOLUTION

To urge and request the commissioner of insurance to create the Hurricane Mitigation Commission to study the handling of property insurance claims in the wake of hurricanes, the practices of property insurance claim adjusters, and the necessity of a catastrophe savings account and make recommendations in a written report to the Senate Committee on Insurance and the House Committee on Insurance, no later than February 1, 2024.

WHEREAS, the legislature finds there is a compelling state interest in maintaining a viable and orderly private sector market for property insurance in this state, to the extent that the private sector is unable to maintain a viable and orderly market as a valid and necessary exercise of the police power; and

WHEREAS, as a result of unprecedented levels of hurricane insured losses in recent years, numerous insurers have determined that in order to protect their solvency, it is necessary for the insurers to reduce their exposure to hurricane losses, and as a result of these events, world reinsurance capacity has significantly contracted, increasing pressure on insurers to reduce their hurricane exposures; and

WHEREAS, mortgages require reliable property insurance, and the unavailability of reliable property insurance has made home ownership and most real estate transactions impossible or difficult at best for large portions of the state, and in addition, the public health, safety, and welfare demand that structures damaged or destroyed in a hurricane be repaired or reconstructed as soon as possible; and

WHEREAS, the inability of the private sector insurance and reinsurance markets to maintain sufficient capacity to enable residents to obtain property insurance coverage endangers the economy of the state and endangers the public health, safety, and welfare, and

accordingly, the state action to correct this inability of the private sector constitutes a valid and necessary public and governmental purpose; and

WHEREAS, the insolvencies and financial impairments from hurricanes Laura, Delta, Zeta, and Ida demonstrate that many property insurers are unable or unwilling to maintain reserves, surplus, and reinsurance sufficient to enable the insurers to pay claims in full in the event of a hurricane, and state action is necessary to protect the public from an insurer's unwillingness or inability to maintain sufficient reserves, surplus, and reinsurance; and

WHEREAS, a state program to provide quick and equitable settlements prior to commencing normal court proceedings will create a faster path for residents to be compensated for valid and proven damages suffered from a hurricane while also allowing insurers to potentially avoid higher costs of legal defense in normal court proceedings, thereby potentially saving the insurers who would otherwise be subject to insolvency; and

WHEREAS, a study of the benefits of this type of program could reveal ways to ameliorate the current dangers to the state's economy and to the public health, safety, and welfare, as well as relative costs in comparison to normal court proceedings; and

WHEREAS, a study of the practice of adjusters of property insurance claims in the aftermath of hurricane damage would be of benefit to ensure adjusters practicing in this state are properly, efficiently, and equitably adjusting claims; and

WHEREAS, a study of catastrophe savings accounts will be beneficial to the residential property owners of this state, as such accounts may be used with certain tax related benefits to offset and assist with costs of repair for damages suffered from hurricanes and other relevant natural disasters suffered by the residents of this state.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the commissioner of insurance to establish the Hurricane Mitigation Commission for the purpose of studying and reporting findings and recommendations for the handling of property insurance claims in the wake of hurricanes, the practices of property insurance claim adjusters, and the necessity of a catastrophe savings account.

BE IT FURTHER RESOLVED that the commission shall consider the handling of property insurance claims in the wake of hurricanes, the practices of property insurance

claim adjusters, and the necessity of a catastrophe savings account.

BE IT FURTHER RESOLVED that the commission shall consult with the Louisiana Bankers Association in its study of catastrophe savings accounts.

BE IT FURTHER RESOLVED that the membership of the commission shall consist of the following members:

- (1) The governor or his appointee.
- (2) The chairman of the House Committee on Insurance or his designee.
- (3) The chairman of the Senate Committee on Insurance or his designee.
- (4) The commissioner of insurance or his designee.
- (5) The chief executive officer for the Louisiana Insurance Guaranty Association or his designee.
- (6) The chief executive officer for the Louisiana Citizens Property Insurance Corporation or his designee.
- (7) A member selected from the membership of the American Property Casualty Insurance Association.
- (8) A member selected from the membership of the National Association of Mutual Insurance Companies.
- (9) A member selected from the membership of the Independent Insurance Agents & Brokers of Louisiana.
- (10) A member selected from the membership of the Professional Insurance Agents of Louisiana.
- (11) A member selected from the membership of the Louisiana Association for Justice.
- (12) A member selected from the membership of the Louisiana Claims Association.
- (13) A member selected from the membership of the American Adjuster Association.
- (14) A member selected from the membership of the National Association of Independent Insurance Adjusters.

BE IT FURTHER RESOLVED that the names of the members designated in this Resolution shall be submitted to the commissioner of insurance or his designee no later than June 30, 2023, and a vacancy in the membership shall be filled in the same manner as the

original appointment.

BE IT FURTHER RESOLVED that the members of the commission shall serve without compensation, except per diem or expenses reimbursement to which they may be individually entitled as members of their constituent organizations.

BE IT FURTHER RESOLVED that a majority of the commission shall constitute a quorum for the transaction of business and all official actions of the commission shall require the affirmative vote of a majority of the quorum present and voting.

BE IT FURTHER RESOLVED that the commissioner of insurance or his designee shall call the first meeting of the commission, which shall be held no later than July 31, 2023, at which time the commission shall select a chairman and other officers deemed necessary from among its membership, and shall adopt rules of procedure, a work schedule, and any additional measures that the commission deems necessary for the timely performance of its duties.

BE IT FURTHER RESOLVED that the commissioner of insurance shall designate staff from the Department of Insurance to assist the commission in the performance of its duties.

BE IT FURTHER RESOLVED that the commission shall be domiciled in Baton Rouge but may hold meetings elsewhere in the state.

BE IT FURTHER RESOLVED that in conducting its study the commission shall, at minimum, do all of the following:

(1) Review all data submitted pursuant to R.S. 13:4165(F).

(2) Identify whether a current framework is aligned with the findings of the legislature.

(3) Review and study best practices related to the property insurance claims handling of the following:

(a) Bad faith penalties.

(b) Assignment of benefits.

(c) Policyholder bill of rights.

(d) Mediation programs.

(e) Appraisal reconciliation process.

BE IT FURTHER RESOLVED that the commission shall make a written report of its findings and any recommendations for legislation to the Senate Committee on Insurance and the House Committee on Insurance, and that a copy of the report be forwarded to the David R. Poynter Legislative Research Library as required by R.S. 24:771 and 772, no later than February 1, 2024.

BE IT FURTHER RESOLVED that the commission shall terminate on the date of the submission of its report or February 1, 2024, whichever occurs first.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of insurance.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES