SLS 23RS-263 ORIGINAL

2023 Regular Session

SENATE CONCURRENT RESOLUTION NO. 7

BY SENATOR TALBOT

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PROPERTY INSURANCE. Urges the commissioner of insurance to create the Hurricane Mitigation Commission to study and report findings and recommendations relative to the handling of property insurance claims in the wake of hurricanes and the necessity of a catastrophe savings account.

A CONCURRENT RESOLUTION

To urge and request the commissioner of insurance to create the Hurricane Mitigation

## Commission to study the handling of property insurance claims in the wake of 3 hurricanes, the practices of property insurance claim adjusters, and the necessity of 4 5 a catastrophe savings account and make recommendations in a written report to the Senate Committee on Insurance and the House Committee on Insurance, no later 6 than February 1, 2024. 8 WHEREAS, the legislature finds there is a compelling state interest in maintaining 9 a viable and orderly private sector market for property insurance in this state, to the extent 10 that the private sector is unable to maintain a viable and orderly market as a valid and 11 necessary exercise of the police power; and WHEREAS, as a result of unprecedented levels of hurricane insured losses in recent 12 13 years, numerous insurers have determined that in order to protect their solvency, it is 14 necessary for the insurers to reduce their exposure to hurricane losses, and as a result of

WHEREAS, mortgages require reliable property insurance, and the unavailability

these events, world reinsurance capacity has significantly contracted, increasing pressure on

insurers to reduce their hurricane exposures; and

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impossible or difficult at best for large portions of the state, and in addition, the public health, safety, and welfare demand that structures damaged or destroyed in a hurricane be repaired or reconstructed as soon as possible; and

WHEREAS, the inability of the private sector insurance and reinsurance markets to maintain sufficient capacity to enable residents to obtain property insurance coverage in the private sector endangers the economy of the state and endangers the public health, safety, and welfare, and accordingly, the state action to correct this inability of the private sector constitutes a valid and necessary public and governmental purpose; and

WHEREAS, the insolvencies and financial impairments from hurricanes Laura, Delta, Zeta, and Ida demonstrate that many property insurers are unable or unwilling to maintain reserves, surplus, and reinsurance sufficient to enable the insurers to pay claims in full in the event of a hurricane, and state action is necessary to protect the public from an insurer's unwillingness or inability to maintain sufficient reserves, surplus, and reinsurance; and

WHEREAS, a state program to provide quick and equitable settlements prior to commencing normal court proceedings will create a faster path for residents to be compensated for valid and proven damages suffered from a hurricane while also allowing insurers to potentially avoid higher costs of legal defense in normal court proceedings thereby potentially saving the insurers who would otherwise be subject to insolvency, and a study of this type of program, that could ameliorate the current dangers to the state's economy and to the public health, safety, and welfare as well as relative costs in comparison to normal court proceedings; and

WHEREAS, a study of the practice of adjusters of property insurance claims in the aftermath of hurricane damage would be of benefit to ensure adjusters practicing in this state are properly, efficiently, and equitably adjusting claims; and

WHEREAS, a study of the benefits to the resident property owners of this state of a catastrophe savings account, that may be used with certain tax related benefits, to offset and assist with costs of repair for damages suffered from hurricanes and other relevant natural disasters suffered by the residents of this state.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby

1	urge and request the commissioner of insurance to establish the Hurricane Mitigation
2	Commission for the purpose of studying and reporting findings and recommendations for
3	the handling of property insurance claims in the wake of hurricanes, the practices of property
4	insurance claim adjusters, and the necessity of a catastrophe savings account.
5	BE IT FURTHER RESOLVED that the commission shall consider the handling of
6	property insurance claims in the wake of hurricanes, the practices of property insurance
7	claim adjusters, and the necessity of a catastrophe savings account.
8	BE IT FURTHER RESOLVED that the membership of the commission consist of
9	the following members:
10	(1) The governor, or his appointee.
11	(2) The chairman for the House Committee on Insurance, or his designee.
12	(3) The chairman for the Senate Committee on Insurance, or his designee.
13	(4) The Commissioner of Insurance, or his designee.
14	(5) The chief executive officer for the Louisiana Insurance Guaranty Association, or
15	his designee.
16	(6) The chief executive officer for the Louisiana Citizens Property Insurance
17	Corporation, or his designee.
18	(7) A member selected from the membership of the American Property Casualty
19	Insurance Association.
20	(8) A member selected from the membership of the National Association of Mutual
21	Insurance Companies.
22	(9) A member selected from the membership of the Independent Insurance Agents
23	& Brokers of Louisiana.
24	(10) A member selected from the membership of the Professional Insurance Agents
25	of Louisiana.
26	(11) A member selected from the membership of the Louisiana Association for
27	Justice.
28	(12) A member selected from the membership of the Louisiana Claims Association.
29	(13) A member selected from the membership of the American Adjuster Association.
30	(14) A member selected from the membership of the National Association of

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1	Independent Insurance Adjusters.
2	BE IT FURTHER RESOLVED that the names of the members designated in this
3	Resolution be submitted to the commissioner or his designee no later than June 30, 2023,
4	and a vacancy in the membership shall be filled in the same manner as the original
5	appointment.
6	BE IT FURTHER RESOLVED that the members of the commission shall serve
7	without compensation, except per diem or expenses reimbursement to which they may be
8	individually entitled as members of their constituent organizations.
9	BE IT FURTHER RESOLVED that a majority of the commission shall constitute
10	a quorum for the transaction of business and all official actions of the commission shall
11	require the affirmative vote of a majority of the quorum.
12	BE IT FURTHER RESOLVED that the commissioner or his designee shall call the
13	first meeting of the commission, which shall be held no later than July 31, 2023, at which
14	time the commission shall select a chairman and other officers deemed necessary from
15	among its membership, and shall adopt rules of procedure, a work schedule, and any
16	additional measures that the commission deems necessary for the timely performance of its
17	duties.
18	BE IT FURTHER RESOLVED the commissioner of insurance shall designate staff
19	from the Department of Insurance to assist the commission in the performance of its duties.
20	BE IT FURTHER RESOLVED the commission shall be domiciled in Baton Rouge
21	but may hold meetings elsewhere in the state.
22	BE IT FURTHER RESOLVED in conducting its study the commission shall, at
23	minimum, do all of the following:
24	(1) Review all data submitted pursuant to R.S. 13:4165(F).
25	(2) Identify whether a current framework is aligned with the findings of the
26	legislature.
27	(3) Review and study best practices related to the property insurance claims handling
28	of the following:

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(a) Bad faith penalties.

(b) Assignment of benefits.

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1	(c) Policyholder bill of rights.
2	(d) Mediation programs.
3	(e) Appraisal reconciliation process.
4	BE IT FURTHER RESOLVED that the commission shall make a written report or
5	its findings and any recommendations for legislation to the Senate Committee on Insurance
6	and the House Committee on Insurance, and that a copy of the report be forwarded to the
7	David R. Poynter Legislative Research Library as required by R.S. 24:771 and 772, no later
8	than February 1, 2024.
9	BE IT FURTHER RESOLVED that the commission shall terminate on the date or
10	the submission of its report or February 1, 2024, whichever occurs first.
11	BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
12	Commissioner of Insurance.
	The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

DIGEST 2023 Regular Session

SCR 7 Original

Talbot

Urges the commissioner of insurance to create the Hurricane Mitigation Commission to study the handling of property insurance claims in the wake of hurricanes and the necessity of a catastrophe savings account.

Requires the commission to submit a written report of its findings and recommendations to the Senate and House Committees on Insurance no later than February 1, 2024.