

Regular Session, 2014

SENATE BILL NO. 181

BY SENATOR MORRISH

PROPERTY INSURANCE. Provides with respect to the Louisiana Citizens Property 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 Property  
3 Insurance Corporation policy take-out program; to provide with respect to ownership  
4 of a 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

1 to the customer. During the second and ~~subsequent~~ **third** years of coverage, the take-  
 2 out company shall apply to the Department of Insurance for rates which are  
 3 actuarially justified, but in no case may the rates be greater than those authorized in  
 4 R.S. 22:2303.

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

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#### DIGEST

Morrish (SB 181)

Present law 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 Property 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 that are charged by the company submitting a take-out plan must comply with present law 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 that are actuarially justified.

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

Effective August 1, 2014.

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