

Regular Session, 2003

HOUSE BILL NO. 1788

BY REPRESENTATIVE MORRISH AND SENATOR DARDENNE

INSURANCE/PROPERTY: Creates the Louisiana Citizens Property Insurance Corporation to operate and manage the FAIR and Coastal plans

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AN ACT

To enact Subpart B of Part XXX of Chapter 1 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:1430 through 1430.17, and to repeal R.S. 22:1406.1 through 1406.13 and 1431 through 1445, relative to residential and commercial property insurance; to provide for the Louisiana Citizens Property Insurance Corporation; to provide for the FAIR Plan; to provide for the Coastal Plan; to provide for a board of directors; to provide for the Louisiana Insurance Rating Commission; to provide for corporate powers; to provide for certain immunity; to provide for a plan of operation; to provide for assessments; to provide for charges and surcharges; to provide for participating insurers; to provide for eligibility; to provide for insurance; to provide for rates; to provide for contributions by the state; to provide for plan deficits; and to provide for related matters.

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. Subpart B of Part XXX of Chapter 1 of Title 22 of the  
3 Louisiana Revised Statutes of 1950, comprised of R.S. 22:1430 through  
4 1430.17, is hereby enacted to read as follows:

5 SUBPART B. LOUISIANA CITIZENS PROPERTY

6 INSURANCE CORPORATION

7 §1430. Louisiana Citizens Property Insurance Corporation; declaration  
8 and purpose; construction

9 It is hereby declared by the Legislature of Louisiana that an  
10 adequate market for fire with extended coverage and vandalism and  
11 malicious mischief insurance and homeowners coverage is necessary  
12 to the economic welfare of the state, including the coastal areas of the  
13 state, and that without such insurance the orderly growth and  
14 development of the state would be severely impeded; and that adequate  
15 insurance upon property is necessary to enable owners of homes and  
16 commercial owners to obtain financing for the purchase and  
17 improvement of their property. It is further declared that the state has  
18 an obligation to provide an equitable method whereby every licensed  
19 insurer writing fire, extended coverage and vandalism and malicious  
20 mischief and, if necessary, homeowners coverage on a direct basis in  
21 Louisiana is required to meet its public responsibility instead of shifting  
22 the burden to a few willing and public-spirited insurers. While  
23 deserving praise, the financing mechanisms of the former plans were  
24 insufficient to meet the needs of this area. It is the purpose of this  
25 Subpart to accept this obligation and to provide a mandatory program  
26 to assure an adequate market for fire, extended coverage and vandalism

1        and malicious mischief and, if necessary, homeowners insurance in the  
2        coastal and other areas of Louisiana. The legislature intends by this  
3        Subsection that property insurance be provided and that it continues, as  
4        long as necessary, through an entity organized to achieve efficiencies  
5        and economies, all toward the achievement of the foregoing public  
6        purposes. Therefore, the Louisiana Citizens Property Insurance  
7        Corporation, a nonprofit corporation, is hereinafter created, and said  
8        corporation shall operate insurance plans which shall function  
9        exclusively as residual market mechanisms to provide essential property  
10       insurance for residential and commercial property, solely for applicants  
11       who are in good faith entitled, but are unable, to procure insurance  
12       through the voluntary market. The legislature further intends that the  
13       corporation work toward the ultimate depopulation of these residual  
14       market insurance plans. Because it is essential for the corporation to  
15       have the maximum financial resources to pay claims following a  
16       catastrophic hurricane, it is the intent of the legislature that the income  
17       of the corporation be exempt from federal income taxation and that  
18       interest on the debt obligations issued by the corporation be exempt  
19       from federal income taxation.

20       §1430.1. Definitions

21                As used in this Subpart, unless the context otherwise requires:

22                (1) "Assessable insureds" means insureds who procure a policy  
23        of insurance for one or more subject lines of business in this state.

24                (2) "Assessable insurers" means insurers authorized to write one  
25        or more subject lines of business in this state.

1                   (3) "Coastal area" means all of that area of the state designated  
2                   in the plan of operation submitted by the governing board, approved by  
3                   the Louisiana Insurance Rating Commission and designated as Coastal  
4                   Plan (Louisiana Insurance Underwriting Plan) area.

5                   (4) "Coastal Plan" means the successor to that program  
6                   established by Act 35 of the 1970 Regular Session to provide a residual  
7                   market for adequate insurance on property in the coastal areas of the  
8                   state, now available as a program of the Louisiana Citizens Property  
9                   Insurance Corporation.

10                  (5) "Corporation" means the Louisiana Citizens Property  
11                  Insurance Corporation, and includes the residual market insurance  
12                  programs known as the "Coastal Plan" and the "FAIR Plan".

13                  (6) "Essential property insurance" means any of the following  
14                  coverages against direct loss to property as defined by the plan of  
15                  operation approved by the Louisiana Insurance Rating Commission:

16                  (a) Fire, with or without extended coverage and vandalism and  
17                  malicious mischief.

18                  (b) Windstorm and hail without fire, but only with respect to  
19                  dwellings and commercial properties on a monoline basis.

20                  (c) Homeowners.

21                  (7) "FAIR Plan" means the successor to that program  
22                  established by Act 424 of the 1992 Regular Session, and designated as  
23                  the "Fair Access to Insurance Requirements Plan" to provide a residual  
24                  market for adequate insurance on property in the state, now available  
25                  as a program of the Louisiana Citizens Property Insurance Corporation.

1           (8) "Governing board" means that board of directors which is  
2           established under R.S. 22:1430.3 and, where appropriate, any designee  
3           of the governing board.

4           (9) "Insurable property" means real and tangible personal  
5           property at a fixed location in Louisiana when such property is in an  
6           insurable condition and basic property insurance is not obtainable in the  
7           voluntary market and as further defined by the governing board.

8           (10) "Net direct premiums" means gross direct premiums,  
9           excluding reinsurance assumed, written for subject lines of business,  
10          less return premiums, dividends paid or credited to policyholders, or the  
11          unused or unabsorbed portions of premium deposits. In no event shall  
12          premiums on industrial fire insurance policies be considered as net  
13          direct premiums.

14          (11) "Plan of operation" means the document setting the rules  
15          of operation of the corporation, as promulgated by the governing board  
16          and approved by the Louisiana Insurance Rating Commission pursuant  
17          to the provisions of this Subpart.

