



LOUISIANA DEPARTMENT OF INSURANCE
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DIRECTIVE 201

November 15, 2007

TO: ALL AUTHORIZED PROPERTY AND CASUALTY INSURERS AND APPROVED UNAUTHORIZED PROPERTY AND CASUALTY INSURERS

RE: MANDATORY REQUIREMENT TO PROVIDE THE LOUISIANA DEPARTMENT OF INSURANCE WITH SIXTY (60) DAYS ADVANCE WRITTEN NOTICE PRIOR TO ANY WITHDRAWAL, NON-RENEWAL OR CONVERSION ACTION

STATUTE AND REGULATION REFERENCES: LSA-R.S. 22:2; 22:5; 22:635.3; 22:635.4; 22:636.2; 22:636.4; REGULATION 78; DIRECTIVE 8; DIRECTIVE 58; AND DIRECTIVE 184.

In response to the devastation caused by Hurricane Katrina and Hurricane Rita, the Louisiana Department of Insurance (LDOI) issued numerous emergency rules and directives for the purpose of resolving some of the complex issues facing insurers and insureds in the aftermath of those catastrophes. These rules and directives have now expired. As such, there is the likelihood that insurers will begin making adjustments that they consider necessary to adapt to the insurance marketplace following Hurricane Katrina and Hurricane Rita.

In light of these anticipated adjustments, on October 1, 2007, I issued Directive 184 which I subsequently rescinded on November 15, 2007. However, it is imperative that the LDOI strictly enforce all provisions of the Louisiana Insurance Code and the regulations thereunder that govern the withdrawal, non-renewal and conversion of insurance policies and related insurance business in this state. Therefore, by the issuance of Directive 201, I hereby direct all authorized property and casualty insurers to provide the LDOI with sixty (60) days advance written notice of any proposed action related to withdrawal, non-renewal or conversion¹.

¹ "Withdrawal" means the act of permanently removing a program, line of business or form that was previously approved for use in the state of Louisiana. "Non-renewal" means the termination of policies at their expiration date for other than unfavorable underwriting factors pertinent to the individual risk. For the purpose of Directive 201, a "non-renewal" situation requiring notice to the LDOI is only required when either 5% or more of the company's existing Louisiana book of business is non-renewed by the company **or** when more than 250 policies of the company's existing Louisiana book of business is simultaneously non-renewed by the company. "Conversion" means changing an entire class of policies to another policy form or modifying an existing policy form's coverage by significantly reducing coverage with or without adjustment to premium. Examples of "significantly reduced coverage" include but are not limited to mandatory

At a minimum the sixty (60) day advance written notice shall include the following information:

WITHDRAWAL

- For authorized insurers advise what steps, if any, will be taken to provide replacement coverage for the insureds affected by the withdrawal. Include the name and the NAIC code of any company that will provide replacement coverage (do not use a group name or group NAIC code).
- For all applicable forms and endorsements filed by authorized insurers, provide the LDOI assigned policy filing number, the company assigned policy form/endorsement reference number, and the date each form/endorsement was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.
- For all applicable rate and rule filings filed by authorized insurers, provide the LDOI assigned filing number that corresponds to the rate/rule filing affected by this withdrawal, the company assigned rate/rule reference number, and the date each rate/rule was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.
- Provide a copy of all notices that will be sent to the insured and/or producer addressing the withdrawal. If no notice is to be sent, explain.

NON-RENEWAL

- For authorized insurers advise what steps, if any, will be taken to provide replacement coverage for the insureds affected by the non-renewal. Include the name and the NAIC code of any company that will provide replacement coverage (do not use a group name or group NAIC code).
- For all applicable forms and endorsements filed by authorized insurers, provide the LDOI assigned policy filing number, the company assigned policy form/endorsement reference number, and the date each form/endorsement was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.
- For all applicable rate and rule filings filed by authorized insurers, provide the LDOI assigned filing number that corresponds to the rate/rule filing affected by this non-renewal, the company assigned rate/rule reference number, and the date each rate/rule was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.

- Provide a copy of all notices that will be sent to the insured and/or producer addressing the non-renewal. If no notice is to be sent, explain.
- For both authorized and approved unauthorized (surplus lines) insurers, if the proposed non-renewal action will affect a homeowners policy of insurance that has been in effect and renewed for more than 3 years, please advise why the proposed action does not violate R.S. 22:635.3.C and/or 22:636.2.D. As used in that statute, a homeowners policy of insurance includes, but is not limited to, all residential policies such as homeowners, mobile home, fire, condominium, and dwelling.

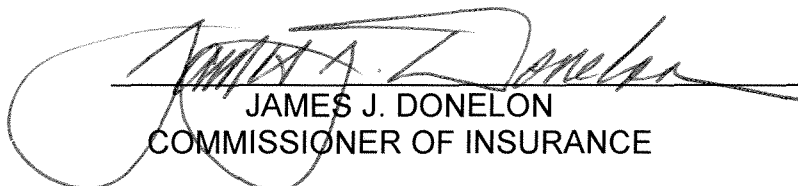
CONVERSIONS

- For all applicable forms and endorsements filed by authorized insurers, provide the LDOI assigned policy filing number, the company assigned policy form/endorsement reference number, and the date each form/endorsement was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.
- For all applicable rate and rule filings filed by authorized insurers, provide the LDOI assigned filing number that corresponds to the rate/rule filing affected by this conversion, the company assigned rate/rule reference number, and the date each rate/rule was originally approved by the LDOI. If available, provide a copy of the original LDOI approval letter.
- When submitting the conversion replacement form for review and approval, the filing must clearly state your intention to convert and explain the changes in coverages and rates.

Please submit all withdrawal, non-renewal and conversion notices required by Directive 201 to the Louisiana Department of Insurance, Office of Property and Casualty, Attention: Deputy Commissioner, P.O. Box 94214, Baton Rouge, LA 70804. If you have any questions regarding Directive 201, please contact the Louisiana Department of Insurance, Attn: Executive Counsel, at (225) 342-7276.

You are hereby directed to immediately bring your practice into compliance with the unequivocal purpose and intent of Directive 201. Please be governed accordingly.

Baton Rouge, Louisiana, this 15th day of November, 2007.


JAMES J. DONELON
COMMISSIONER OF INSURANCE