

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) through (M), and to repeal
3 R.S. 22:1265(F) and (H) and 1333(C) through (H), relative to homeowners'
4 insurance; to provide for homeowners' policies in effect for three or more years; to
5 provide relative to deductibles and modification of coverages; to authorize insurers
6 to file plans and requests with the commissioner of insurance relative to the
7 nonrenewal of certain policies; to repeal relative to filings of certain rating plans and
8 rate reductions; to provide for effectiveness; 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 through (M) 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~~ does
 13 not 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. 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, the following
 20 provisions apply:

21 (1) Upon filing a plan with the commissioner, an insurer may nonrenew up
 22 to five percent of its customers' policies per calendar year for any reason, provided
 23 that no more than five percent of the insurer's policies in force in any one parish are
 24 included within the plan to be nonrewed.

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

28 (3) An insurer's plan and request submitted pursuant to this Subsection are
 29 considered proprietary or trade secret information pursuant to R.S. 44:3.2 and the

1 Uniform Trade Secrets Act pursuant to Chapter 13-A of Title 51 of the Louisiana
2 Revised Statutes of 1950.

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

6 M. An insurer shall not charge a homeowners' policy deductible in excess of
7 five percent of the dwelling's replacement cost value, unless upon request of the
8 insured.

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 R.S. 22:1265(F) and (H) and 1333(C) through (H) are hereby repealed in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

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

16 Section 4.(A) The provisions of R.S. 22:1265(K), as enacted by Section 1 of this
17 Act, shall become effective upon signature by the governor or, if not signed by the governor,
18 upon expiration of the time for bills to become law without signature by the governor, as
19 provided by Article III, Section 18 of the Constitution of Louisiana. If this Act is vetoed by
20 the governor and subsequently approved by the legislature, the provisions of R.S.
21 22:1265(K), as enacted by Section 1 of this Act, shall become effective on the day following
22 such approval.

23 (B) Except R.S. 22:1265(K), as enacted by Section 1 of this Act, the provisions of
24 this Act shall become effective on January 1, 2025.

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 Engrossed

2024 Regular Session

Firmment

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.

Proposed law (R.S. 22:1265(K)) provides that present and proposed law (R.S. 22:1265(D) and (E)) do not apply to policies issued after Aug. 1, 2024.

For policies in place for at least 3 years prior to Aug. 1, 2024, proposed law authorizes an insurer to file a plan with the commissioner to nonrenew up to 5 % of its customers' policies per calendar year for any reason, provided that no more than 5% of the insurer's policies in any one parish are included in the plan. Requires the commissioner's approval of an insurer's request to nonrenew more than 5% of the policies in a given calendar year. Further requires the commissioner to adopt regulations in accordance with the APA setting forth requirements for the plan and request authorized in proposed law.

Proposed law provides that an insurer's business plan is considered proprietary or trade secret in accordance with 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 prohibits an insurer from charging a homeowners' policy deductible that exceeds 5% of a dwelling's replacement cost value, unless the insured requests otherwise.

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 on or before August 1, 2024. 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.

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)).

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.

Effective on Jan. 1, 2025, except for the proposed law of R.S. 22:1265(K), which becomes effective upon signature of the governor or lapse of time for gubernatorial action, or upon subsequent approval of the legislature.

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

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Prohibit an insurer from charging a homeowners' policy deductible that exceeds 5% of a dwelling's replacement cost value, unless the insured requests otherwise.
2. Amend proposed law to authorize an insurer to file a plan with the commissioner to nonrenew up to 5 % of its customers' policies per calendar year for any reason, provided that no more than 5% of the insurer's policies in any one parish are included in the plan. Require the commissioner's approval of an insurer's request to nonrenew more than 5% of the policies in a given calendar year.
3. Provide that an insurer's plan and request is proprietary or trade secret information in accordance with present law.
4. Require the commissioner to adopt regulations in accordance with the APA setting forth requirements for the plan and request authorized in proposed law.
5. Provide an effective date of Jan. 1, 2025, except for R.S. 22:1265(K) of proposed law, which becomes effective upon signature of the governor or lapse of time for gubernatorial action, or upon subsequent approval of the legislature.
6. Make technical changes.