

NOTICE OF INTENT

Department of Insurance Office of the Commissioner

Regulation 131—Plan for Nonrenewal or Cancellation of Homeowners Policies in Effect and Renewed for More Than Three Years (LAC 37:XIII.Chapter 202)

The Department of Insurance, pursuant to the authority of the Louisiana Insurance Code, R.S. 22:1 et seq., and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., hereby gives notice of its intent to promulgate Regulation 131—Plan for Nonrenewal or Cancellation of Homeowners Policies in Effect and Renewed for More Than Three Years.

The Department of Insurance is promulgating Regulation 131 to implement the provisions of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, which allows an insurer to notify the commissioner of its plan to nonrenew or cancel up to five percent of its insureds' homeowners policies in a calendar year that have been in effect for at least three years on or before August 1, 2024, for any reason and to request the commissioner's approval of a plan to nonrenew or cancel more than five percent of its insureds' homeowners policies in a calendar year that have been in effect for three years or more on or before August 1, 2024.

Title 37 INSURANCE Part XIII. Regulations

Chapter 202. Regulation Number 131—Plan for Nonrenewal or Cancellation of Homeowners Policies in Effect and Renewed for More Than Three Years

§20201. Authority

A. Regulation 131 is issued pursuant to the authority vested in the commissioner pursuant to the provisions of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq. R.S. 22:11, and 22:1265(F).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20203. Purpose

A. The purpose of Regulation 131 is to implement the provisions of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, which allows an insurer to notify the commissioner of its plan to nonrenew or cancel up to five percent of its insureds' homeowners policies in a calendar year that have been in effect for at least three years on or before August 1, 2024, for any reason and to request the commissioner's approval of a plan to nonrenew or cancel more than five percent of its insureds' homeowners policies in a calendar year that have been in effect for three years or more on or before August 1, 2024.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20205. Scope and Applicability

A. Regulation 131 requires insurers providing property, casualty, or liability insurance to submit a plan for nonrenewal or cancellation of certain homeowners policies pursuant to R.S. 22:1265(L) to the Louisiana Department of Insurance.

B. Regulation 131 only applies to insurers seeking to comply with the provisions of R.S. 22:1265(L).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20207. Definitions

A. As used in Regulation 131, these terms shall have the following meaning ascribed herein unless the context clearly indicates otherwise.

Commissioner—the Louisiana Commissioner of Insurance.

Department—the Louisiana Department of Insurance.

Homeowners Insurance—a policy of insurance on a one- or two-family owner-occupied premises, which combines fire and allied lines with any one or more perils of casualty, liability, or other types of insurance within one policy form at a single premium, where the insurer's liability for damage to the premises under said policy is determined with reference to the replacement value of the premises, but does not include insurance policies written to cover manufactured homes or mobile homes.

Homeowners Policies—shall mean for purposes of this regulation, policies of homeowners insurance that have been in effect for more than three years on or before August 1, 2024.

Nonrenewal or Cancellation Date—the termination date of an insured's policy of homeowners insurance.

Insured—means customers owning homeowners policies as provided for in R.S. 22:1265.

Insurer—any insurer that provides property, casualty, and liability insurance in the state of Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20209. Plan for Nonrenewal or Cancellation

A. Any insurer that makes a filing pursuant to R.S. 22:1265(L) for the nonrenewal or cancellation of up to five percent or for more than five percent of its insureds' homeowners policies in Louisiana in a calendar year shall file with the commissioner a Plan for Nonrenewal or Cancellation setting forth the insurer's plan in the state of Louisiana. A Plan for Nonrenewal or Cancellation shall not include a nonrenewal or cancellation of more than 5% of the insurer's homeowners policies in force in any one parish that is subject to the "3 year rule", unless authorized by the commissioner under Paragraph C of this section. The commissioner shall have the discretion to disapprove any Plan for Nonrenewal or Cancellation up to five percent if deemed to not be in the public interest. Approval by the commissioner is required for a Plan for Nonrenewal or Cancellation requesting more than 5% of its insureds' homeowners policies in any one parish in Louisiana in a calendar year. An insurer shall only send a notice of nonrenewal or cancellation to an insured on or after January 1, 2025. The commissioner shall provide written approval to the insurer. The Plan for Nonrenewal or Cancellation shall include, but not be limited to the following:

