

BY REPRESENTATIVE HARRISON

1 A CONCURRENT RESOLUTION

2 To urge and request the Department of Insurance to study the issues of the availability and

3 affordability of homeowners' insurance in the coastal and intercoastal areas of the

4 state, particularly in light of the recent enactment of a state uniform construction

5 code, by establishing a task force and to report its findings to the legislative

6 committees on insurance.

7 WHEREAS, premiums for homeowners' insurance coverage throughout the state

8 have significantly increased, especially since Hurricane Katrina in 2005; and

9 WHEREAS, homeowners' insurance premiums for insureds living in the coastal and

10 intercoastal parishes are substantially higher than of those insureds living in other parishes

11 throughout the state; and

12 WHEREAS, the system for ratemaking is regulated by the Department of Insurance

13 pursuant to the Louisiana Insurance Code; and

14 WHEREAS, the purpose of rate regulation is to promote the public welfare by

15 regulating insurance rates to the end that they shall not be excessive, inadequate, or unfairly

16 discriminatory and to authorize and regulate cooperative action among insurers in

17 ratemaking; and

1 WHEREAS, various standards and methods are used during the ratemaking process
2 in determining whether or not to adjust the amount of a homeowner's insurance policy
3 premium when a policy is renewed; and

4 WHEREAS, in 2005, Act No. 12 of the First Extraordinary Session of the Louisiana
5 Legislature, which established a state uniform construction code, to be administered by the
6 Louisiana State Uniform Construction Code Council, was enacted; and

7 WHEREAS, at that time, it was asserted that if more homes in the state's coastal and
8 intercoastal parishes were constructed or retrofitted to meet the requirements of the newly
9 enacted state uniform construction code, insurers might be more inclined to write more
10 homeowners' insurance policies in those areas and premiums for homeowners' insurance
11 policies in those areas might become more available and affordable due to competition; and

12 WHEREAS, despite the number of homes in the coastal and intercoastal parishes of
13 this state which were subsequently constructed or retrofitted to meet the requirements of the
14 state uniform construction code, to this date, for some residents in those areas, homeowners'
15 insurance remains unavailable or unaffordable; and

16 WHEREAS, House Bill No. 470 of the 2014 Regular Session of the Louisiana
17 Legislature would have required insurers admitted to write homeowner's insurance in this
18 state to provide homeowner's insurance coverage, including windstorm and hail coverage,
19 on any residential structure that has been constructed or retrofitted in compliance with the
20 State Uniform Construction Code; and

21 WHEREAS, House Bill No. 470 was referred to the House Committee on Insurance
22 but was not reported by the committee for consideration by the full House of
23 Representatives; and

24 WHEREAS, it is imperative to understand the ratemaking process and all
25 information used by the insurance industry in order to better inform insureds of the reasoning
26 behind the premiums for their homeowner's insurance policies, especially those insureds
27 living in the coastal and intercoastal parishes.

28 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
29 urge and request the Department of Insurance to study the issues of the availability and
30 affordability of homeowners' insurance in the coastal and intercoastal areas of the state,

1 particularly in light of the recent enactment of a state uniform construction code, by
2 establishing a task force.

3 BE IT FURTHER RESOLVED that the membership of such task shall be as follows:

- 4 (1) The state's commissioner of insurance or his designee.
- 5 (2) The chief actuary for the Department of Insurance or his designee.
- 6 (3) The deputy commissioner for the Office of Property and Casualty within the
7 Department of Insurance or his designee.
- 8 (4) A representative from the Louisiana Citizens Property Insurance Corporation.
- 9 (5) A representative from State Farm Fire and Casualty Company.
- 10 (6) A representative from Allstate Indemnity Company.
- 11 (7) A representative from Louisiana Farm Bureau Mutual Insurance Company.
- 12 (8) A representative from Liberty Mutual Fire Insurance Company.
- 13 (9) A representative from the Property and Casualty Insurance Association of
14 America.
- 15 (10) A representative from the American Insurance Association.
- 16 (11) A representatives from the Louisiana Insurers' Conference.
- 17 (12) A representative from the Independent Insurance Agents and Brokers of
18 Louisiana.
- 19 (13) A representative from the Professional Insurance Agents Association of
20 Louisiana.
- 21 (14) A representative from the Louisiana State Uniform Construction Code
22 Council.

- 23 (15) A representative from the Louisiana State Licensing Board for Contractors.

24 BE IT FURTHER RESOLVED that commissioner of insurance shall notify the
25 various organizations nominating members of the task force, that the names of such
26 nominees shall be submitted to the commissioner no later than July 1, 2014, and that the
27 commissioner shall convene the first meeting of the task force no later than August 1, 2014.

28 BE IT FURTHER RESOLVED that the commissioner of insurance shall designate
29 the chairperson of the task force from its membership.

1 BE IT FURTHER RESOLVED that the task force shall provide for the manner and
2 frequency of its meetings at its first meeting and shall be staffed by the Department of
3 Insurance.

4 BE IT FURTHER RESOLVED that the task force shall meet as necessary, shall
5 report its findings to the Department of Insurance no later than December 31, 2014, and
6 shall terminate upon the date of submission of its report or upon December 31, 2014,
7 whichever occurs first.

8 BE IT FURTHER RESOLVED that the Department of Insurance shall submit its
9 findings from the study by the task force in the form of a report, including any
10 recommendations for changes to the laws, regulations, and procedures governing the
11 ratemaking process, to the House Committee on Insurance and the Senate Committee on
12 Insurance on or before January 15, 2015.

13 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
14 commissioner of insurance.

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)]

Harrison

HCR No. 211

Urges and requests the Department of Insurance to conduct a study of the issues of the availability and affordability of homeowners' insurance in the coastal and intercoastal areas of the state, particularly in light of the recent enactment of a state uniform construction code, by establishing a task force and to report findings and recommendations to the legislative committees on insurance on or before Jan. 1, 2015.