18          (12) "Subject lines of business" means the following lines of  
19          business: fire, allied lines, farmowners multiperil, homeowners  
20          multiperil, and the property insurance portion of commercial multiperil  
21          policies.

22          §1430.2. Creation of the Louisiana Citizens Property Insurance  
23          Corporation

24          A. There is created a nonprofit corporation to be known as the  
25          "Louisiana Citizens Property Insurance Corporation", which shall  
26          operate residual market insurance programs, designated as the Coastal

1        Plan and the FAIR Plan, sometimes hereinafter referred to as "the  
2        plans", as successors to the Louisiana Insurance Underwriting Plan  
3        (Coastal Plan) and the Louisiana Joint Reinsurance Plan (FAIR Plan);  
4        and whose domicile for purpose of suit shall be East Baton Rouge  
5        Parish, Louisiana. All insurers authorized to write, and engaged in  
6        writing, property insurance in the state of Louisiana shall participate in  
7        the Coastal Plan and the FAIR Plan as a condition of their authority to  
8        transact insurance in this state. The corporation shall perform its  
9        functions under a plan of operation established and approved under  
10       R.S. 22:1430.7 and shall exercise its powers through a board of  
11       directors established under R.S. 22:1430.3.

12            B.(1) Assets of the corporation shall not be considered part of  
13        the general fund of the state. The state shall not budget for or provide  
14        general fund appropriations to the corporation, and the debts, claims,  
15        obligations, and liabilities of the corporation shall not be considered to  
16        be a debt of the state or a pledge of its credit.

17            (2) The corporation shall be prohibited from making  
18        contributions to any political party, political organization, public  
19        official, or candidate for public office, whether federal, state or local in  
20        nature.

21            (3) All compensated employees of the corporation shall be  
22        subject to the provisions of Article X, Part I., Section 9 of the Louisiana  
23        Constitution of 1974, 'Prohibitions Against Political Activities', as if  
24        they were employees of the state, except members of the governing  
25        board of the corporation.

1           C. Neither the corporation nor the plans shall be required to  
2           obtain a certificate of authority from the commissioner of insurance,  
3           nor shall they participate in the Louisiana Insurance Guaranty  
4           Association.

5           D.(1) Notwithstanding the provisions of Subsections A and B  
6           of this Section, and except as provided by Paragraph (2) of this  
7           Subsection, the corporation shall be subject to R.S. 42:4.1 through 13  
8           and to R.S. 44:1 through 41, and may be considered as if it were a  
9           public body for the purpose of those provisions.

10           (2) The corporation may hold an executive session pursuant to  
11           R.S. 42:6 for discussion of one or more of the following, and R.S. 44:1  
12           through 41 shall not apply to any documents as enumerated in R.S.  
13           44:1(A)(2) which relate to one or more of the following:

14           (a) Underwriting files, except that a policyholder or an applicant  
15           shall have access to his or her own underwriting files.

16           (b) Claims files, until termination of all litigation and settlement  
17           of all claims arising out of the same incident, although portions of the  
18           claims files may remain exempt, as otherwise provided by law.  
19           Confidential and exempt claims file records may be released to other  
20           governmental agencies upon written request and demonstration of need;  
21           such records held by the receiving agency remain confidential and  
22           exempt as provided for herein.

23           (c) Records obtained or generated by an internal auditor  
24           pursuant to a routine audit, until the audit is completed, or if the audit  
25           is conducted as part of an investigation, until the investigation is closed  
26           or ceases to be active. An investigation is considered "active" while the

1        investigation is being conducted with a reasonable, good faith belief  
2        that it could lead to the filing of administrative, civil, or criminal  
3        proceedings.

4                (d) Matters reasonably encompassed in privileged attorney-  
5        client communications.

6                (e) Proprietary information licensed to the corporation, or either  
7        of the plans prior to enactment of this Subpart, under contract, where  
8        the contract provides for the confidentiality of such proprietary  
9        information.

10               (f) All information relating to the medical condition or medical  
11        status of a corporation employee which is not relevant to the employee's  
12        capacity to perform his or her duties, except as otherwise provided in  
13        this Paragraph. Information which is exempt shall include but is not  
14        limited to information relating to workers' compensation, insurance  
15        benefits, and retirement or disability benefits.

16               (g) Upon an employee's entrance into an employee assistance  
17        program, a program to assist any employee who has a behavioral or  
18        medical disorder, substance abuse problem, or emotional difficulty  
19        which affects the employee's job performance, all records relative to  
20        that participation shall be confidential.

21               (h) Information relating to negotiations for financing,  
22        reinsurance, depopulation, or contractual services, until the conclusion  
23        of the negotiations.

24               (i) Minutes of closed meetings regarding underwriting files and  
25        minutes of closed meetings regarding an open claims file until  
26        termination of all litigation and settlement of all claims with regard to



1        that claim, except that information otherwise confidential or exempt by  
2        law will be redacted.

3                (3) When an authorized insurer is considering underwriting a  
4        specific risk insured by the corporation, relevant underwriting files and  
5        confidential claims files may be released to the insurer provided the  
6        insurer agrees in writing, notarized and under oath, to maintain the  
7        confidentiality of such files. When a file is transferred to an insurer that  
8        file is no longer a public record because it is not held by an agency  
9        subject to the provisions of the public records law. Notwithstanding the  
10       provisions of this Subsection, the corporation shall not provide either  
11       a partial or complete list of the plans' insureds, applicants or claimants  
12       to any voluntary insurer.

13       §1430.3. Board of directors of corporation

14                A. The governing body of the corporation shall be a board of  
15       directors which shall consist of the following members:

16                (1) The commissioner of the Department of Insurance, or an  
17       employee of the Department of Insurance as his designee.

18                (2) The state treasurer, or an employee of the Department of the  
19       Treasury as his designee.

20                (3) The chairman of the House Committee on Insurance, or a  
21       member of that committee designated by the chairman.

22                (4) The chairman of the Senate Committee on Insurance, or a  
23       member of that committee designated by the chairman.

24                (5) One representative appointed by the governor.

25                (6) One representative appointed by the commissioner.

1                   (7) One member appointed by the commissioner from a list of  
2                   three nominees from the Professional Insurance Agents of Louisiana,  
3                   or its successor.

4                   (8) One member appointed by the commissioner from a list of  
5                   three nominees from the Independent Insurance Agents of Louisiana,  
6                   or its successor.