1. a listing of the physical addresses, types of policies, zip code and parishes for the properties that will be the subject of the requested nonrenewal or cancellation process;

2. a statewide graphic map by parish representing each proposed parish and zip code affected by the nonrenewal or cancellation, along with the deductible amount. The map shall pinpoint all proposed homeowners policies to be nonrenewed or cancelled and demonstrate compliance with the requirement that no more than 5% of the insurer's homeowners policies in force in any one parish that is subject to the "3 year rule" and a listing of those homeowners policies that may be nonrenewed or cancelled;

3. a policy count of all active homeowners policies meeting the eligibility criteria under the current "3-year rule" concept, including policy inception date and nonrenewal or cancellation date. The policy count and a percentage of the amount of homeowners policies being nonrenewed or cancelled shall be presented on a statewide basis, as well as a per parish basis and zip code basis;

4. the coverage A limits or residential coverage limit for each property risk that will be the subject of the requested nonrenewal or cancellation;

5. a listing of homeowners policies inception date, nonrenewal or cancellation dates for all homeowners policies, premium amount, that will be subject to the non-renewal or cancellation;

6. a mathematical breakdown that illustrates compliance with the requirement that no more than 5% of the insurer's homeowners policies in force in any one parish that is subject to the "3 year rule" and a listing of homeowners' policies that may be nonrenewed or cancelled;

7. the insurer's total homeowners policies in force in the particular zip code and parish;

8. the insurer's total homeowners policies in force in the state;

9. the insurer's premium by state and by parish as a percentage of the insurer's total written premium in the state; and

10. any other factors that the commissioner determines are applicable, relevant, and appropriate.

B. Any business plan, documentation or information filed pursuant to Regulation 131 shall be considered proprietary or trade secret pursuant to the provisions of R.S. 44:3.2.

C. Subject to the review and approval of the commissioner, an insurer may submit a request to non-renew more than 5% in any parish. In determining whether to grant the request, the commissioner will consider the impact of the request on the insurer's risk and financial profile, the ability of the insurer to maintain or expand its operations, the cost of reinsurance and such other factors as the insurer shall submit or the commissioner shall deem necessary for the evaluation of the request to determine its overall impact on the insurance market. The commissioner will approve or reject any request within thirty (30) days of submission.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20211. Rescission

A. The commissioner may rescind his approval of any Plan for Nonrenewal or Cancellation filing made pursuant to this Regulation if it is subsequently determined that the insurer made any material misrepresentation in its submission, or if the insurer violates the statutory prohibitions against discrimination contained in provisions of R.S.

22:34, R.S. 22:35(A), R.S. 22:1964, or if the insurer violates any provision of Title 22 through the implementation of its approved plan.

B. The commissioner shall set forth the date when such rescission shall be effective and such other terms as are necessary to effectuate a rescission.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20213. Enforcement

A. The commissioner may take any and all administrative action provided in Title 22 whenever an insurer is found to be in violation of R.S. 22:34, R.S. 22:35(A), R.S. 22:1964, or any provision of law pursuant to Title 22.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, R.S. 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20215. Effective Date

A. Regulation 131 shall become effective upon final publication in the Louisiana State Register.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

§20217. Severability

A. If any section or provision of Regulation 131 or the application to any person or circumstance is held invalid, such invalidity or determination shall not affect other sections or provisions or the application of Regulation 131 to any persons or circumstances that can be given effect without the invalid Section or provision or application, and for these purposes the Sections and provisions of Regulation 131 and the application to any persons or circumstances are severable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, R.S. 22:11, 22:1265, Act 2024, No. 9 of the Regular Session of the Louisiana Legislature, and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR

Family Impact Statement

1. Describe the Effect of the Proposed Regulation on the Stability of the Family. The proposed amended regulation should have no measurable impact upon the stability of the family.

2. Describe the Effect of the Proposed Regulation on the Authority and Rights of Parents Regarding the Education and Supervision of their Children. The proposed regulation should have no impact upon the rights and authority of parents regarding the education and supervision of their children.

3. Describe the Effect of the Proposed Regulation on the Functioning of the Family. The proposed regulation should have no direct impact upon the functioning of the family.

4. Describe the Effect of the Proposed Regulation on Family Earnings and Budget. The proposed regulation should have no direct impact upon family earnings and budget.

5. Describe the Effect of the Proposed Regulation on the Behavior and Personal Responsibility of Children. The proposed regulation should have no impact upon the behavior and personal responsibility of children.

