

2024 Regular Session

SENATE BILL NO. 370

BY SENATOR BASS

INSURANCE POLICIES. Provides for the termination of certain property, casualty, or liability policies. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 22:1265(D) and (F) through (J) and to repeal R.S. 22:1333(C)
3 through (H), relative to the termination of certain policies; to provide for
4 homeowners' policies in effect for three or more years; to provide for deductibles;
5 to provide for the modification of coverages; to provide for certain notices; to
6 provide for the termination of certain provisions of law; to repeal certain duplicative
7 provisions of law; to make technical changes; to provide an effective date; and to
8 provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:1265(D) and (F) through (J) are hereby amended and reenacted
11 to read as follows:

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

15 * * *

16 D. ~~No~~ An insurer providing property, casualty, or liability insurance shall not
17 cancel or fail to renew a homeowner's policy of insurance ~~or to increase the policy~~

1 ~~the new deductible is to apply. The commissioner may also approve a filing that he~~
2 ~~determines to be in the best interest of the policyholders. The commissioner may~~
3 ~~subsequently rescind his approval of any filing made pursuant to this Subsection in~~
4 ~~the event the insurer fails to write new business in accordance with the business plan.~~
5 ~~Any business plan filed shall be considered proprietary or trade secret pursuant to~~
6 ~~information under the provisions of R.S. 44:3.2 and the Uniform Trade Secrets Act.~~
7 ~~The commissioner shall provide an annual report to the legislative committees on~~
8 ~~insurance on the application and effectiveness of the provisions of this Section. The~~
9 ~~commissioner shall promulgate regulations pursuant to the Administrative Procedure~~
10 ~~Act setting forth the criteria for the filing, including any financial or other~~
11 ~~requirements that he deems necessary to act on the request by an insurer. Any~~
12 ~~regulation promulgated by the commissioner pursuant to this Subsection shall~~
13 ~~require the insurer to itemize to the insured the premium savings based on the~~
14 ~~increase in the insured's deductible.~~

15 G. No homeowner's policy of insurance shall contain any provision that
16 would apply more than one deductible to a loss resulting from any single incident
17 covered by the policy. Any such provision shall be null and void and unenforceable
18 as contrary to public policy.

19 ~~H. Any company which makes a filing pursuant to Subsection F of this~~
20 ~~Section shall reduce the rates paid by the individual homeowner by the amount~~
21 ~~determined to be actuarially justified by the commissioner.~~

22 I.G. Any authorized property and casualty insurer that avails itself of the
23 provisions of Subsection D of this Section relative to withdrawing from the
24 homeowners' insurance market may not issue any homeowners' insurance coverage
25 in this state during the five-year period beginning on the date of the discontinuation
26 of the last homeowners' insurance coverage not so renewed. The commissioner may,
27 for good cause shown pursuant to a written request by the insurer, permit the insurer
28 to reenter the homeowners' insurance market prior to the expiration of the five-year
29 period.

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

9 **I. The provisions of Subsections D and E of this Section do not apply to**
10 **any insurance policy providing property, casualty, or liability insurance issued**
11 **after August 1, 2024.**

12 **J. Notwithstanding the provision of Subsection D of this Section, for**
13 **homeowners' insurance policies in effect for at least three years on or before**
14 **August 1, 2024, an insurer may notify the commissioner of the insurer's**
15 **intention to nonrenew up to five percent of the insurer's homeowners' policies**
16 **per calendar year for any reason. The insurer may request the commissioner to**
17 **approve more than five percent of the insurer's homeowners' policies that have**
18 **been in effect for three or more years on or before August 1, 2024, to be**
19 **nonrenewed in a calendar year. The filing shall be considered proprietary or**
20 **trade secret information pursuant to R.S. 44:3.2 and the Uniform Trade Secrets**
21 **Act, R.S. 51:1431 et seq. The commissioner shall promulgate rules and**
22 **regulations setting forth the information to be included in the notice provided**
23 **for in this Subsection.**

24 Section 2. R.S. 22:1333(C) through (H) are hereby repealed in their entirety.

25 Section 3. This Act shall become effective upon signature by the governor or, if not
26 signed by the governor, as provided by Article III, Section 18 of the Constitution of
27 Louisiana. If vetoed by the governor and subsequently approved by this legislature, this Act
28 shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

