The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O’Quin.

**DIGEST**

SB 412 Engrossed 2022 Regular Session Talbot

Present law creates the Insure Louisiana Incentive Program (program).

Present law provides Louisiana is experiencing a crisis regarding the availability and affordability of insurance for residential and commercial properties from the catastrophic losses in 2005 from hurricanes Katrina and Rita. Provides underwriting practices have resulted in property owners having to obtain property insurance or coverage for wind peril from Louisiana Citizens Property Insurance Corporation (Citizens). Provides Citizens has a substantial deficit as a result of those storms and requires both insurers and policyholders to be charged assessments to fund Citizens deficit. Present law provides some property owners were forced to sell or abandon their properties or they have been prevented from repairing their storm-damaged properties, and some residents have left the state and have failed to return. Provides Louisiana has a vital interest in fostering the availability of property insurance at a reasonable cost.

Proposed law retains present law but changes the year from "2005" to "2020 and 2021" and changes the names of the hurricanes from "Katrina and Rita" to "Laura, Delta, Zeta, and Ida", and deletes that insurers and policyholders are required to be assessed to fund the deficit of Citizens.

Present law requires the commissioner of insurance (commissioner) issue a public invitation to insurers to submit grant applications upon the implementation of the program and prohibits the commissioner from allocating individual grants less than $2 million nor in excess of $10 million in the initial applications, and requires the commissioner to initially allocate 20% of the total funds to domestic insurers. Present law requires the commissioner to offer a second invitation if all monies from the first invitation are not allocated and requires the commissioner to offer a second invitation and prohibits the commissioner from allocating individual grants less than $2 million nor in excess or $10 million, but authorizes insurers who received a grant in response to the first invitation to apply for an additional grant up to a $10 million limit. Requires the commissioner to offer a third invitation if all monies from the second and third invitation are not allocated and prohibits the commissioner from allocating individual grants less than $2 million nor in excess of $10 million, but authorizes insurers who received a grant in response to the first and second invitation to apply for an additional grant up to a $10 million limit.

Proposed law retains present law but changes the commissioner is required to issue a second and third invitation to the commissioner is authorized to issue a second and third invitation.

Present law requires that once the three separate invitations and responses have been finalized, the commissioner is to direct any unexpended or unencumbered funds and any matching capital grant funds not earned to be used for the property insurance tax credit, but requires that if the amount of funds in the program is less than $35 million after the three separate invitations have been finalized,
the funds are to be used to accelerate payoff of the Unfunded Accrued Liability of the state retirement systems.

Proposed law retains present law but deletes three separate invitations and requires the unallocated money reverts back to the state general fund and deletes funds less than $35 million be allocated to the Unfunded Accrued Liability of the state retirement systems.

Present law authorizes a non-admitted insurer and an approved unauthorized insurer to apply for a grant if the insurer becomes admitted and licensed to do business in this state, and requires the commissioner to reallocate funds the insurer was to receive if the insurer does not apply timely or is not admitted and licensed in this state.

Proposed law retains present law but removes a non-admitted insurer and an approved unauthorized insurer, but includes a surplus lines insurer, and changes from failing to become admitted and licensed in this state to failing to obtain a certificate of authority.

Present law requires the commissioner to promulgate rules to establish procedures to monitor the net written premium of insurers receiving a grant and to ensure an insurer complies with the provisions of present law and requires the commissioner to provide rules for returning grant money to the state on a pro rata basis if the insurer fails to comply with present law and requires the commissioner to seek the return of unearned grant money from an insurer if the insurer has not complied with the rules for five consecutive years commencing on January 1, 2009 and ending December 31, 2013.

Proposed law retains present law but changes the dates from "January 1, 2009" and "December 31, 2013" to "January 1, 2024" and "December 31, 2028".

Effective August 1, 2022.

(Amends R.S. 22:2361 - 2370)
Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Makes technical changes.