

2023 First Extraordinary Session

HOUSE BILL NO. 1

BY REPRESENTATIVE ZERINGUE

APPROPRIATIONS/GENERAL: Appropriates funding for the Insure Louisiana Incentive Program

1 AN ACT

2 To appropriate funds for Fiscal Year 2022-2023, relative to the Insure Louisiana Incentive  
3 Program; to impose restrictions on the use of such appropriation; to require reports  
4 relative to the use of such appropriation; to direct the state treasurer to transfer  
5 certain sums into the program fund for the execution of the appropriation; to provide  
6 for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. The following sum is hereby appropriated from the source specified for the  
9 purpose of making a supplemental appropriation for Fiscal Year 2022-2023 to the  
10 Department of Insurance.

11 **ELECTED OFFICIALS**

12 **DEPARTMENT OF INSURANCE**

13 **04-165 COMMISSIONER OF INSURANCE**

14 EXPENDITURES:  
15 Administrative/Fiscal Program for the Insure  
16 Louisiana Incentive Program \$ 45,000,000

17 TOTAL EXPENDITURES \$ 45,000,000

18 MEANS OF FINANCE:  
19 State General Fund by:  
20 Statutory Dedications:  
21 Insure Louisiana Incentive Fund \$ 45,000,000

22 TOTAL MEANS OF FINANCING \$ 45,000,000

23 Provided, however, that funds appropriated herein to the Administrative/Fiscal Program for  
24 the Insure Louisiana Incentive Program, shall be used to award grants only to insurers  
25 licensed in Louisiana possessing a minimum financial strength rating of AM Best "B+" or  
26 a Demotech financial stability rating of "A". Any nonadmitted insurer applying for a grant

1 pursuant to the Insure Louisiana Incentive Program shall have a minimum financial strength  
2 rating of AM Best "A".

3 Provided further that the commissioner shall expedite to the greatest extent possible the  
4 approval of certificates of authority, rate filings, form filings, and other necessary regulatory  
5 approvals of qualified insurers to facilitate the underwriting of new policies pursuant to the  
6 program as quickly as possible and shall monitor the financial solvency of insurers that are  
7 issued a grant pursuant to the program. Such monitoring shall include an evaluation of the  
8 adequacy of insurer reinsurance programs using catastrophe model stress tests against the  
9 insurer's book of business. The commissioner shall take whatever action is necessary to  
10 ensure that insurers receiving grants pursuant to the program remain financially solvent.

11 Provided further that the commissioner shall submit annual and quarterly reports on the  
12 Insure Louisiana Incentive Program to the House Committee on Appropriations, the Senate  
13 Committee on Finance, and the House and Senate committees on insurance containing  
14 information for the preceding year and quarter, respectively, detailing: the amount of  
15 premiums written, by parish and by grantee, pursuant to the program; the amount of  
16 premiums, by parish and by grantee, for property located in the parishes included in the  
17 federal Gulf Opportunity Zone Act of 2005; the amount of premiums, by parish and by  
18 grantee, removed from the Louisiana Citizens Property Insurance Corporation; and the total  
19 amount of premiums for each grantee, by parish, inclusive of premiums written pursuant to  
20 the program.

21 Section 2. The state treasurer is hereby authorized and directed to transfer \$45,000,000  
22 to the Insure Louisiana Incentive Fund from the state general fund out of FY 2022-2023  
23 excess state general fund monies recognized by the Revenue Estimating Conference at its  
24 December 15, 2022, meeting.

25 Section 3. This Act shall become effective upon signature by the governor or, if not  
26 signed by the governor, upon expiration of the time for bills to become law without signature  
27 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
28 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
29 effective on the day following such approval.

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#### 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)]

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HB 1 Engrossed

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 restrictions 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 nonadmitted insurer applying for a grant pursuant to the program to have a minimum financial strength rating of AM Best "A".

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. 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 remain financially solvent.

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 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.

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".