
DIGEST

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SB 412 Reengrossed

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.

Present law provides that underwriting practices have resulted in property owners having to obtain property insurance or coverage for wind peril from Louisiana Citizens Property Insurance Corporation (Citizens).

Present law provides that 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 that 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 without returning.

Present law provides that 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 of the storms from "2005" to "2020 and 2021", changes the names of the hurricanes from "Katrina and Rita" to "Laura, Delta, Zeta, and Ida", and deletes the provision of present law that requires insurers and policyholders to be assessed charges to fund the deficit of Citizens.

Present law requires the commissioner of insurance (commissioner) to 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.

Present law 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 authorizes the commissioner to issue a second and third invitation instead of requiring the commissioner to issue a second and third invitation.

Present law provides that once the three separate invitations and responses have been finalized, the commissioner is required 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 provides 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 the three separate invitations provision and changes the unallocated money designation from funds less than \$35 million being allocated to the Unfunded Accrued Liability of the state retirement systems to funds being reverted back to the state general fund.

Present law provides that grants shall be made only to insurers who have capital and surplus exceeding \$25 million.

Proposed law changes the minimum capital and surplus requirement from \$25 million to \$10 million.

Present law authorizes non-admitted insurers and approved unauthorized insurers 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 non-admitted insurers and approved unauthorized insurers and adds surplus lines insurers.

Proposed law changes the licensing requirement to a certificate of authority requirement.

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 that an insurer complies with the provisions of present law.

Present law 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.

Present law 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", respectively.

Proposed law establishes the Insure Louisiana Incentive Fund as a special fund in the state treasury for the financing of grants awarded pursuant to proposed law. Provides that monies in the fund shall be invested in the same manner as monies in the state general fund and any interest earned on investment of fund monies shall be credited to the fund. Further provides that unexpended and unencumbered monies in the fund at the end of the fiscal year remain in the fund.

Effective August 1, 2022.

(Amends R.S. 22:2361-2370; Adds R.S. 22:2371)

Summary of Amendments Adopted by Senate

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

1. Makes technical changes.

Senate Floor Amendments to engrossed bill

1. Makes technical change.

Summary of Amendments Adopted by House

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

1. Change the minimum capital requirement for insurers to qualify for a grant through the Insure Louisiana Incentive Program from \$25,000,000 to \$10,000,000.
2. Remove the requirement that 25% of the net written premium for policyholders whose property was formerly insured by the Louisiana Citizens Property Insurance Corporation and at least 50% of the policyholders have property located in the parishes included in the federal Gulf Opportunity Zone Act of 2005 in Louisiana for insurers to qualify for a grant under the program.
3. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the reengrossed bill:

1. Establish the Insure Louisiana Incentive Fund in the state treasury to fund the grants awarded pursuant to proposed law.
2. Make technical changes.