

2024 Regular Session

HOUSE BILL NO. 428

BY REPRESENTATIVE BOYD

1 AN ACT

2 To amend and reenact R.S. 22:2292, 2322, and 2336, relative to the Louisiana Citizens
3 Property Insurance Corporation; to provide relative to insurable property; to provide
4 an option to exclude coverage of personal property; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:2292, 2322, and 2336 are hereby amended and reenacted to read
8 as follows:

9 §2292. Definitions; personal property; option to exclude

10 A. As used in this Part, unless the context otherwise requires:

11 (1) "Assessable insureds" means insureds who procure a policy of insurance
12 for one or more subject lines of business in this state.

13 (2) "Assessable insurers" means insurers authorized to write one or more
14 subject lines of business in this state.

15 (3) "Coastal area" means all of that area of the state designated in the plan
16 of operation submitted by the governing board, approved by the commissioner of
17 insurance and designated as Coastal Plan (Louisiana Insurance Underwriting Plan)
18 area.

19 (4) "Coastal Plan" means the successor to that program established by Act
20 35 of the 1970 Regular Session to provide a residual market for adequate insurance
21 on property in the coastal areas of the state, now available as a program of the
22 Louisiana Citizens Property Insurance Corporation.

23 (5) "Corporation" means the Louisiana Citizens Property Insurance
24 Corporation, and includes the residual market insurance programs known as the
25 "Coastal Plan" and the "FAIR Plan".

1 (6) "Essential property insurance" means any of the following coverages
2 against direct loss to property as defined by the plan of operation approved by the
3 commissioner of insurance:

4 (a) Fire, with or without extended coverage and vandalism and malicious
5 mischief.

6 (b) Windstorm and hail without fire, but only with respect to dwellings and
7 commercial properties on a monoline basis.

8 (c) Homeowners.

9 (d) Business interruption insurance but only with respect to commercial
10 properties on a monoline basis.

11 (7) "FAIR Plan" means the successor to that program established by Act 424
12 of the 1992 Regular Session, and designated as the "Fair Access to Insurance
13 Requirements Plan" to provide a residual market for adequate insurance on property
14 in the state, now available as a program of the Louisiana Citizens Property Insurance
15 Corporation.

16 (8) "Governing board" means that board of directors which is established
17 under R.S. 22:2294 and, where appropriate, any designee of the governing board.

18 (9) "Insurable property" means real and tangible personal property at a fixed
19 location in Louisiana when such property is in an insurable condition and basic
20 property insurance is not obtainable in the voluntary market and as further defined
21 by the governing board.

22 (10) "Net direct premiums" means gross direct premiums, excluding
23 reinsurance assumed, written for subject lines of business, less return premiums,
24 dividends paid or credited to policyholders, or the unused or unabsorbed portions of
25 premium deposits. In no event shall premiums on industrial fire insurance policies
26 be considered as net direct premiums.

27 (11) "Plan of operation" means the document setting the rules of operation
28 of the corporation, as promulgated by the governing board and approved by the
29 Louisiana Senate Committee on Insurance and the Louisiana House Committee on
30 Insurance pursuant to the provisions of this Chapter.

1 (12) "Subject lines of business" means the following lines of business: fire,
2 allied lines, homeowners' multiperil, the property insurance portion of commercial
3 multiperil policies, and the business interruption insurance portion of commercial
4 multiperil policies or such interruption insurance with respect to commercial
5 properties on a monoline basis.

6 B. Notwithstanding Paragraph (A)(9) of this Section, a policyholder may
7 request, in writing, to exclude tangible personal property from covered insurable
8 property. If the policyholder excludes coverage, the insurer may calculate an
9 actuarially justified reduction in premium.

10 * * *

11 §2322. Louisiana Insurance Underwriting Plan (Coastal Plan); definitions; movable
12 property; option to exclude

13 A. As used in R.S. 22:2322 through 2334, unless the context otherwise
14 requires:

15 (1) "Coastal area" means all of that area of the state designated in the "plan"
16 approved by the commissioner of insurance.

17 (2) "Essential property insurance" means any of the following coverages
18 against direct loss to property as defined by the plan approved by the commissioner
19 of insurance:

20 (a) Fire, with or without extended coverage and vandalism and malicious
21 mischief.

