SLS 14RS-460

Regular Session, 2014

SENATE BILL NO. 181

BY SENATOR MORRISH

PROPERTY INSURANCE. Provides with respect to the Louisiana Citizens Insurance Corporation policy take-out program. (8/1/14)

| 1  | AN ACT  |
|----|---|
| 2  | To amend and reenact R.S. 22:2314(C)(3), relative to the Louisiana Citizens Insurance |
| 3  | Corporation policy take-out program; to provide with respect to ownership of a        |
| 4  | policy by a take-out company; and to provide for related matters.                     |
| 5  | Be it enacted by the Legislature of Louisiana:  |
| 6  | Section 1. R.S. 22:2314(C)(3) is hereby amended and reenacted to read as follows:     |
| 7  | §2314. Policy take-out program  |
| 8  | * * *   |
| 9  | C. Each insurer admitted to write homeowners insurance or insurance                   |
| 10 | insuring one- or two-family owner occupied premises for fire and allied lines or      |
| 11 | insurance which covers commercial structures in the state of Louisiana may apply      |
| 12 | to the Louisiana Citizens Property Insurance Corporation to become a take-out         |
| 13 | company. Insurers will be approved to participate in the depopulation of the          |
| 14 | Louisiana Citizens Property Insurance Corporation based on the following criteria:    |
| 15 | * * *   |
| 16 | (3) The rates which are charged by the company submitting a take-out plan             |
| 17 | must comply with R.S. 22:2303 in the first year that the company charges premiums     |

Page 1 of 2 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions.

| 1 | to the customer. During the sec  | cond an | d <del>subse</del> | <del>quent</del> <u>tl</u> | <u>ird</u> years | of covera  | ge, the ta | ıke- |
|---|----------------------------------|---------|--------------------|----------------------------|------------------|------------|------------|------|
| 2 | out company shall apply to       | the D   | epartme            | ent of ]                   | insurance        | for rates  | which      | are  |
| 3 | actuarially justified, but in no | case m  | ay the r           | ates be                    | greater tha      | an those a | uthorize   | d in |
| 4 | R.S. 22:2303.                    |         |                    |                            |                  |            |            |      |
| 5 |                                  | *       | *                  | *                          |                  |            |            |      |

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

## DIGEST

## Morrish (SB 181)

<u>Present law</u> permits each insurer admitted to write homeowners' insurance or insurance insuring one- or two-family owner occupied premises for fire and allied lines or insurance which covers commercial structures in the state of La. to apply to the La. Citizens Insurance Corporation to become a take-out company. Further provides that insurers will be approved to participate in the depopulation of Citizens based on the following criteria:

- (1) The capacity of the insurer to absorb the policies proposed to be taken out of the corporation and the concentration of risks of those policies.
- (2) An insurer shall have the rates proposed to be charged for the policies being taken out, filed, and approved by the Dept. of Insurance with an effective date prior to the assumption of policies.
- (3) The rates which are charged by the company submitting a take-out plan must comply with <u>present law</u> in the first year that the company charges premiums to the customer. During the second and all subsequent years of coverage, the take-out company shall apply to the Dept. for rates which are actuarially justified.

<u>Proposed law</u> provides that during the second and third years of coverage only, the take-out company shall apply to the Dept. of Insurance for rates which are actuarially justified.

Effective August 1, 2014.

(Amends R.S. 22:2314(C)(3))