
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 1 Reengrossed

2023 First Extraordinary Session

Zeringue

Abstract: Transfers \$45 M from the State General Fund into the Insure La. Incentive Fund and appropriates the funding, with certain conditions and reporting requirements, to the Dept. of Insurance for implementation and execution of the Insure La. Incentive Program.

Proposed law directs the state treasurer to transfer \$45 M from the state general fund into the Insure La. Incentive Fund.

Proposed law appropriates \$45 M of budget authority to the Dept. of Insurance out of the Insure La. Incentive Fund for implementation and execution of the Insure La. Incentive Program. Requires that funds be used to award grants only to insurers licensed in La. possessing a minimum financial strength rating of AM Best "B+" or a Demotech financial stability rating of "A". Further requires any licensed surplus lines insurer applying for a grant pursuant to the program to have a minimum financial strength rating of AM Best "A".

Proposed law further requires the commissioner to expedite to the greatest extent possible the approval of certificates of authority, rate filings, form filings, and other necessary regulatory approvals of qualified insurers to facilitate the underwriting of new policies pursuant to the program as quickly as possible and to monitor the financial solvency of insurers that are issued a grant pursuant to the program from funds appropriated in proposed law. Provides such monitoring shall include an evaluation of the adequacy of insurer reinsurance programs using catastrophe model stress tests against the insurer's book of business. Requires the commissioner to take whatever action is necessary to ensure that insurers receiving grants pursuant to the program from funds appropriated in proposed law remain financially solvent.

Proposed law additionally requires the Dept. of Insurance to submit annual and quarterly reports on the program to the House Committee on Appropriations, the Senate Committee on Finance, and the House and Senate committees on insurance detailing the following information on grantees receiving grants from funds appropriated pursuant to proposed law: the amount of premiums written by parish pursuant to the program; the amount of premiums by parish for property located in the parishes included in the federal Gulf Opportunity Zone Act of 2005; the amount of premiums by parish removed from the Louisiana Citizens Property Insurance Corporation; and the total amount of premiums by parish, inclusive of premiums written pursuant to the program.

Proposed law authorizes the commissioner of insurance to adopt emergency rules pursuant to the Admin. Procedure Act to implement the Insure La. Incentive Program in conformity with proposed law.

Proposed law requires the commissioner to promulgate rules for the Insure La. Incentive Program that require reporting at least quarterly by each grantee that receives a grant from funds appropriated in proposed law regarding certain financial data, including the grantee's premium to surplus ratio and the grantee's catastrophe reinsurance program. Authorizes the commissioner to adopt emergency rules to implement this requirement.

Proposed law conditions continued receipt of grant funding by a grantee receiving a grant from funds appropriated in proposed law on the grantee writing at least 25% of its net written premiums during each earning period for policyholders whose property was formerly insured by La. Citizens Property Insurance Corp. Requires the terms "earning period" and "net written premium" be defined by rule.

Proposed law requires that in awarding grants from funds appropriated pursuant to proposed law, the commissioner give preference to grant applicants that agree to provide wind and hail coverage.

Effective upon signature of the governor or lapse of time for gubernatorial action.

Summary of Amendments Adopted by House

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

1. Delete requirement that at least 50% of appropriated funds be used to award grants to companies with a minimum financial strength rating of AM Best "B+".
2. Require nonadmitted insurers applying for a grant pursuant to present law to have a minimum financial strength rating of AM Best "A".

The House Floor Amendments to the engrossed bill:

1. Change terminology from "nonadmitted insurer" to "licensed surplus lines insurer" with respect to increased financial strength rating requirement for such insurers.
2. Add authorization for the commissioner of insurance to adopt emergency rules pursuant to the Administrative Procedure Act to implement the Insure La. Incentive Program in conformity with proposed law.
3. Require quarterly reporting of certain financial data by each grantee that receives a grant pursuant to proposed law. Authorize the commissioner to adopt emergency rules for the implementation of the reporting requirement.
4. Require each grantee to write a certain amount of net written premiums each earning period for policyholders whose property was formerly insured by the La. Citizens Property Insurance Corporation in order for the grantee to remain eligible.

5. Require the commissioner to give preference in awarding grants from funding appropriated in proposed law to applicants that agree to provide wind and hail coverage.
6. Make conforming changes to the title of the bill.
7. Make technical changes.