7                   (9) Two members appointed by the governor from a list of four  
8                   nominees from the National Association of Independent Insurers, or its  
9                   successor.

10                  (10) Two members appointed by the governor from a list of four  
11                  nominees from the American Insurance Association, or its successor.

12                  (11) Two members appointed by the governor from a list of four  
13                  nominees from the Alliance of American Insurers, or its successor.

14                  (12) One member appointed by the governor from a list of two  
15                  nominees from the insurer writing the largest volume in the state of the  
16                  subject lines of business.

17                  B. The quorum necessary for transaction of business is hereby  
18                  established as seven members of the board in attendance.

19                  C. The members of the board shall elect the chairman.

20                  D. The members of the board shall receive no salary, but each  
21                  member shall be reimbursed for necessary travel and other expenses  
22                  actually incurred while in attendance at the meetings of the board or on  
23                  business for the board.

24                  §1430.4. Coastal Plan and FAIR Plan; re-created and continued

25                  A. There is hereby re-created and continued the Louisiana  
26                  Insurance Underwriting Plan (Coastal Plan), which beginning January

1           1, 2004, shall be available as an insurance program of the Louisiana  
2           Citizens Property Insurance Corporation. All assessable insurers shall  
3           participate in assessments levied by the Coastal Plan, so long as the  
4           Coastal Plan is in existence, as a condition of continuing authority to  
5           transact the business of insurance in this state.

6           B. There is hereby re-created and continued the Louisiana Joint  
7           Reinsurance Plan (FAIR Plan), which beginning January 1, 2004, shall  
8           be available as an insurance program of the Louisiana Citizens Property  
9           Insurance Corporation. All assessable insurers shall participate in  
10          assessments levied by the FAIR Plan, so long as the FAIR Plan is in  
11          existence, as a condition of continuing authority to transact the business  
12          of insurance in this state.

13          §1430.5. Immunity from liability

14          A. There shall be no liability on the part of and no cause of  
15          action of any nature shall arise against the Louisiana Insurance Rating  
16          Commission or any of its staff, or against the governing board of the  
17          Louisiana Citizens Property Insurance Corporation or anyone acting on  
18          behalf of the corporation or the plans, or against any servicing carrier  
19          or carriers, or against any assessable insurer, or against any  
20          participating insurance producer, or against the Department of  
21          Insurance or its representatives, for any action taken by them in the  
22          performance of their duties or responsibilities under this Subpart.

23          B. Such immunity from liability does not apply to:

24                  (1) Any of the persons or entities listed in Subsection A hereof  
25                  for any willful tort or criminal act.

1           (2) The corporation, or insurance producers placing business  
2           with one of the plans, for breach of any contract or agreement  
3           pertaining to insurance coverage.

4           (3) The corporation with respect to issuance or payment of debt.

5           (4) Any assessable insurer with respect to any action to enforce  
6           such insurer's obligations to the corporation under this Subpart.

7           §1430.6. Powers and duties of Louisiana Citizens Property Insurance  
8           Corporation

9           A. The Louisiana Citizens Property Insurance Corporation shall  
10          operate insurance plans which shall function exclusively as residual  
11          market mechanisms to provide essential property insurance for  
12          residential and commercial property for applicants who are in good  
13          faith entitled, but are unable, to procure insurance through the voluntary  
14          market. The corporation shall not offer private or commercial  
15          automobile or vehicle insurance. The corporation shall operate  
16          according to a plan of operation pursuant to R.S. 22:1430.7.

17          B. The governing board of the corporation shall, pursuant to the  
18          provisions of this Subpart and the plan of operation and with respect to  
19          essential property insurance on insurable property, have the power:

20          (1) To cause to be issued policies of insurance to eligible  
21          applicants; and

22          (2) To employ or retain such persons as are necessary to  
23          perform the duties of the corporation.

24          C. The corporation may:

25          (1) Purchase reinsurance on risks insured by the corporation and  
26          the plans.

1           (2) Borrow funds necessary to effect the purposes of this  
2           Subpart. In connection therewith, the corporation may agree to such  
3           terms and conditions as it deems necessary and proper and the  
4           corporation may assign to the state or any agency or authority thereof,  
5           or to any private entity, the right to the receipt of assessments levied by  
6           the corporation on behalf of one or more of the plans, to the extent  
7           necessary to provide for the payment of bonds issued by the state or  
8           such agency or authority, or such private agency, for the purpose of  
9           providing for the repayment of such borrowings.

10           (3) Sue or be sued. The power to sue includes the power and  
11           right to intervene as a party before any court in this state in any matter  
12           involving the plans or the corporation's powers and duties.

13           (4) Negotiate and become a party to such contracts as are  
14           necessary to carry out the purpose of this Subpart.

15           D. The corporation shall:

16           (1) Maintain separate accounts and records for the Coastal Plan  
17           and the FAIR Plan for all policies, revenues, assets, liabilities, losses,  
18           and expenses.

19           (2) Retain any profits or excess reserves generated, to be used  
20           to offset deficits incurred by the plans. Such retained funds shall be  
21           invested pursuant to the limitations set forth in this Title for insurers.

22           (3) Develop and annually reassess a reasonable and prudent  
23           reinsurance program, for the benefit of the policyholders of the plans,  
24           to enhance the capability of the corporation to timely and efficiently  
25           handle claims from a hurricane or other natural disaster.

1           (4) Take all actions necessary to facilitate and maintain tax-free  
2           status for the income and operations of the corporation and the plans,  
3           and to facilitate tax-free status for bonds or other indebtedness issued  
4           by or on behalf of the corporation or the plans.

5           (5) Upon depopulation of the plans, such that less than one  
6           thousand policies are written in a plan year, and a determination by the  
7           governing board that the declaration and purpose as set forth in R.S.  
8           22:1430 no longer requires operation of the plans, and with approval of  
9           the Louisiana Insurance Rating Commission and the commissioner of  
10          insurance, effectuate a plan of dissolution of the corporation. Upon  
11          dissolution, the assets of the corporation shall be applied first to pay all  
12          debts, liabilities, and obligations of the corporation, including the  
13          establishment of reasonable reserves for any contingent liabilities or  
14          obligations, and all remaining assets of the corporation shall become  
15          property of the state and be deposited in the general fund. However, no  
16          dissolution shall take effect as long as the corporation has bonds or  
17          other financial obligations outstanding unless adequate provision has  
18          been made for the payment of the bonds or other financial obligations  
19          pursuant to the documents authorizing the issuance of the bonds or  
20          other financial obligations.