22 (b) Windstorm and hail without fire, but only with respect to dwellings and
23 commercial properties on a monoline basis.

24 (c) Homeowners.

25 (3) "Governing committee" means that group which is referred to in R.S.
26 22:2325 and, where appropriate, any designee of the governing committee.

27 (4) "Insurable property" means immovable property at fixed locations in
28 coastal areas of the state as that term is hereinafter defined or the corporeal movable
29 property located therein (but shall not include insurance on motor vehicles) which
30 property is determined by the governing committee of the plan, after inspection and

1 pursuant to the criteria specified in the plan, to be in an insurable condition against
 2 the perils of fire as determined by normal underwriting standards; however, any
 3 structure built in substantial accordance with the Standard Building Code, including
 4 the design-wind requirements, which is not otherwise rendered uninsurable by reason
 5 of use, occupancy, or state of repair, shall be an insurable risk within the meaning of
 6 R.S. 22:2321 through 2335. Provided further, that any structure commenced on or
 7 after July 29, 1970, not built in substantial compliance with the Standard Building
 8 Code, including the design-wind requirements therein, shall not be an insurable risk
 9 under the terms of R.S. 22:2321 through 2335. The owner or applicant shall furnish
 10 with the application proof in the form of a certificate from a local building inspector,
 11 contractor, engineer, or architect that the structure is built in substantial accordance
 12 with the Standard Building Code.

13 (5) "Net direct premiums" means gross direct premiums, excluding
 14 reinsurance assumed and ceded, written on property in this state for fire and allied
 15 lines insurance, including components of homeowners' policies and commercial
 16 multiple peril package policies, less return premiums upon canceled contracts,
 17 dividends paid or credited to policyholders, or the unused or unabsorbed portion of
 18 premium deposits. In no event shall premiums on industrial fire insurance policies
 19 be considered "net direct premiums".

20 (6) "Plan" means the document setting the rules of operation approved or
 21 promulgated by the commissioner of insurance relative to the Louisiana Insurance
 22 Underwriting Plan.

23 B. Notwithstanding Paragraph (A)(4) of this Section, a policyholder may
 24 request, in writing, to exclude corporeal movable property from covered insurable
 25 property. If the policyholder excludes coverage, the insurer may calculate an
 26 actuarially justified reduction in premium.

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28 §2336. Louisiana Joint Reinsurance Plan (FAIR Plan); definitions; personal
 29 property; option to exclude

1 A. As used in R.S. 22:2336 through 2347, unless the context otherwise
 2 requires:

3 (1) "Designated area" means all of that area of the state designated in the
 4 plan on file with the commissioner of insurance and designated as FAIR (Fair Access
 5 to Insurance Requirements) Plan area.

6 (2) "Essential property insurance" means any of the following coverages
 7 against direct loss to property as defined by the plan approved by the commissioner
 8 of insurance:

9 (a) Fire, with or without extended coverage and vandalism and malicious
 10 mischief.

11 (b) Windstorm and hail without fire, but only with respect to dwellings and
 12 commercial properties on a monoline basis.

13 (c) Homeowners.

14 (3) "Governing committee" means that group which is referred to in R.S.
 15 22:2338 and, where appropriate, any designee of the governing committee.

16 (4) "Insurable property" means real and tangible personal property at a fixed
 17 location in a designated area of Louisiana when such property is in an insurable
 18 condition and basic property insurance is not obtainable in the normal market.

19 (5) "Net direct premiums" means gross direct premiums, excluding
 20 reinsurance assumed and ceded, written on property in this state for fire and allied
 21 lines and, if provided in the plan, homeowners' insurance, including premium
 22 components of all multiperil policies and homeowners' policies, less return
 23 premiums, dividends paid or credited to policyholders, or the unused or unabsorbed
 24 portions of premium deposits. In no event shall premiums on industrial fire
 25 insurance policies be considered as net direct premiums.

26 (6) "Plan" means the document setting the rules of operation approved or
 27 promulgated by the commissioner of insurance relative to the Louisiana Joint
 28 Reinsurance Plan.

29 B. Notwithstanding Paragraph (A)(4) of this Section, a policyholder may
 30 request, in writing, to exclude tangible personal property from covered insurable

1 property. If the policyholder excludes coverage, the insurer may calculate an
2 actuarially justified reduction in premium.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____