

2024 Regular Session

HOUSE BILL NO. 428

BY REPRESENTATIVE BOYD

INSURANCE/PROPERTY: Provides relative to the Louisiana Citizens Property Insurance Corporation

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.

1 (4) "Coastal Plan" means the successor to that program established by Act
2 35 of the 1970 Regular Session to provide a residual market for adequate insurance
3 on property in the coastal areas of the state, now available as a program of the
4 Louisiana Citizens Property Insurance Corporation.

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

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

11 (a) Fire, with or without extended coverage and vandalism and malicious
12 mischief.

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

15 (c) Homeowners.

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

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

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

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

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

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

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

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

19 * * *

20 §2322. Louisiana Insurance Underwriting Plan (Coastal Plan); definitions; movable
21 property; option to exclude

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

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

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

1 (a) Fire, with or without extended coverage and vandalism and malicious
2 mischief.

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

5 (c) Homeowners.

6 (3) "Governing committee" means that group which is referred to in R.S.
7 22:2325 and, where appropriate, any designee of the governing committee.

8 (4) "Insurable property" means immovable property at fixed locations in
9 coastal areas of the state as that term is hereinafter defined or the corporeal movable
10 property located therein (but shall not include insurance on motor vehicles) which
11 property is determined by the governing committee of the plan, after inspection and
12 pursuant to the criteria specified in the plan, to be in an insurable condition against
13 the perils of fire as determined by normal underwriting standards; however, any
14 structure built in substantial accordance with the Standard Building Code, including
15 the design-wind requirements, which is not otherwise rendered uninsurable by reason
16 of use, occupancy, or state of repair, shall be an insurable risk within the meaning of
17 R.S. 22:2321 through 2335. Provided further, that any structure commenced on or
18 after July 29, 1970, not built in substantial compliance with the Standard Building
19 Code, including the design-wind requirements therein, shall not be an insurable risk
20 under the terms of R.S. 22:2321 through 2335. The owner or applicant shall furnish
21 with the application proof in the form of a certificate from a local building inspector,
22 contractor, engineer, or architect that the structure is built in substantial accordance
23 with the Standard Building Code.

24 (5) "Net direct premiums" means gross direct premiums, excluding
25 reinsurance assumed and ceded, written on property in this state for fire and allied
26 lines insurance, including components of homeowners' policies and commercial
27 multiple peril package policies, less return premiums upon canceled contracts,
28 dividends paid or credited to policyholders, or the unused or unabsorbed portion of

1 premium deposits. In no event shall premiums on industrial fire insurance policies
2 be considered "net direct premiums".

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

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

10 * * *

11 §2336. Louisiana Joint Reinsurance Plan (FAIR Plan); definitions; personal
12 property; option to exclude

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

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

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

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

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

25 (c) Homeowners.

26 (3) "Governing committee" means that group which is referred to in R.S.
27 22:2338 and, where appropriate, any designee of the governing committee.

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

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

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

14 B. Notwithstanding Paragraph (A)(4) of this Section, a policyholder may
15 request, in writing, to exclude tangible personal property from covered insurable
16 property. If the policyholder excludes coverage, the insurer may calculate an
17 actuarially justified reduction in premium.

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 428 Engrossed

2024 Regular Session

Boyd

Abstract: Provides policyholders the option to exclude coverage of personal property with respect to insurable property.

Present law provides for the La. Citizens Property Insurance Corp. and requires its operation of the La. Insurance Underwriting Plan (Coastal Plan) and the La. Joint Reinsurance Plan (FAIR Plan) as residual market insurance programs to provide access to adequate property insurance for designated areas of the state, including the coastal areas.

Present law defines "insurable property" for coverage under the La. Citizens Property Insurance Corp. Provides that insurable property includes real or immovable property and tangible personal property and corporeal movable property.

Proposed law authorizes a policyholder, through written request, to exclude coverage of personal or corporeal movable property. Authorizes an insurer to calculate an appropriate reduction in premium if a policyholder opts to exclude coverage.

(Amends R.S. 22:2292, 2322, and 2336)

Summary of Amendments Adopted by House

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

1. Amend proposed law to remove the policyholder's option to limit coverage to a certain percentage of personal property. Authorize the insurer to calculate an appropriate reduction in premium upon the policyholder's exclusion of coverage and remove the insurer's requirement to return a reduction in premium to the policyholder.