

2024 Regular Session

SENATE BILL NO. 370

BY SENATOR BASS

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

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 the termination of certain  
4 policies; to provide for homeowners' policies in effect for three or more years; to  
5 provide for deductibles; to provide for the modification of coverages; to provide for  
6 certain notices; to provide for the termination of certain provisions of law; to repeal  
7 certain duplicative provisions of law; to make technical changes; to provide an  
8 effective date; and 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  
14 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~~

1 ~~policy deductible~~ that has been in effect and renewed for more than three years  
 2 unless based on nonpayment of premium, fraud of the insured, a material change in  
 3 the risk being insured, two or more claims within a continuous three-year period of  
 4 time within the five years preceding the current policy renewal date, or if  
 5 continuation of ~~such~~ **the** policy endangers the solvency of the insurer. This  
 6 Subsection ~~shall~~ **does** not apply to an insurer that withdraws from the homeowners'  
 7 insurance market in this state or to **modification** policy deductibles ~~increased~~ for all  
 8 homeowners' policies in this state. For the purposes of this Subsection, an incident  
 9 shall be deemed claim only when there is a demand for payment by the insured or  
 10 ~~the insured's~~ **his** representative under the terms of the policy. A report of a loss or a  
 11 question relating to coverage ~~shall~~ **does** not independently establish a claim. As used  
 12 in this Subsection, the phrase "two or more claims within a continuous three-year  
 13 period of time within the five years preceding the current policy renewal date" ~~shall~~  
 14 **does** not include any loss incurred or arising from an "Act of God" incident which  
 15 is due directly to forces of nature and exclusively without human intervention. **For**  
 16 **the purposes of this Subsection, modification of coverage at the time of renewal**  
 17 **shall not be deemed a cancellation or failure to renew a homeowner's insurance**  
 18 **policy.**

19 \* \* \*

20 **K. The provisions of Subsections D and E of this Section do not apply to**  
 21 **any policies issued after August 1, 2024.**

22 **L. Notwithstanding the provisions of Subsection D of this Section, for**  
 23 **policies in place for at least three years on or before August 1, 2024, the**  
 24 **following provisions apply:**

25 **(1) Upon filing a plan with the commissioner, an insurer may nonrenew**  
 26 **up to five percent of its customers' policies per calendar year for any reason.**

27 **(2) Upon request of the insurer, the commissioner may approve the**  
 28 **nonrenewal of more than five percent of the insurer's customers' policies in a**  
 29 **given calendar year.**

1                   **(3) An insurer's plan and request submitted pursuant to this Subsection**  
 2                   **are considered proprietary or trade secret information pursuant to R.S. 44:3.2**  
 3                   **and the Uniform Trade Secrets Act, Chapter 13-A of Title 51 of the Louisiana**  
 4                   **Revised Statutes of 1950.**

5                   **(4) The commissioner shall promulgate and adopt rules, in accordance**  
 6                   **with the Administrative Procedure Act, setting forth the requirements for the**  
 7                   **plan and request described in this Subsection.**

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

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

15                  Section 4.(A) The provisions of R.S. 22:1265(K) as enacted by this Act shall become  
 16                  effective upon signature by the governor or, if not signed by the governor, upon expiration  
 17                  of the time for bills to become law without signature by the governor, as provided by Article  
 18                  III, Section 18 of the Constitution of Louisiana. If this Act is vetoed by the governor and  
 19                  subsequently approved by the legislature, the provisions of R.S. 22:1265(K) as enacted by  
 20                  this Act shall become effective on the day following such approval.

21                  (B) The provisions of this Act other than those specified in Subsection (A) of this  
 22                  Section shall become effective on January 1, 2025.

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

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SB 370 Engrossed

DIGEST  
 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 is 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, the insurer is insolvent, 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 deductibles for 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 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 before Aug. 1, 2024, may file with the commissioner notice of its intention to nonrenew up to five percent of its 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.

Proposed law repeals duplicative provisions of 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 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.

Proposed law relative to nonrenewal of policies in place for at least three years on or before August 1, 2024, is effective upon the signature of the governor or lapse of time for gubernatorial action. All other provisions of proposed law are effective January 1, 2025.

(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))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Makes technical changes.
2. Relocates and reorganizes provisions of proposed law.
3. Provides for legislative intent.
4. Provides for an effective date.