

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 370** SLS 24RS 281

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2024	12:40 PM	Author: BASS
Dept./Agy.: Insurance		Analyst: Patrice Thomas
Subject: Repeals Three Year Rule for Cancel and NonRenew of Policies		

INSURANCE POLICIES EG1 NO IMPACT See Note Page 1 of 1
Provides for the termination of certain property, casualty, or liability policies. (gov sig)

For policies that have been in effect or renewed for more than three years, proposed law authorizes an insurer may modify a homeowners' policy deductible, and a modification of coverage at the time the policy is renewed is not deemed a cancellation or failure to renew. On new homeowner's policies issued after 8/01/24, proposed law repeals the existing prohibition that an insurer providing property, casualty, or liability insurance cannot cancel or fail to renew a homeowners' policy or increase the deductible for a homeowners' policy when the policy has been in effect and renewed for more than three years. For homeowners policies in effect on or before 8/01/2024, proposed law requires an insurer to file (which is considered proprietary or trade secret) if it intends to non-renew up to 5% of its homeowner's policies per calendar year for any reason, and if an insurer requests, the Commissioner of Insurance may approve more than 5%. Proposed law requires the Commissioner of Insurance to promulgate and adopt rules according to the Administrative Procedure Act.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law repeals the three-year rule on new policies providing property, casualty, or liability insurance issued after August 1, 2024. Also, the proposed law allows insurers of existing policies providing property, casualty, or liability insurance in place on or before August 1, 2024, to file with the Commissioner of Insurance of its intentions to non-renew/cancel up to 5% of its homeowner's policies per calendar year for any reason. Also, the proposed law requires approval from the Commissioner if an insurer requests to non-renew more than 5% of its homeowner's policies. The proposed law requires the Commissioner/LA Department of Insurance (LDI) to promulgate administrative rules. LDI reports that it is capable of handling any workload resulting from non-renewal filing and administrative rules with its existing budgetary and personnel resources.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer