

2023 Regular Session

SENATE BILL NO. 147

BY SENATOR ROBERT MILLS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

SELF INSURANCE. Creates the Louisiana Churches and Nonprofit Religious Organizations Self-Insured Fund. (gov sig)

1 AN ACT

2 To enact Subpart P-1 of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of

3 1950, to be comprised of R.S. 22:472.1 through 472.3, relative to self-insurance

4 funds; to authorize the creation of the Louisiana Churches and Nonprofit Religious

5 Organizations Self-Insured Fund; to provide for legislative intent and public purpose;

6 to provide for requirements and management of the self-insurance fund; to provide

7 for definitions; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Subpart P-1 of Part I of Chapter 2 of Title 22 of the Louisiana Revised
10 Statutes of 1950, comprised of R.S. 22:472.1 through 472.3 is hereby enacted to read as
11 follows:

12 **SUBPART P-1. LOUISIANA CHURCHES AND NONPROFIT RELIGIOUS**
13 **ORGANIZATIONS SELF-INSURED FUND**

14 **§472.1. Legislative finding; public purpose**

15 **A. Louisiana is currently experiencing a crisis in the availability and**
16 **affordability of insurance for churches and nonprofit religious organizations.**

17 **Louisiana property owners and their insurers sustained catastrophic losses in**

1 2020 and 2021 from hurricanes Laura, Delta, Zeta, and Ida. As the result of
2 their losses and their assessment of the risk of loss from future storms, many
3 insurers, including the largest insurer of churches, have substantially reduced
4 their participation in the voluntary market for property insurance. With fewer
5 insurers in the voluntary market, competitive pressure on premium rates is
6 reduced. Current underwriting practices have resulted in a substantial increase
7 in the number of Louisiana churches that are forced to obtain their property
8 insurance coverage or their wind and hail coverage from Louisiana Citizens
9 Property Insurance Corporation, if they can indeed find coverage.

10 B. Increased premiums and assessments make property insurance
11 coverage unaffordable for some churches and nonprofit religious organizations.
12 Due to the fact that property insurance is often unavailable or unaffordable,
13 many churches and nonprofit religious organizations are being forced to sell or
14 abandon their churches and religious buildings or are prevented from restoring
15 storm-damaged properties.

16 C. Throughout Louisiana, churches and other religious organizations
17 are the bedrock that holds many communities together. In addition to providing
18 spiritual and emotional support for their membership in times of crisis,
19 churches and other nonprofit religious organizations provide services to the
20 needy such as soup kitchens, food pantries, orphanages, adoption services, and
21 foster care. Churches and other nonprofit religious organizations provide
22 mentorship for the youth, assistance to the elderly, and disaster relief services
23 when hurricanes and tornadoes strike. Churches and other nonprofit religious
24 organizations also provide much needed hope, help, and services for those
25 individuals in addiction recovery. Church-supported nonviolent offender
26 programs at places such as Angola State Prison have greatly reduced violence
27 in these facilities and greatly reduced recidivism rates in the state. This
28 voluminous list of services, most of which are provided free of charge to the
29 community, resulting in the savings of untold millions of dollars each year to

1 state and local taxpayers.

2 D. The availability of property insurance for churches and other
3 nonprofit religious organizations at a reasonable cost is essential to the
4 well-being of the state. Churches and other religious organizations cannot
5 invest in, and lenders will not finance, the construction and ownership of
6 churches and religious buildings without adequate property insurance
7 protection. The state has a vital interest in fostering the availability of property
8 insurance at reasonable cost for churches and other religious organizations.

9 E. The Insure Louisiana Churches and Nonprofit Religious
10 Organizations Self-Insured Fund is hereby created for the purpose of allowing
11 churches, religious organizations, and religious denominations to band together
12 and self-insure, thereby, increasing the availability of property insurance for
13 local churches and religious buildings, increasing competitive pressure on
14 insurance rates, and reducing the volume of business written by the Louisiana
15 Citizens Property Insurance Corporation by offering a less expensive
16 alternative to its policyholders and reducing the exposure and potential
17 assessments to policy holders by the Louisiana Citizens Property Insurance
18 Corporation.