21          (6) Perform such other acts as are necessary or proper to  
22          effectuate the purpose of this Subpart.

1        §1430.7. Plan of operation of Louisiana Citizens Property Insurance  
2                    Corporation

3                    A.(1) A plan of operation adopted by the governing board of the  
4                    Louisiana Citizens Property Insurance Corporation shall be filed with  
5                    and approved by the Louisiana Insurance Rating Commission, and filed  
6                    with the office of property and casualty of the Department of Insurance.  
7                    The plan of operation shall include the establishment of necessary  
8                    facilities and operating procedures; management of the corporation;  
9                    procedures for assessment of assessable insurers and assessable  
10                   insureds to defray deficits in one or more of the plans; underwriting  
11                   standards; procedures for the purchase and cession of reinsurance;  
12                   procedures for determining the amounts of insurance to be provided to  
13                   specific risks; procedures for processing applicants for insurance;  
14                   provisions for attaining depopulation of the plans; and such other  
15                   provisions as may be deemed necessary to carry out the purposes of this  
16                   Subpart.

17                   (2) The Louisiana Insurance Rating Commission and the office  
18                   of property and casualty may, in their discretion, consult with the  
19                   governing board of the corporation and may seek any further  
20                   information deemed necessary.

21                   B.(1) The governing board of the corporation may, subject to  
22                   the approval of the Louisiana Insurance Rating Commission, amend the  
23                   plan of operation at any time. The Louisiana Insurance Rating  
24                   Commission and the office of property and casualty may review the  
25                   plan of operation at any time deemed prudent, but not less than once in  
26                   each calendar year. After review of the plan of operation, the Louisiana

1        Insurance Rating Commission may amend it after consultation with the  
2        governing board of the corporation, and upon certification to the  
3        governing board of such amendment.

4                (2) Notwithstanding the provisions of Paragraph (1) of this  
5        Subsection, neither the governing board of the corporation nor the  
6        Louisiana Insurance Rating Commission shall have the authority to  
7        amend the plan of operation to expand on the declaration and purpose  
8        as set forth in R.S. 22:1430, or to expand on the essential property  
9        insurance and subject lines of business as defined in R.S. 22:1430.1.

10               C. The Louisiana Insurance Rating Commission may, by order,  
11        withdraw all or part of a plan of operation if it determines that  
12        conditions have changed since approval was granted, or that the public  
13        purpose of the corporation and the plans require changes in the plan of  
14        operation.

15        §1430.8. Functions of assessable insurers participating in the Coastal  
16        Plan

17               A. All assessable insurers shall participate in assessments of the  
18        Coastal Plan in the proportion that the net direct premium of such  
19        participant written in this state during the preceding calendar year bears  
20        to the aggregate net direct premiums written in this state by all  
21        assessable insurers during the preceding calendar year as certified to the  
22        governing board of the Louisiana Citizens Property Insurance  
23        Corporation by the Louisiana Insurance Rating Commission after  
24        review of annual statements, other reports and other statistics the  
25        Louisiana Insurance Rating Commission shall deem necessary to  
26        provide the information herein required and which the Louisiana



1        Insurance Rating Commission is hereby authorized and empowered to  
2        obtain from all assessable insurers. Assessable insurers shall not  
3        participate in the gains or losses of the Coastal Plan.

4            B. The governing board of the corporation may adopt, in  
5        accordance with the plan of operation approved by the Louisiana  
6        Insurance Rating Commission, a credit schedule for essential property  
7        insurance voluntarily written in the coastal areas, and participation by  
8        assessable insurers in the writings in the Coastal Plan may be reduced  
9        in accordance with the provisions of such credit schedule. The  
10       governing board shall define the term "essential property insurance" for  
11       the purposes of this Section.

12           C. Any insurer who becomes authorized to engage in writing  
13        property insurance within Louisiana and who engages in writing  
14        property insurance within Louisiana shall become an assessable insurer  
15        in the Coastal Plan on January first, immediately following such  
16        authorization, and shall cease to be an assessable insurer one year after  
17        the end of the first calendar year during which the insurer no longer  
18        holds a certificate of authority to transact insurance for subject lines of  
19        business in this state.

20        §1430.9. Functions of insurers participating in the FAIR Plan

21           A. All assessable insurers shall participate in assessments of the  
22        FAIR Plan in the proportion that the net direct premium of such  
23        participant written in this state during the preceding calendar years  
24        bears to the aggregate net direct premiums written in this state by all  
25        assessable insurers during the preceding calendar year as certified to the  
26        governing board of the corporation after review of annual statements.

1        other reports, and other statistics necessary to provide the information  
2        herein required and which the Louisiana Insurance Rating Commission  
3        is hereby authorized and empowered to obtain from all assessable  
4        insurers. Assessable insurers shall not participate in the gains or losses  
5        of the FAIR Plan.

6                B. The governing board of the corporation may adopt, in  
7        accordance with the plan of operation approved by the Louisiana  
8        Insurance Rating Commission, a credit schedule for essential property  
9        insurance voluntarily written, and participation by assessable insurers  
10       in the writings in the FAIR Plan may be reduced in accordance with the  
11       provisions of such credit schedule. The governing board shall define  
12       the term "essential property insurance" for the purposes of this Section.

13               C. Any insurer who becomes authorized to engage in writing  
14       property insurance within Louisiana and who engages in writing  
15       property insurance within Louisiana shall become an assessable insurer  
16       in the FAIR Plan on January first immediately following such  
17       authorization, and shall cease to be an assessable insurer one year after  
18       the end of the first calendar year during which the insurer no longer  
19       holds a certificate of authority to transact insurance for subject lines of  
20       business in this state.

21       §1430.10. Assessable insureds

22               A. All persons who procure one or more subject lines of  
23       business from an assessable insurer are subject to emergency  
24       assessment by the corporation, and are referred to collectively as  
25       "assessable insureds".

1           B. When an emergency assessment is levied by the corporation,  
2           the assessment percentage applicable to each assessable insured is the  
3           ratio of the total amount being assessed by the corporation to the  
4           aggregate statewide direct written premium for the subject lines of  
5           business for the prior year.

