

Regular Session, 2014

HOUSE BILL NO. 1060

BY REPRESENTATIVE THIERRY

INSURANCE/HOMEOWNERS: Provides relative to homeowner's insurance

1 AN ACT

2 To amend and reenact R.S. 22:1333(C) and (D) and to enact R.S. 22:1333(G) and (H),  
3 relative to the renewal of homeowner's insurance; to define the three-year period in  
4 which an insurer may cancel a homeowner's policy; to require insurers withdraw  
5 from the homeowner's insurance market under certain circumstances; to clarify that  
6 an insurer's business plan shall be considered proprietary or trade secret pursuant to  
7 the Uniform Trade Secrets Act; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:1333(C) and (D) are hereby amended and reenacted and R.S.  
10 22:1333(G) and (H) are hereby enacted to read as follows:

11 §1333. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in  
12 insured's file prohibited; certain prohibitions

13 \* \* \*

14 C. No insurer providing ~~property, casualty, or liability~~ homeowner's  
15 insurance shall cancel or fail to renew a homeowner's policy of insurance or to  
16 increase the policy deductible that has been in effect and renewed for more than three  
17 years unless based on nonpayment of premium, fraud of the insured, a material  
18 change in the risk being insured, two or more claims within ~~a period of the~~ the three  
19 years preceding the current policy renewal date, or if continuation of such policy  
20 endangers the solvency of the insurer. This Subsection shall not apply to an insurer

1 that ~~ceases writing~~ withdraws from the homeowner's insurance market in this state  
2 or to policy deductibles increased for all ~~homeowners~~ homeowner's policies in ~~the~~  
3 this state. For the purposes of this Subsection, an incident shall be deemed a claim  
4 only when there is a demand for payment by the insured or the insured's  
5 representative under the terms of the policy. A report of a loss or a question relating  
6 to coverage shall not independently establish a claim. As used in this Subsection, the  
7 phrase "two or more claims within ~~a period of~~ the three years preceding the current  
8 policy renewal date" shall not include any loss incurred or arising from an "Act of  
9 God" incident which is due directly to forces of nature and exclusively without  
10 human intervention.

11 D. Notwithstanding the provisions of Subsection C of this Section, an insurer  
12 may make a filing with the commissioner pursuant to R.S. 22:1464 for authorization  
13 to deviate from the provisions of Subsection C of this Section for the sole purpose  
14 of changing the policy deductible to a total deductible of not more than four percent  
15 of the value of the property being insured for named storms or hurricanes on a  
16 homeowner's policy of insurance that has been in effect for more than three years.  
17 Any insurer filing with the commissioner pursuant to this Subsection shall file with  
18 the commissioner a business plan setting forth the insurer's plan to write new  
19 business in the particular region or area of the state in which the new deductible is  
20 to apply. The commissioner's approval is to be based on the insurer's commitment  
21 to the writing of new business in the respective region or area of the state in which  
22 the new deductible is to apply. The commissioner may also approve a filing that he  
23 determines to be in the best interest of the policyholders. The commissioner may  
24 subsequently rescind his approval of any filing made pursuant to this Subsection in  
25 the event the insurer fails to write new business in accordance with the business plan.  
26 Any business plan filed shall be considered proprietary or trade secret pursuant to  
27 information under the provisions of R.S. 44:3.2 and the Uniform Trade Secrets Act.  
28 The commissioner shall provide an annual report to the legislative committees on  
29 insurance on the application and effectiveness of the provisions of this Section. The

1 commissioner shall promulgate regulations pursuant to the Administrative Procedure  
2 Act setting forth the criteria for the filing, including any financial or other  
3 requirements that he deems necessary to act on the request by an insurer. Any  
4 regulation promulgated by the commissioner pursuant to this Subsection shall  
5 require the insurer to itemize to the insured the premium savings based on the  
6 increase in the insured's deductible.

7 \* \* \*

8 G. Any authorized property and casualty insurer that intends to avail itself of  
9 the provisions of Subsection C of this Section relative to withdrawing from the  
10 homeowner's insurance market shall agree to remove the homeowner's line of  
11 insurance from its certificate of authority in this state for not less than five years after  
12 the date the commissioner approves the action.

13 H. Any approved unauthorized insurer that intends to avail itself of the  
14 provisions of Subsection C of this Section relative to withdrawing from the  
15 homeowner's insurance market shall agree to the termination of its status as an  
16 approved unauthorized insurer in this state for the homeowner's line of insurance.

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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)]

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Thierry

HB No. 1060

**Abstract:** Provides that an insurer may cancel a homeowner's policy for two or more claims made within the three years preceding the policy renewal date and requires the withdrawal from the homeowner's insurance market under certain circumstances.

Present law provides that a homeowner's policy may be cancelled or nonrenewed due to two or more claims being made within a period of three years.

Proposed law changes present law by requiring that the claims must be made within the three years preceding the current policy renewal date.

Present law allows an insurer to cancel its homeowner's policies when it ceases writing homeowner's insurance in La.

Proposed law requires an authorized property and casualty insurer withdraw from the homeowner's insurance market in La. for a minimum of five years when it will no longer write policies in La. and cancels its homeowner's policies.

Proposed law requires an approved unauthorized insurer agree to the termination of its status as an approved unauthorized insurer when it withdraws from the homeowner's insurance market.

Present law provides that an insurer's business plan filed with the commissioner is considered proprietary or trade secret pursuant to the Uniform Secrets Act.

Proposed law retains present law but clarifies that the plan is considered trade secret pursuant to the Uniform Trade Secrets Act.

(Amends R.S. 22:1333(C) and (D); Adds R.S. 22:1333(G) and (H))