
DIGEST

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HB 1225 Original

2026 Regular Session

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Abstract: Establishes disclosure requirements for catastrophe models, conducts sensitivity testing, differentiates between wind and flood assumptions, delineates geographic risk factors, and implements biennial reporting requirements for residential property insurance rate filings.

Proposed law enacts the "La. Fair Insurance Modeling and Transparency Act" and establishes requirements for catastrophe modeling used in residential property insurance rate filings.

Proposed law provides for legislative findings and intent. Proposed law defines certain terms.

Proposed law requires insurers filing residential property insurance rates to submit a standardized catastrophe modeling disclosure that includes the model vendor, name, and version; exposure data date and trending methodology; whether the model incorporates post-mitigation conditions; how flood protection, storm surge systems, and drainage infrastructure are addressed; whether assumptions reflect pre- or post-mitigation conditions; and the geographic resolution used.

Proposed law mandates insurers to provide a sensitivity analysis comparing modeled losses that account for full recognition of post-mitigation conditions versus those under conservative or pre-mitigation conditions. A detailed sensitivity analysis is required for coastal regions, flood-prone areas, and regions with significant mitigation investments.

Proposed law requires insurers to disaggregate catastrophe modeling assumptions into wind-only, flood and storm surge, and combined or correlated loss components.

Proposed law authorizes the commissioner of insurance to approve or require geographically differentiated risk analysis when actuarial evidence demonstrates materially different risk characteristics. This includes consideration of flood protection systems, elevation, drainage capacity, proximity to water bodies, and post-mitigation infrastructure.

Proposed law mandates the Dept. of Insurance to report to the legislature starting January 1, 2027, and every two years thereafter, on how catastrophe models account for mitigation infrastructure, trends in wind versus flood and surge assumptions, premium impacts attributable to modeling assumptions, and regional disparities in modeled risk.

Proposed law authorizes the commissioner to promulgate necessary rules for the implementation of the proposed law.

Effective Jan. 1, 2027.

(Adds R.S. 22:1898.1-1898.9)