6           C. Emergency assessments levied by the corporation on  
7           assessable insureds shall be collected by all assessable insurers at the  
8           time an assessable insured procures a policy of insurance for a subject  
9           line of business. Assessable insurers shall remit the collected  
10          emergency assessments to the corporation in accordance with  
11          guidelines included in the corporation's plan of operation. Emergency  
12          assessments shall not be considered premium.

13          D. Assessable insurers shall be permitted to recoup all regular  
14          assessments from their voluntary policyholders by applying a surcharge  
15          to all policies issued for subject lines of business. The surcharge shall  
16          be a uniform percentage of premium, but shall not be considered  
17          premium. Assessable insurers shall cease to collect the recoupment  
18          surcharge once the full amount of the regular assessment has been  
19          collected. If an assessable insurer recoups more than its fair share of  
20          a regular assessment, all funds collected in excess of the insurer's share  
21          of the regular assessment shall be remitted to the corporation for use in  
22          defraying future deficits. Assessable insurers shall notify the  
23          department at least thirty days in advance of the commencement of such  
24          a surcharge.

1           §1430.11. Eligibility: application

2                   A. Any person having an insurable interest in insurable property  
3           is entitled to apply to the corporation, directly or through a  
4           representative, for such coverage through the Coastal Plan or the FAIR  
5           Plan, and for an inspection of the property. Every such application  
6           shall be submitted on forms prescribed by the governing board of the  
7           corporation and on file with the office of property and casualty of the  
8           Department of Insurance.

9                   B. The term "insurable interest" as used in this Section shall be  
10          deemed to include any lawful and substantial economic interest in the  
11          safety and preservation of property from loss, destruction, or pecuniary  
12          damage.

13                  C. If the corporation determines that the property is insurable,  
14          the corporation, upon receipt of the premium or such portion thereof as  
15          is prescribed for either the Coastal Plan or the FAIR Plan, shall cause  
16          to be issued the appropriate policy of essential property insurance for  
17          a term not exceeding one year. Any policy issued pursuant to the  
18          provisions of this Section shall be renewed annually, upon payment of  
19          premium due, so long as the property meets the definition of "insurable  
20          property".

21                  D. If the corporation for any reason denies an application and  
22          refuses to cause to be issued an insurance policy on insurable property  
23          to any applicant, or takes no action on an application within the time  
24          prescribed in the plan of operation, such applicant may appeal to the  
25          Louisiana Insurance Rating Commission and the said commission or a  
26          member of the commission's staff designated by it, after reviewing the

1 facts, may direct the corporation to issue, or cause to be issued, an  
2 appropriate insurance policy to the applicant. In carrying out its duties  
3 pursuant to this Section, the Louisiana Insurance Rating Commission  
4 may request and the corporation shall provide any information which  
5 the Louisiana Insurance Rating Commission deems necessary to a  
6 determination concerning the reason for the denial or delay of the  
7 application.

8 §1430.12. Rates, rating plans, and rate rules applicable

9 A. As residual markets, the plans made available by the  
10 Louisiana Citizens Property Insurance Corporation are not intended to  
11 offer rates competitive with the voluntary market. Rates for policies  
12 issued under the Coastal Plan and the FAIR Plan shall be set by the  
13 governing board of the Louisiana Citizens Property Insurance  
14 Corporation, adjusted annually, shall be actuarially justified, and for  
15 each parish, the average rates of the plans for each line of business for  
16 personal lines residential policies, excluding rates for wind-only  
17 policies, shall exceed by at least ten percent the average rates charged  
18 by the insurer that had the highest average rate in that parish among the  
19 ten insurers with the greatest total direct written premium in the state  
20 for that line of business in the preceding year; except that, with respect  
21 to mobile home coverages, the average rates of the plans shall exceed  
22 by at least ten percent the average rates charged by the insurer that had  
23 the highest average rate in that parish among the five insurers with the  
24 greatest total written premium for mobile homeowners' policies in the  
25 state in the preceding year. Such rates shall include an appropriate

1        catastrophe loading factor, and may include rules for classification of  
2        risks insured hereunder and rate modifications hereof.

3                B. In addition to the rates otherwise determined pursuant to this  
4        Section, including the premium tax provided for in R.S. 22:1065, the  
5        corporation shall impose and collect an additional amount equal to the  
6        premium tax provided for in R.S. 22:1065 to augment the financial  
7        resources of the corporation. Said additional amount equal to the  
8        premium tax shall be designated as a charge accruing to the state of  
9        Louisiana, but shall be retained by the corporation as a state  
10       contribution to the corporation for the public purpose as set forth in  
11       R.S. 22:1430.

12               C. The corporation shall make a rate filing at least once a year  
13       for the plans, and nothing in this Section shall require or permit the  
14       corporation to adopt a rate that is inadequate under R.S. 22:1401 et seq.  
15       Subject to the provisions of Subsections A and B of this Section, the  
16       rates shall be approved by the Louisiana Insurance Rating Commission  
17       prior to use.

18       §1430.13. Reports of inspection

19               All reports of inspection performed by the corporation shall be  
20       made available to the assessable insurers participating in the Coastal  
21       Plan and the FAIR Plan, and the Louisiana Insurance Rating  
22       Commission. An applicant or his representative shall be entitled to a  
23       copy of any inspection report on property in which the applicant has an  
24       insurable interest.

1           §1430.14. Annual and quarterly reports

2                   A. The corporation shall file in the office of the Louisiana  
3                   Insurance Rating Commission, and in the office of property and  
4                   casualty of the Department of Insurance, annual and quarterly  
5                   statements as required for authorized insurers pursuant to R.S. 22:1451;  
6                   and annual audited statements which shall summarize the transactions,  
7                   conditions, operations, and affairs of the Coastal Plan during the  
8                   preceding fiscal year ending June thirtieth, and the transactions,  
9                   conditions, operations, and affairs of the FAIR Plan during the  
10                  preceding fiscal year ending September thirtieth.

11                  B. The corporation shall report quarterly to the Louisiana  
12                  Insurance Rating Commission and the office of property and casualty  
13                  on the types, premium, exposure, and distribution by parish of its  
14                  policies in force, and submit such other reports as may be required by  
15                  the Louisiana Insurance Rating Commission to fulfill its oversight  
16                  responsibilities.

