
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

K. Carter

HB No. 126

Abstract: Creates the Reliable Homeowner's Insurance Act that requires insurers to offer homeowners' policies on a statewide basis and limits insurers from canceling or nonrenewing policies for three years.

Proposed law provides for legislative findings and purposes.

Proposed law applies to "personal lines residential property insurance" in effect on November 23, 2005, or the effective date of proposed law, whichever is later. Includes homeowners', condominium unit owners', and mobile homeowners' coverages. Excludes commercial and auto coverages.

Proposed law prohibits insurers doing business on August 28, 2005, from canceling or nonrenewing homeowners' policies on the basis of hurricane risk, except in accordance with proposed law.

Proposed law prohibits the cancellation or nonrenewal of more than 5% of the insured's total homeowners' policies in effect on November 23, 2005, within any 12-month period. Prohibits the cancellation or nonrenewal of more than 10% of the insured's total homeowners' policies in effect on November 23, 2005, within any 12-month period in any parish.

Proposed law allows the insurer to apply for approval of additional cancellation or nonrenewals on the basis of unreasonable risk of insolvency. Provides for factors to be considered by the department in evaluating the application.

Proposed law provides that a policy is not considered to be canceled or nonrenewed if it was canceled or nonrenewed for any lawful reason other than risk of hurricane claims, it was initiated by the insured, or the insurer offered a policy replacement at approved rates.

Proposed law provides that a policy is considered to have been canceled or nonrenewed if the policyholder voluntarily obtained coverage from another insurer due to a rate increase in excess of 150% of the rate ultimately approved, or the insurer reduced the producer's commission by more than 25% and the producer placed the risk with another insurer.

Proposed law requires the department to approve or disapprove an application for a waiver within 90 days.

Provides that the following does not constitute cancellations or nonrenewals:

- (1) Transfer of risk from one admitted insurer to another.
- (2) Increase in the hurricane deductible.
- (3) Any other lawful change in coverage.

Proposed law provides that cancellation or nonrenewal that is part of the same action as the removal of a policy including windstorm or hurricane coverage from the Louisiana Citizens Property Insurance Corporation.

Proposed law requires insurers, by March 1, 2006, to report and list by parish each policy in effect on November 23, 2005, and to update the list monthly for all cancellations and nonrenewals.

Proposed law authorizes the department to adopt rules.

Proposed law provides that a violation is a violation of the Insurance Code. Each cancellation or nonrenewal is a separate violation.

Proposed law provides for the termination of proposed law on August 28, 2008.

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

(Adds R.S. 22:1449-1449.6)