



1       insured, two or more claims within a ~~period of three years~~ continuous three-year  
2       period of time within the five years preceding the current policy renewal date, or if  
3       continuation of such policy endangers the solvency of the insurer. This Subsection  
4       shall not apply to an insurer that ~~ceases writing~~ withdraws from the homeowner's  
5       homeowners' insurance market in this state or to policy deductibles increased for all  
6       homeowners' policies in ~~the~~ this state. For the purposes of this Subsection, an  
7       incident shall be deemed a claim only when there is a demand for payment by the  
8       insured or the insured's representative under the terms of the policy. A report of a  
9       loss or a question relating to coverage shall not independently establish a claim. As  
10      used in this Subsection, the phrase "two or more claims within a ~~period of three years~~  
11      continuous three-year period of time within the five years preceding the current  
12      policy renewal date" shall not include any loss incurred or arising from an "Act of  
13      God" incident which is due directly to forces of nature and exclusively without  
14      human intervention.

\* \* \*

16           F. Notwithstanding the provisions of Subsection D of this Section, an insurer  
17      may make a filing with the commissioner pursuant to R.S. 22:1464 for authorization  
18      to deviate from the provisions of Subsection D of this Section for the sole purpose  
19      of changing the policy deductible to a total deductible of not more than four percent  
20      of the value of the property being insured for named storms or hurricanes on a  
21      homeowner's policy of insurance that has been in effect for more than three years.  
22      Any insurer filing with the commissioner pursuant to this Subsection shall file with  
23      the commissioner a business plan setting forth the insurer's plan to write new  
24      business in the particular region or area of the state in which the new deductible is  
25      to apply. The commissioner's approval is to be based on the insurer's commitment  
26      to the writing of new business in the respective region or area of the state in which  
27      the new deductible is to apply. The commissioner may also approve a filing that he  
28      determines to be in the best interest of the policyholders. The commissioner may  
29      subsequently rescind his approval of any filing made pursuant to this Subsection in

1 the event the insurer fails to write new business in accordance with the business plan.  
 2 Any business plan filed shall be considered proprietary or trade secret pursuant to  
 3 information under the provisions of R.S. 44:3.2 and the Uniform Trade Secrets Act.  
 4 The commissioner shall provide an annual report to the legislative committees on  
 5 insurance on the application and effectiveness of the provisions of this Section. The  
 6 commissioner shall promulgate regulations pursuant to the Administrative Procedure  
 7 Act setting forth the criteria for the filing, including any financial or other  
 8 requirements that he deems necessary to act on the request by an insurer. Any  
 9 regulation promulgated by the commissioner pursuant to this Subsection shall  
 10 require the insurer to itemize to the insured the premium savings based on the  
 11 increase in the insured's deductible.

12 \* \* \*

13 I. Any authorized property and casualty insurer that avails itself of the  
 14 provisions of Subsection C of this Section relative to withdrawing from the  
 15 homeowners' insurance market may not issue any homeowners' insurance coverage  
 16 in this state during the five-year period beginning on the date of the discontinuation  
 17 of the last homeowners' insurance coverage not so renewed. The commissioner may,  
 18 for good cause shown pursuant to a written request by the insurer, permit the insurer  
 19 to reenter the homeowners' insurance market prior to the expiration of the five-year  
 20 period.

21 J. Any approved unauthorized property and casualty insurer that avails itself  
 22 of the provisions of Subsection C of this Section relative to withdrawing from the  
 23 homeowners' insurance market may not issue any homeowners' insurance coverage  
 24 in this state during the five-year period beginning on the date of the discontinuation  
 25 of the last homeowners' insurance coverage not so renewed. The commissioner may,  
 26 for good cause shown pursuant to a written request by the insurer, permit the insurer  
 27 to reenter the homeowners' insurance market prior to the expiration of the five-year  
 28 period.

29 \* \* \*

1 §1333. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in  
2 insured's file prohibited; certain prohibitions

3 \* \* \*

4 C. No insurer providing property, casualty, or liability insurance shall cancel  
5 or fail to renew a homeowner's policy of insurance or to increase the policy  
6 deductible that has been in effect and renewed for more than three years unless based  
7 on nonpayment of premium, fraud of the insured, a material change in the risk being  
8 insured, two or more claims within ~~a period of three~~ a continuous three-year period  
9 of time within the five years preceding the current policy renewal date, or if  
10 continuation of such policy endangers the solvency of the insurer. This Subsection  
11 shall not apply to an insurer that ~~ceases writing~~ withdraws from the homeowner's  
12 homeowners' insurance market in this state or to policy deductibles increased for all  
13 ~~homeowners~~ homeowners' insurance policies in the this state. For the purposes of  
14 this Subsection, an incident shall be deemed a claim only when there is a demand for  
15 payment by the insured or the insured's representative under the terms of the policy.  
16 A report of a loss or a question relating to coverage shall not independently establish  
17 a claim. As used in this Subsection, the phrase "two or more claims within ~~a period~~  
18 ~~of three years~~ a continuous three-year period of time within the five years preceding  
19 the current years policy renewal date" shall not include any loss incurred or arising  
20 from an "Act of God" incident which is due directly to forces of nature and  
21 exclusively without human intervention.