17           §1430.15. Examination of corporation

18                  The commissioner of insurance shall make examinations of the  
19                  Louisiana Citizens Property Insurance Corporation and the plans in the  
20                  manner as provided by R.S. 22:1301 for examination of insurers. The  
21                  expense of such examinations shall be borne and paid by the  
22                  corporation. The corporation and the plans shall be subject to  
23                  examination by the legislative auditor.

24           §1430.16. Plan deficits; financing

25                  A. In the event that the governing board of the Louisiana  
26                  Citizens Property Insurance Corporation determines that a deficit exists

1        in either the Coastal Plan or the FAIR Plan, the corporation may levy  
2        regular and emergency assessments for each affected plan in order to  
3        remedy such deficit. An assessment shall not be levied on assessable  
4        insurers and assessable insureds unless and until all profits and excess  
5        reserves over and above reasonably anticipated recurring operating  
6        costs have been exhausted and the governing board has projected a  
7        deficit in the plan for which an assessment is to be levied.

8                B. When the deficit incurred in a particular calendar year is not  
9        greater than ten percent of the aggregate statewide direct written  
10       premium for the subject lines of business for the prior calendar year, the  
11       entire deficit shall be recovered through regular assessments of  
12       assessable insurers.

13               C. When the deficit incurred in a particular calendar year  
14       exceeds ten percent of the aggregate statewide direct written premium  
15       for the subject lines of business for the prior calendar year, the  
16       corporation shall levy regular assessments on assessable insurers in an  
17       amount equal to the greater of ten percent of the deficit or ten percent  
18       of the aggregate statewide direct written premium for the subject lines  
19       of business for the prior calendar year. Any remaining deficit shall be  
20       recovered through emergency assessments.

21               D. Each assessable insurer's share of any regular assessment  
22       under Subsection B or C of this Section shall be calculated in  
23       accordance with R.S. 22:1430.8 and 1430.9. Assessments levied by the  
24       corporation on assessable insurers under Subsection B or C of this  
25       Section shall be paid as required by the corporation's plan of operation.



1           E. Upon a determination by the governing board that a deficit  
2           in a plan exceeds the amount that will be recovered through regular  
3           assessments under Subsection B or C of this Section, the governing  
4           board shall levy, after verification by the department, emergency  
5           assessments, for as many years as necessary to cover the deficits, to be  
6           collected by assessable insurers and the corporation and collected from  
7           all assessable insureds upon issuance or renewal of policies for subject  
8           lines of business, excluding National Flood Insurance policies. The  
9           amount of the emergency assessment collected in a particular year shall  
10           be a uniform percentage of that year's direct written premium for  
11           subject lines of business and all plan accounts of the corporation,  
12           excluding National Flood Insurance Program policy premiums, as  
13           annually determined by the governing board and verified by the  
14           department. The department shall verify the arithmetic calculations  
15           involved in the governing board's determination within thirty days after  
16           receipt of the information on which the determination was based.  
17           Notwithstanding any other provision of law, the corporation and each  
18           assessable insurer that writes subject lines of business shall collect  
19           emergency assessments from its policyholders without such obligation  
20           being affected by any credit, limitation, exemption, or deferment.  
21           Emergency assessments levied by the corporation on assessable  
22           insureds shall be collected by assessable insurers in accordance with  
23           guidelines included in the corporation's plan of operation. The  
24           emergency assessments so collected shall be held by the corporation  
25           solely in the applicable plan account. The aggregate amount of  
26           emergency assessments levied for a plan under this Subsection in any

1        calendar year may not exceed the greater of ten percent of the amount  
2        needed to cover the original deficit, plus interest, fees, commissions,  
3        required reserves, and other costs associated with financing of the  
4        original deficit, or ten percent of the aggregate statewide direct written  
5        premium for subject lines of business and for all plan accounts of the  
6        corporation for the prior year, plus interest, fees, commissions, required  
7        reserves, and other costs associated with financing the original deficit.  
8        Emergency assessments shall be shown separately on the declarations  
9        page of policies issued for subject lines of business, and shall not be  
10       considered premium, nor subject to any premium taxes or other  
11       charges.

12            F. Policies issued by the corporation shall be subject to  
13        emergency assessments, as specified in Subsection E hereof.  
14        Furthermore, when a regular assessment is levied, all policies shall be  
15        subject to a market equalization charge. The market equalization  
16        charge shall be a uniform percentage of premium. The market  
17        equalization charge percentage shall be the ratio of the total regular  
18        assessment levied by the corporation to the aggregate statewide direct  
19        written premium for subject lines of business for the prior year. The  
20        market equalization charge shall not be considered premium.  
21        Assessable insurers shall notify the Louisiana Insurance Rating  
22        Commission at least thirty days in advance of the commencement of  
23        such a charge.

24            G. The corporation may pledge the proceeds of assessments,  
25        insurance and reinsurance recoverables, surcharges, and other funds  
26        available to the corporation as the source of revenue for and to secure

1        bonds or other indebtedness, or lines of credit or other financing  
2        mechanisms issued or created under this Subsection, or to retire any  
3        other debt incurred as a result of deficits or events giving rise to  
4        deficits, or in any other way that the governing board determines will  
5        efficiently recover such deficits. The purpose of the lines of credit or  
6        other financing mechanisms is to provide additional resources to assist  
7        the corporation in covering claims and expenses attributable to a  
8        catastrophe. As used in this Subsection, the term "assessments"  
9        includes regular assessments under Subsection B or C of this Section,  
10       and emergency assessments under Subsection E of this Section.  
11       Emergency assessments collected under Subsection E of this Section  
12       are not part of an insurer's rates, are not premium, and are not subject  
13       to premium tax, fees, or commissions. However, failure to pay the  
14       emergency assessment shall be treated as failure to pay premium. The  
15       emergency assessments under Subsection E of this Section shall  
16       continue as long as any bonds issued or other indebtedness incurred  
17       with respect to a deficit for which the assessment was imposed remain  
18       outstanding, unless adequate provision has been made for the payment  
19       of such bonds or other indebtedness pursuant to the documents  
20       governing such bonds or other indebtedness.

21            H. The office of property and casualty shall determine annually  
22        the aggregate statewide written premium in subject lines of business  
23        and shall report that information to the corporation in a form and at a  
24        time the corporation specifies to ensure that the corporation can meet  
25        the requirements of this Section and the corporation's financing  
26        obligations.

