
DIGEST

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HB 611 Engrossed

2024 Regular Session

Firment

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.