6. Describe the Effect of the Proposed Regulation on the Ability of the Family or a Local Government to Perform the Function as Contained in the Rule. The proposed regulation should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the rule.

Poverty Impact Statement

1. Describe the Effect on Household Income, Assets, and Financial Security. The proposed regulation should have no effect on household income assets and financial security.

2. Describe the Effect on Early Childhood Development and Preschool through Postsecondary Education Development. The proposed regulation should have no effect on early childhood development and preschool through postsecondary education development.

3. Describe the Effect on Employment and Workforce Development. The proposed regulation should have no effect on employment and workforce development.

4. Describe the Effect on Taxes and Tax Credits. The proposed regulation should have no effect on taxes and tax credits.

5. Describe the Effect on Child and Dependent Care, Housing, Health Care, Nutrition, Transportation and Utilities Assistance. The proposed regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation, and utilities assistance.

Small Business Analysis

The impact of the proposed regulation on small businesses as defined in the Regulatory Flexibility Act has been considered. It is estimated that the proposed action is not expected to have a significant adverse impact on small businesses. The agency, consistent with health, safety, environmental and economic welfare factors has considered and, where possible, utilized regulatory methods in the drafting of the proposed regulation that will accomplish the objectives of applicable statutes while minimizing the adverse impact of the proposed regulation on small businesses.

1. Identification and Estimate of the Number of the Small Businesses Subject to the Proposed Rule. The proposed regulation should have no measurable impact upon small businesses.

2. The Projected Reporting, Record Keeping, and Other Administrative Costs Required for Compliance with the Proposed Rule, Including the Type of Professional Skills Necessary for Preparation of the Report or Record. The proposed regulation should have no measurable impact upon small businesses.

3. A Statement of the Probable Effect on Impacted Small Businesses. The proposed regulation should have no measurable impact upon small businesses.

4. Describe any Less Intrusive or Less Costly Alternative Methods of Achieving the Purpose of the Proposed Rule. The proposed regulation should have no measurable impact on small businesses; therefore, there is no less intrusive or less costly alternative method of achieving the purpose of the proposed regulation.

Provider Impact Statement

1. Describe the Effect on the Staffing Level Requirements or Qualifications Required to Provide the Same Level of Service. The proposed regulation will have no effect.

2. The Total Direct and Indirect Effect on the Cost to the Provider to Provide the Same Level of Service. The proposed regulation will have no effect.

3. The Overall Effect on the Ability of the Provider to Provide the Same Level of Service. The proposed regulation will have no effect.

Public Comments

Interested persons who wish to make comments may do so by writing to Claire Lemoine, Attorney Supervisor, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, or by faxing comments to (225) 342-1632, or electronically at regulations@ldi.la.gov. Comments will be accepted through the close of business, 4:30 p.m. October 11, 2024.

Timothy J. Temple
Commissioner

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (SUMMARY)

The proposed regulation is not anticipated to result in implementation costs or savings to the state or local governmental units. The proposed rule is being promulgated to provide requirements for the implementation of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (SUMMARY)

The proposed regulation will have no impact on state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (SUMMARY)

The proposed regulation will provide requirements for the implementation of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (SUMMARY)

The proposed regulation should have no measurable impact upon competition and employment.

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriated legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of the current and proposed rules with amended portions indicated).

The proposed rule is being promulgated to provide requirements for the implementation of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature.

Requirements include

- Definitions added for nonrenewal or cancellation date and homeowners insurance;
- Requires insurers to file a plan with the LDI;
- Insurers can not send out cancellations notices until after January 1, 2025;
- Limits cancellations up to five % in any one parish;
- The Commissioner has the authority to rescind any approvals;
- Effective date shall be upon final publication

- B. Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

The Louisiana Department of Insurance (LDI) is tasked with administering the Insurance Code, which regulates the business of insurance in all of its phases. The proposed regulation is being for the implementation of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature .

- C. Compliance with for the implementation of Act 2024, No. 9 of the Regular Session of the Louisiana Legislature:

- (1) Will the proposed rule change result in any increase in expenditure of funds? If so, specify the amount and source of funding.

No increase in expenditure of funds is anticipated as a result of the proposed regulation.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

_____ Yes. If yes, provide documentation.

_____ No. If no, provide justification as to why this rule change should be published at this time.