1           I. All bonds, other indebtedness, lines of credit, or other  
2           financing mechanisms under this Section shall be approved by the  
3           Louisiana State Bond Commission.

4           J. Under no circumstances shall it be construed that the full faith  
5           and credit of the state of Louisiana be used to secure the bonds or  
6           indebtedness issued under this Section. Any offering documents  
7           associated with any debts under this Section shall clearly state it is not  
8           secured by the full faith and credit of the state.

9           §1430.17. Louisiana Citizens Property Insurance Corporation not  
10           taxable

11           The corporation shall be considered a political instrumentality  
12           of the state, and shall be exempt from any corporate income tax.  
13           However, the corporation is not and shall not be deemed a department,  
14           unit, or agency of the state. All debts, claims, obligations, and  
15           liabilities of the corporation, whenever and however incurred, shall be  
16           the debts, claims, obligations, and liabilities of the corporation only,  
17           and not of the state, its agencies, officers, or employees. Corporation  
18           funds shall not be considered part of the general fund of the state, and  
19           the state shall not appropriate corporation funds. The state's  
20           contribution to the corporation is limited to those funds collected by the  
21           corporation pursuant to the authority granted under R.S. 22:1430.12(B)  
22           of this Subpart, and the state shall not budget for or provide general  
23           fund appropriations to the corporation. The premiums, assessments,  
24           investment income, and other revenue of the corporation are funds  
25           received for providing property insurance coverage as required by this  
26           Section, paying claims for Louisiana citizens insured by the

1        corporation's plans, securing and repaying debt obligations issued by  
2        the corporation, and conducting all other activities of the corporation,  
3        and shall not be considered taxes, fees, licenses, or charges for services  
4        imposed by the legislature on individuals, businesses, or agencies  
5        outside state government. It is the intent of the legislature that the tax  
6        exemptions provided in this Section will augment the financial  
7        resources of the corporation to better enable fulfillment of the public  
8        purpose. Any bonds issued by or on behalf of the corporation and the  
9        plans, their transfer, and the income therefrom, including any profit  
10       made on the sale thereof, shall at all times be free from taxation of  
11       every kind by the state and any political subdivision or local unit or  
12       other instrumentality thereof.

13       Section 2. R.S. 22:1406.1 through 1406.13 and 1431 through 1445 are  
14 hereby repealed in their entirety.

15       Section 3. The Louisiana State Law Institute is hereby authorized and  
16 requested to redesignate R.S. 22:1401 through 1424 as Subpart A of Part XXX  
17 of Chapter 1 of Title 22 and entitled as "Subpart A. Rate Making Procedures  
18 and Organizations"; and to redesignate R.S. 22:1446 and 1447 as Subpart C  
19 of Part XXX of Chapter 1 of Title 22 and entitled as "Subpart C. Rules,  
20 Enforcement, and Miscellaneous Provisions".

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DIGEST

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

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Morrish, Sen. Dardenne

HB No. 1788

**Abstract:** Creates the Louisiana Citizens Property Insurance Corporation to operate and manage the FAIR and Coastal plans. The corporation is subject to oversight by the Louisiana Insurance Rating Commission and the commissioner of insurance. The insurers are required to participate and are subject to assessments by the corporation.

Proposed law creates the Louisiana Citizens Property Insurance Corporation, a nonprofit entity, to operate and manage the FAIR and Coastal plans for the purpose of providing access to adequate property insurance for designated areas of the state, including the coastal areas.

Proposed law provides that the assets of the Louisiana Citizens Property Insurance Corporation may not be considered as part of the general fund of the state and the state may not provide general funds to the corporation. The corporation is prohibited from making political contributions. Prohibits compensated employees from engaging in political activities.

Proposed law exempts the corporation from the necessity of a certificate of authority from the commissioner of insurance.

Proposed law provides that the corporation and the plans are subject to the statutory provisions on open meetings (R.S. 42:4.1 through 13) and public records (R.S. 44:1 through 4) as if it were a public body, except the following:

- (1) Underwriting files.
- (2) Claims files until termination of litigation.
- (3) Audit records until the audit is complete.
- (4) Matters subject to attorney-client privilege.
- (5) Proprietary information licensed to the corporation.
- (6) Medical records of employees.
- (7) Employee records of participation in behavior disorder assistance program.
- (8) Information on financial negotiations.
- (9) Minutes of closed meetings on underwriting files.

Proposed law prohibits disclosure to voluntary insurers the plans' insureds or applicants.

Proposed law provides for a 15-member board of directors comprised as follows:

- (1) Commissioner of insurance, or an employee of the department as his designee.
- (2) The state treasurer, or his employee designee.
- (3) The chair of the House Committee on Insurance, or a designated member.
- (4) The chair of the Senate Committee on Insurance, or a designated member.
- (5) One representative appointed by the governor.
- (6) One representative appointed by the commissioner.
- (7) One member appointed by the commissioner from a list of three nominees from the Professional Insurance Agents of Louisiana, or its successor.
- (8) One member appointed by the commissioner from a list of three nominees from the Independent Insurance Agents of Louisiana, or its successor.
- (9) Two members appointed by the governor from a list of four nominees from the National Association of Independent Insurers, or its successor.
- (10) Two members appointed by the governor from a list of four nominees from the American Insurance Association, or its successor.
- (11) Two members appointed by the governor from a list of four nominees from the Alliance of American Insurers, or its successor.
- (12) One member appointed by the governor from a list of two nominees submitted by the insurer writing the largest volume of business in the state.

Proposed law provides that members of the board may be reimbursed for necessary travel and actual expenses for attending meetings and while on board business.

Proposed law re-creates and continues the FAIR and Coastal Plans as of January 1, 2004, to be operated and managed by the Louisiana Citizens Property Insurance Corporation.

Proposed law requires all insurers authorized to write property insurance on a direct basis to participate in the Coastal and FAIR plans so long as the plans exist.

Proposed law provides that the corporation and its governing board and staff shall not be liable for any inspections made, statements made in reports, or communication concerning risk that are made in good faith in connection with the provision of proposed law.

Proposed law prohibits the corporation from offering automobile insurance.

Proposed law provides for the powers and duties of the corporation including the power to:

- (1) Cause insurance policies to be issued.
- (2) Assume reinsurance from participants.
- (3) Purchase reinsurance on risks.
- (4) Borrow funds.
- (5) Sue or be sued.
- (6) Negotiate and become a party to contracts.

