

2024 Regular Session

HOUSE BILL NO. 611

BY REPRESENTATIVE FIRMENT

INSURANCE/PROPERTY: Provides relative to homeowners' insurance and termination of certain policies

1 AN ACT

2 To amend and reenact R.S. 22:1265(D), to enact R.S. 22:1265(K) and (L), and to repeal R.S.
3 22:1265(F) and (H) and 1333(C) through (H), relative to homeowners' insurance;
4 to provide for homeowners' policies in effect for three or more years; to provide
5 relative to deductibles and modification of coverages; to authorize insurers to file
6 notices with the commissioner of insurance relative to the nonrenewal of certain
7 policies; to repeal relative to filings of certain rating plans and rate reductions; and
8 to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:1265(D) is hereby amended and reenacted and R.S. 22:1265(K)
11 and (L) are hereby enacted to read as follows:

12 §1265. Property, casualty, and liability insurance policies; cancellation and
13 nonrenewal provisions; nonrenewal for rate inadequacy; certain prohibitions

14 * * *

15 D.(1) ~~No~~ An insurer providing property, casualty, or liability insurance shall
16 not cancel or fail to renew a homeowner's policy of insurance ~~or to increase the~~
17 ~~policy deductible~~ that has been in effect and renewed for more than three years
18 unless based on nonpayment of premium, fraud of the insured, a material change in
19 the risk being insured, two or more claims within a continuous three-year period of
20 time within the five years preceding the current policy renewal date, or if

1 continuation of such policy endangers the solvency of the insurer. This Subsection
 2 ~~shall~~ does not apply to an insurer that withdraws from the homeowners' insurance
 3 market in this state or to the modification of policy deductibles ~~increased~~ for all
 4 homeowners' policies in this state. For the purposes of this Subsection, modification
 5 of coverages at the time of renewal shall not be deemed a cancellation or failure to
 6 renew a policy.

7 (2) For the purposes of this Subsection, an incident shall be deemed a claim
 8 only when there is a demand for payment by the insured or the insured's
 9 representative under the terms of the policy. A report of a loss or a question relating
 10 to coverage ~~shall~~ does not independently establish a claim. As used in this
 11 Subsection, the phrase "two or more claims within a continuous three-year period of
 12 time within the five years preceding the current policy renewal date" shall not
 13 include any loss incurred or arising from an "Act of God" incident which is due
 14 directly to forces of nature and exclusively without human intervention.

15 * * *

16 K. Subsections D and E of this Section do not apply to any policies issued
 17 after August 1, 2024.

18 L.(1) Notwithstanding the provisions of Subsection D of this Section, for
 19 policies in place for at least three years on or before August 1, 2024, an insurer may
 20 notify the commissioner of its intention to nonrenew up to five percent of its
 21 customers' policies per calendar year for any reason. Upon request of the insurer, the
 22 commissioner may approve more than five percent of the insurer's customers'
 23 policies that have been in effect for three or more years on or before August 1, 2024,
 24 to be nonrenewed in a calendar year. The insurer's notice is considered proprietary
 25 or trade secret information pursuant to R.S. 44:3.2 and the Uniform Trade Secrets
 26 Act pursuant to Chapter 13-A of Title 51 of the Louisiana Revised Statutes of 1950.

27 (2) The commissioner shall promulgate and adopt rules, in accordance with
 28 the Administrative Procedure Act, setting forth the information to be included in the
 29 notice described in this Subsection.

1 Section 2. R.S. 22:1265(F) and (H) and 1333(C) through (H) are hereby repealed in
2 their entirety.

3 Section 3. In addition to modifying the treatment of homeowners' policies that have
4 been in effect for three or more years, the provisions of this Act are hereby intended to give
5 insurers full flexibility in the policies that they issue with regard to the deductible applicable
6 thereto. However, nothing in this Act shall be construed to prohibit a policyholder from
7 requesting a decrease in a policy's deductible in exchange for an increase in premium.

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 611 Original

2024 Regular Session

Firmen

Abstract: Modifies relative to homeowners' insurance with respect to policy deductibles and the cancellation and nonrenewal of policies in effect for more than 3 years.

Present law (R.S. 22:1265(D)) prohibits insurers 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 certain circumstances apply.

Proposed law retains present law but deletes an insurer's present law prohibition against increasing deductibles for homeowners' policies in effect and renewed for more than 3 years.

Present law does not apply to an insurer that increases policy deductibles for all homeowners' insurance policies in this state.

Proposed law amends present law to provide that the prohibition does not apply to modifications of policy deductibles. Further adds that modification of coverage at the time of renewal is not a cancellation or failure to renew a policy.

Present law (R.S. 22:1265(F) and 1333(D)) authorizes an insurer to file with the commissioner of insurance (commissioner) certain rating plans with respect to changing policy deductibles for policies in effect for more than 3 years. Requires the insurer to include in its filing the details of plans to write new business in regions or areas where a new deductible will apply. Requires the commissioner to base approval on the insurer's commitment to writing new business and authorizes approval of filings in the best interest of policyholders. 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 an insurer's business plan is considered proprietary or trade secret. 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. Requires the commissioner to promulgate regulations in accordance with the APA setting forth the criteria for filings he deems necessary to act on the insurer's request. Further requires the insurer to itemize premium savings based on the increase in deductibles.

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

Present law (R.S. 22:1265(H) and 1333(F)) requires any company that makes a filing in accordance with present law 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 provides that present and proposed law (R.S. 22:1265(D) and (E)) do not apply to policies issued after August 1, 2024.

For policies in place for at least 3 years on or before August 1, 2024, proposed law authorizes an insurer to notify the commissioner of its intention to nonrenew up to 5% of its customers' policies per calendar year for any reason. Upon request of the insurer, proposed law authorizes the commissioner to approve the nonrenewal of more than 5% of the insurer's customers' policies that have been in effect for 3 or more years on or before August 1, 2024.

Proposed law provides that the insurer's notice is considered proprietary or trade secret pursuant to present law (R.S. 44:3.2) and the Uniform Trade Secrets Act (Chapter 13-A of Title 51 of the La. Revised Statutes of 1950).

Proposed law requires the commissioner to promulgate and adopt rules in accordance with the APA setting forth the information to be included in the notice.

Present law (R.S. 22:1333(C)) is substantially similar to present law (R.S. 22:1265(D)).

Proposed law repeals present law (R.S. 22:1333(C)).

Present law (R.S. 22:1333(E)) is substantially similar to present law (R.S. 22:1265(G)).

Proposed law repeals present law (R.S. 22:1333(E)).

Present law (R.S. 22:1333(G)) is substantially similar to present law (R.S. 22:1265(I)).

Proposed law repeals present law (R.S. 22:1333(G)).

Present law (R.S. 22:1333(H)) is substantially similar to present law (R.S. 22:1265(J)).

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

Proposed law (uncodified) provides that proposed law is intended to give insurers full flexibility in issued policies regarding applicable deductibles. States a policyholder's right to request a decrease in a policy's deductible in exchange for an increase in premium.

(Amends R.S. 22:1265(D); Adds R.S. 22:1265(K) and (L); Repeals R.S. 22:1265(F) and (H) and 1333(C)-(H))