19 §472.2. Authorization; requirements; regulation

20 A. Two or more churches or nonprofit religious organizations or one or
21 more religious denominations may agree to pool their liabilities for the purposes
22 of providing property insurance coverage for their buildings and properties, so
23 long as they have a positive net worth, are financially solvent, and capable of
24 assuming the obligations set forth under this Part.

25 B. The Department of Insurance shall promulgate necessary rules to
26 implement and regulate the activities authorized in this Subpart.

27 §472.3. Definitions

28 Wherever used in this Subpart, unless a different meaning clearly
29 appears in the context, the following terms, whether used in the singular or

1 **plural, shall have the following meanings:**

2 **(1) "Church" means a nonprofit religious organization made up of a**
3 **group of religious believers.**

4 **(2) "Fund" means the self-insurance fund established pursuant to this**
5 **Subpart to provide property insurance for churches and nonprofit religious**
6 **organizations and shall be known as the Louisiana Churches and Nonprofit**
7 **Religious Organizations Self-Insured Fund.**

8 **(3) "Nonprofit religious organization" means an active corporation or**
9 **other entity organized under the United States Internal Revenue Code as a**
10 **nonprofit organization designated as a church, a religious house of worship, or**
11 **other entity formed for religious purposes.**

12 **(4) "Religious denomination" means a group of individual churches or**
13 **houses of worship who are called or identified using the same terms and a**
14 **particular set of beliefs or spiritual or religious values.**

15 Section 2. This Act shall become effective upon signature by the governor or, if not
16 signed by the governor, upon expiration of the time for bills to become law without signature
17 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
18 vetoed by the governor and subsequently approved by the legislature, this Act shall become
19 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Carla S. Roberts.

DIGEST

SB 147 Original

2023 Regular Session

Robert Mills

Present law provides for regulation by the Dept. of Insurance of group self-insurers and self-insurance plans for trade and professional associations related to health plans, workers' compensation, accident and health protection for local governments, and automobile coverage for vehicles in certain industries.

Proposed law retains present law and authorizes the creation of a self-insurance fund for the purpose of providing property insurance coverage for churches and nonprofit religious organizations. Proposed law provides that the fund shall be known as the Louisiana Churches and Nonprofit Religious Self-Insured Fund.

Proposed law provides for legislative findings and public purpose as follows:

- (1) Louisiana is currently experiencing a crisis in the availability and affordability of

insurance for churches and other nonprofit religious organizations due, in large part, to the losses associated with the catastrophic events in 2020 and 2021 from hurricanes Laura, Delta, Zeta, and Ida.

- (2) Churches and other nonprofit organizations are at risk of closing or failing to reopen due to the lack of available or affordable insurance.
- (3) Throughout Louisiana, churches and other religious organizations are the bedrock that holds many communities together, providing spiritual and emotional support in times of crisis, services to the needy, mentorship for the youth, assistance to the elderly, disaster relief services, support addiction recovery, prison ministries, and other services. These services are mostly free of charge to the community and result in the saving of untold millions of dollars each year to state and local taxpayers.
- (4) The availability of property insurance for churches and other religious organizations at a reasonable cost is essential to the well-being of the state and these religious groups cannot invest in and lenders will not finance the construction and ownership of churches and religious buildings without adequate property insurance protection. The state has a vital interest in fostering the availability of property insurance at reasonable cost for churches and religious organizations so that they can reopen or remain open to operate for the good of the communities they serve.
- (5) The Louisiana Churches and Nonprofit Religions Organizations Self-Insured Fund is created for the purpose of allowing churches and religious organizations to self-insure and, thereby, increase the availability of property insurance for local churches and to reduce the volume of business written by the La. Citizens Property Insurance Corp., thereby offering a less expensive alternative to its policyholders and reducing the exposure to an increased deficit and future assessments by the La. Citizens to policy holders.

Proposed law provides for the definitions as follows:

- (1) "Church" means nonprofit religious organization.
- (2) "Fund" means the self-insurance fund established pursuant to proposed law to provide property insurance for churches and nonprofit religious organizations.
- (3) "Nonprofit religious organization" means an active corporation or other entity organized under the federal tax code as a nonprofit organization designated as a church, a religious house of worship, or another entity formed for religious purposes.
- (4) "Religious denomination" means a group of individual churches or houses of worship who are identified together, having a particular set of beliefs or spiritual or religious values.

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

(Adds R.S. 22:472.1-472.3)