22 D. Notwithstanding the provisions of Subsection C of this Section, an insurer  
23 may make a filing with the commissioner pursuant to R.S. 22:1464 for authorization  
24 to deviate from the provisions of Subsection C of this Section for the sole purpose  
25 of changing the policy deductible to a total deductible of not more than four percent  
26 of the value of the property being insured for named storms or hurricanes on a  
27 homeowner's policy of insurance that has been in effect for more than three years.  
28 Any insurer filing with the commissioner pursuant to this Subsection shall file with  
29 the commissioner a business plan setting forth the insurer's plan to write new

1 business in the particular region or area of the state in which the new deductible is  
 2 to apply. The commissioner's approval is to be based on the insurer's commitment  
 3 to the writing of new business in the respective region or area of the state in which  
 4 the new deductible is to apply. The commissioner may also approve a filing that he  
 5 determines to be in the best interest of the policyholders. The commissioner may  
 6 subsequently rescind his approval of any filing made pursuant to this Subsection in  
 7 the event the insurer fails to write new business in accordance with the business plan.  
 8 Any business plan filed shall be considered proprietary or trade secret pursuant to  
 9 information under the provisions of R.S. 44:3.2 and the Uniform Trade Secrets Act.  
 10 The commissioner shall provide an annual report to the legislative committees on  
 11 insurance on the application and effectiveness of the provisions of this Section. The  
 12 commissioner shall promulgate regulations pursuant to the Administrative Procedure  
 13 Act setting forth the criteria for the filing, including any financial or other  
 14 requirements that he deems necessary to act on the request by an insurer. Any  
 15 regulation promulgated by the commissioner pursuant to this Subsection shall  
 16 require the insurer to itemize to the insured the premium savings based on the  
 17 increase in the insured's deductible.

18 \* \* \*

19 G. Any authorized property and casualty insurer that avails itself of the  
 20 provisions of Subsection C of this Section relative to withdrawing from the  
 21 homeowners' insurance market may not issue any homeowners' insurance coverage  
 22 in this state during the five-year period beginning on the date of the discontinuation  
 23 of the last homeowners' insurance coverage not so renewed. The commissioner may,  
 24 for good cause shown pursuant to a written request by the insurer, permit the insurer  
 25 to reenter the homeowners' insurance market prior to the expiration of the five-year  
 26 period.

27 H. Any approved unauthorized property and casualty insurer that avails itself  
 28 of the provisions of Subsection C of this Section relative to withdrawing from the  
 29 homeowners' insurance market may not issue any homeowners' insurance coverage

1        in this state during the five-year period beginning on the date of the discontinuation  
 2        of the last homeowners' insurance coverage not so renewed. The commissioner may,  
 3        for good cause shown pursuant to a written request by the insurer, permit the insurer  
 4        to reenter the homeowners' insurance market prior to the expiration of the five-year  
 5        period.

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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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Thierry

HB No. 1060

**Abstract:** Provides that an insurer may cancel a homeowner's policy for two or more claims made within the three years preceding the policy renewal date and requires the withdrawal from the homeowners' insurance market under certain circumstances.

Present law provides that a homeowner's policy may be cancelled or nonrenewed due to two or more claims being made within a period of three years.

Proposed law changes present law by requiring that the two claims must be made within a continuous three-year period in the five years preceding the current policy renewal date.

Present law allows an insurer to cancel its homeowners' policies when it ceases writing homeowner's insurance in La.

Proposed law requires an authorized property, casualty, and liability insurer withdraw from the homeowners' insurance market in La. for a minimum of five years when it will no longer write policies in La. and cancels its homeowners' policies.

Proposed law requires an approved unauthorized insurer agree to the termination of its status as an approved unauthorized insurer when it withdraws from the homeowners' insurance market in La. for a minimum of five years when it will no longer write policies in La. and cancels its homeowners' policies.

Present law provides that an insurer's business plan filed with the commissioner is considered proprietary or trade secret pursuant to the Uniform Trade Secrets Act.

Proposed law retains present law but clarifies that the plan is considered trade secret pursuant to the Uniform Trade Secrets Act.

(Amends R.S. 22:1265(D) and (F) and 1333(C) and (D); Adds R.S. 22:1265(I) and (J) and 1333(G) and (H))

#### Summary of Amendments Adopted by House

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

1. Added present law provisions to clarify that an insurer may cancel or refuse to renew a homeowner's policy of insurance for two claims only when those claims

occur in a continuous three-year period of time within the five years preceding the current policy renewal date.

2. Added provisions to prevent an insurer withdrawing from the homeowners' insurance market from returning to that market for five years, unless the commissioner of insurance agrees to allow the insurer to return after a showing of good cause.
3. Made technical changes.