DIGEST

SB 370 Original

2024 Regular Session

Bass

Present law prohibits an insurer from cancelling or failing to renew a homeowners' policy or from increasing the deductible for a homeowners' policy when the homeowners' policy has been in effect and renewed for three years or more, unless the cancellation or nonrenewal for failure to pay premiums, insurance fraud, a material change in risk, the insured filing two or more homeowners' policy claims within a continuous three-year period within the five years preceding the current renewal date, or the insurer is insolvent, or the continuation of the homeowner's policy endangers the solvency of the insurer, or the insurer withdraws from the state. Present law provides an insurance claim is deemed a claim only when there is a demand for payment by the insured or the insured's representative under the terms of the policy. Present law provides an exception to present law if the claim incurred or arose from an "Act of God".

Proposed law retains present law but authorizes an insurer to modify homeowners' policy deductible for a policies that have been in effect or renewed for three years or more. Proposed law adds that a modification of coverage at the time the policy is renewed is not deemed a cancellation or failure to renew. Proposed law further provides technical changes.

Present law provides an insurer can increase a homeowners' policy deductible up to four percent for named storms or hurricanes on policies that have been in effect or renewed for three years or more, upon written notification to the commissioner of insurance. Present law provides the insurer is may file a business plan, for the commissioner's approval that provides where the insurer proposes to write new business in a particular region or area of the state where the new deductible applies. Present law provides business plan filings are considered proprietary or trade secret.

Proposed law repeals present law.

Present law requires an insurer to reduce insurance premium rates paid by an individual homeowner by an amount determined to be actuarially justified by the commissioner.

Proposed law repeals present law.

Proposed law provides that proposed law relative to modification of coverage, and annual review of any insurer cancelling or failing to renew homeowners policies in effect or renewed for three years or more does not apply to any property, casualty, or liability insurance issued after Aug. 1, 2024.

Proposed law provides an insurer on or after Aug. 1, 2024 may file with the commissioner of its intention to nonrenew up to five percent of is homeowner's policies per calendar year for any reason. Proposed law provides an insurer can request the commissioner to approve more than five percent for homeowners' insurance in effect for at least three years on or before Aug. 1, 2024. Proposed law provides the filings to cancel or nonrenew certain homeowner's policies is considered proprietary or trade secret. Proposed law requires the commissioner to promulgate rules and regulations in regards to proposed law.

Present law prohibits an insurer from cancelling or failing to renew a homeowners' policy or from increasing the deductible for a homeowners' policy when the policy has been in effect and renewed for three years or more, unless the cancellation or nonrenewal is upon the request of the insured, for failure to pay premiums, insurance fraud, a material change in risk, the insured filing two or more homeowner's policy claims within a continuous three-year period within the five years preceding the current renewal date, or the insurer is

insolvent, or the continuation of the homeowners' policy endangers the solvency of the insurer, or the insurer withdraws from the state. Present law provides a claim is deemed a claim only when there is a demand for payment by the insured or the insured's representative under the terms of the policy. Present law provides an exception to present law if the claim incurred or arose from an "Act of God".

Proposed law repeals present law.

Present law provides an insurer can increase a homeowners' policy deductible of up to four percent for named storms or hurricanes on a homeowners' policy that has been in effect or renewed for three years or more upon written notification to the commissioner of insurance (commissioner). Present law provides the insurer may file a business plan with the commissioner, for his approval, that proposes the particular region or area in the state that the insurer plans to write new business in a particular region or area of the state where the new deductible applies. Present law provides business plan filings are considered proprietary or trade secret.

Proposed law repeals present law.

Proposed law prohibits a homeowners' policy from including a provision that applies more than one deductible to a loss resulting from any single accident covered under the homeowner's policy.

Proposed law repeals present law.

Present law requires an insurer to reduce the rates paid by an individual homeowner by the amount determined to be actuarially justified by the commissioner.

Proposed law repeals present law.

Present law prohibits an insurer and any unauthorized insurer withdrawing from the homeowners' market in this state from issuing any new homeowners' coverage in this state for five years from the discontinuation of the last homeowners' coverage that was not renewed. Present law authorizes the commissioner to allow an insurer to reenter the homeowners' market for good cause.

Proposed law repeals present law.

Effective upon the signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1265(D) and (F)-(J); repeals R.S. 22:1333(C)-(H))