Proposed law requires the corporation to:

- (1) Maintain separate accounts for the FAIR and Coastal plans.
- (2) Retain profits or excess revenues.
- (3) Develop a reinsurance plan.
- (4) Take actions to maintain a tax-free status.
- (5) Provides for the dissolution of the corporation upon the depopulation of the plans.

Proposed law provides that the plan of operation and any amendments are subject to approval by the rating commission. The plan of operation may include the assessment procedure, management of the corporation, procedures for assessment for the FAIR and Coastal plans, procedures for determining amounts of insurance for risks, and procedure for processing applicants.

Proposed law prohibits the governing board and the Insurance Rating Commission from amending the plan of operation to expand the declaration of purpose of the lines of business.

Proposed law requires assessable insurance companies to participate in assessments of the Coastal Plan in proportion to the net direct premium of the participant written during the preceding calendar year as it bears to the total



aggregate premiums written by all assessable insurers, as certified by the governing board of the corporation.

Proposed law provides that the governing board adopt a credit schedule for essential property insurance voluntarily written in the coastal areas. Participation by assessable insurers may be reduced in accordance with the credit schedule.

Proposed law requires assessable insurance companies to participate in assessments of the FAIR Plan in proportion to the net direct premium of the participant written during the preceding calendar year as it bears to the total aggregate premiums written by all assessable insurers, as certified by governing board of the corporation.

Proposed law provides that governing board adopt a credit schedule for essential property insurance voluntarily written in the designated areas under the FAIR plan. Participation by assessable insurers may be reduced in accordance with the credit schedule.

Proposed law provides for emergency assessments levied on assessable insurers. Provides for the remittance of the assessments. They are not considered to be premiums.

Proposed law provides for procedures for recoupment by assessable insurers of regular assessments by applying a surcharge on all policies issued for subject lines of business.

Proposed law provides that persons having an insurable interest in insurable property may apply to the corporation for coverage under the FAIR and Coastal plans. Any policy issued may have a term up to one year.

Proposed law allows an applicant who has been refused insurance by the corporation to appeal that decision to the Louisiana Insurance Rating Commission.

Proposed law provides that rates for policies under the FAIR and Coastal plans are not intended to be competitive and the rates are set by the corporation, adjusted annually, and shall be actuarially justified. The rates must be at least 10% above the average rates charged by the insurer with the highest average rate.

Proposed law provides that an additional amount equal to the premium tax is collected and retained by the corporation as the contribution by the state for the public purpose set out by proposed law.

Proposed law requires approval of rates by the Insurance Rating Commission prior to use.

Proposed law provides that reports of inspections by the corporation are available to the insurers participating in the FAIR and Coastal plans and to the applicant.

Proposed law requires annual and quarterly reports by the corporation to the Louisiana Insurance Rating Commission. Requires the filing of annual and quarterly statements as required for authorized insurers.

Proposed law authorizes the commissioner of insurance to examine the corporation and the FAIR and Coastal plans.

Proposed law authorizes the corporation to assess insurers participating in the FAIR and Coastal plans to remedy any deficit in the plans. When the deficit is 10% or less, the deficit is to be recovered through the regular assessment.

Proposed law provides that when the deficit is greater than 10%, the first 10% of the deficit is recoverable through regular assessments over two years. The excess deficit over 10% is to be recovered through an emergency assessment.

Proposed law provides that emergency assessments to cover excess deficits may be over as many years as is necessary as determined by the corporation. It is to be collected by the assessable insured upon the issuance or renewal of their policies except National Flood Insurance policies.

Proposed law provides that the aggregate amount of the emergency assessment may not exceed the greater of 10% of the original deficit or 10% of the aggregate statewide direct premium.

Proposed law provides that policies subject to emergency assessments are also subject to a market equalization charge which is a uniform percentage of premium. It is not considered to be a premium. The insurance company must notify the commission at least 30 days in advance of the commencement of the charge.

Proposed law requires the corporation to file with the Louisiana Insurance Rating Commission and the office of property and casualty an annual audited statement.

Proposed law requires the commissioner of insurance to make examinations of the corporation and the plans. Provides that the corporation and the plans are subject to examination by the legislative auditor.

Proposed law authorizes the corporation to pledge the assessments, insurance recoverables, surcharges, and other funds as a source of revenue to secure bonds and other indebtedness or lines of credit.

Proposed law provides that the purpose of the financing mechanisms is to provide additional resources for the corporation to cover claims and expenses attributable to a catastrophe.

Proposed law requires the office of property and casualty to determine annually the aggregate statewide written premium and to report that to the corporation.

Proposed law requires bonds, other indebtedness, lines of credit, and other financing to be approved by the Louisiana State Bond Commission.

Proposed law prohibits construing proposed law to use the full faith and credit of the state to secure the bonds. Requires offering documents to state it is not secured by the full faith and credit of the state.

Proposed law provides that the revenue received by the corporation is not considered to be taxes, fees, licenses, or charges by the legislature. and that any bonds issued by the corporation and the income therefrom is tax free.

Proposed law authorizes the Louisiana State Law Institute to redesignate certain provisions of present law.

(Adds R.S. 22:1430-1430.17; Repeals R.S. 22:1406.1-1406.13 and 1431-1445)

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Deletes provision providing that proposed law is to be liberally construed.
2. Changes the definition of "subject lines of business".
3. Provides that members of the board may be reimbursed for necessary travel and actual expenses.
4. Requires the filing of annual audited statements.
5. Allows examination by the legislative auditor.
6. Requires bonds to be approved by the Louisiana State Bond Commission.
7. Prohibits construing the proposed law to use the full faith and credit of the state to secure the bonds.
8. Requires offering documents to state it is not secured by the full faith and credit of the state.

#### House Floor Amendments to the engrossed bill.

1. Adds legislative intent to depopulate the residual market.
2. Prohibits political contributions.
3. Prohibits compensated employees from engaging in political activities.
4. Prohibits disclosure to voluntary insurers the plans' insureds or applicants.

5. Prohibits the corporation from offering automobile insurance.
6. Provides for the dissolution of the corporation upon the depopulation of the plans.
7. Prohibits the governing board and the Insurance Rating Commission from amending the plan of operation to expand the declaration of purpose of the lines of business.
8. Requires approval of rates by the Insurance Rating Commission prior to use.
9. Requires the filing of annual and quarterly statements as required for authorized insurers.