

NOTICE OF INTENT

**Department of Insurance
Office of the Commissioner**

Regulation 107—Homeowner and Fire/Commercial Insurance Policy Disclosure Forms (LAC 37:XIII.Chapter 153)

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 amend Regulation 107—Homeowner and Fire/Commercial Insurance Policy Disclosure Forms by amending Appendices B and C and to repromulgate Appendix A.

The purpose of the amendment to Regulation 107 is to revise and repromulgate forms for homeowners' insurance policies that comply with the requirements of Act No. 194 of the 2019 Regular Session of the Louisiana Legislature, which enacted R.S. 22:1332(B)(8).

Title 37

INSURANCE

Part XIII. Regulations

Chapter 153. Regulation 107—Homeowner and Fire/Commercial Insurance Policy Disclosure Forms

§15301. Purpose

A. The purpose of Regulation 107 is to repromulgate the fire/commercial insurance policy disclosure form contained in Appendix A and to amend the homeowners insurance policy disclosure forms contained in Appendices B and C developed by the commissioner of insurance for use by all property and casualty insurers issuing, delivering or renewing homeowners and fire/commercial insurance policies that provide coverage for damages to property in Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:530 (March 2017), amended LR_____:_____.

§15303. Applicability and Scope

A. Regulation 107 shall be applicable to all property and casualty insurers for all new fire/commercial policies and homeowner policies and all renewals of existing fire/commercial policies and homeowner policies.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:530 (March 2017), amended LR_____:_____.

§15305. Disclosure Forms

A.—C....

D. Appendix B contains the form that sets forth the disclosures required by R.S. 22:1332(B)(1)-(6) and (8) for use by all property and casualty insurers issuing homeowner policies covering property in Louisiana.

E. Appendix C contains the form that sets forth the disclosures required by R.S. 22:1332(B)(1)-(8) for use by all property and casualty insurers issuing homeowner policies covering property in Louisiana that use claims that do not exceed the policy deductible and that do not result in a payment either to the insured or on behalf of the insured to increase the cost of the policy premium in the future or as part of the basis for cancellation of a policy.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:531 (March 2017), amended LR_____:_____.

§15307. Amendment

A. The commissioner of insurance reserves the right to amend, modify, alter or rescind all or any portion of Regulation 107.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:531 (March 2017), amended LR_____:_____.

§15309. Severability Clause

A. If any provision of Regulation 107, or the application thereof to any circumstance, is held invalid, such determination shall not affect other provisions or applications of Regulation 107 which can be given effect without the invalid provision or application, and to that end the provisions of Regulation 107 are severable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:531 (March 2017), amended LR_____:_____.

§15311. Effective Date

A. The forms previously promulgated in Appendices B and C shall continue in use until May 30, 2020.

B. The amendments to Appendices B and C shall be used for all new and renewal policies issued or renewed on or after May 30, 2020.

C. The form previously promulgated in Appendix A remains unchanged and shall continue in full force and effect until amended, modified, altered or rescinded by the commissioner of insurance.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:531 (March 2017), amended LR_____:_____.

§15313. Appendices

A. Appendix A

Important Information Required by the Louisiana Department of Insurance

Fire Insurance Policy Coverage Disclosure Summary
(other than Homeowners)

Or

Commercial Insurance Policy Coverage Disclosure Summary
This form is promulgated pursuant to La. R.S. 22:1319

THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.

****READ YOUR INSURANCE POLICY FOR
COMPLETE POLICY TERMS AND CONDITIONS****

COVERAGE(S) FOR WHICH PREMIUM WAS PAID (La. R.S. 22:1319(B)(1))

[INSERT PROPERTY COVERAGES]

Deductibles (La. R.S. 22:1319(B)(3))

This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.

- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.

NOTICE: This policy [does/does not] set forth a separate deductible for covered losses caused by [hurricane; wind; named storm] as defined in the policy.

Separate Deductible

Examples—Hurricane, Wind or Named Storm Damage.

If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:

The insurer shall comply with La. R.S. 22:1319 B(3) by selecting either option A or B below:

A. Developing its own standardized example to reflect how a hurricane, wind, or named storm damage loss will be adjusted under the policy. The standardized example shall set forth a separate loss for each coverage included in the policy for which a premium has been paid. The total of all losses combined shall exceed by at least ten percent (10%) the applicable deductible(s) so that the example demonstrates a net payment to the insured.

B. Utilizing the standardized example prepared by the LDI if this standardized example properly reflects how a separate deductible is applied to a hurricane, wind, or named storm damage loss under the policy:

The following assumes no co-insurance penalty and a 2% hurricane, wind, or named storm deductible. The amounts of loss to the damaged property are \$50,000 (building) and \$20,000 (business personal property).

Limits of insurance on building.....\$ 100,000
Total amount of building loss.....\$ 50,000
Less 2% deductible (\$100,000 X .02).....\$ 2,000
Net payment to insured for building loss...\$ 48,000

Limits of insurance on the business personal property.....\$ 50,000
Total amount of business personal property loss.....\$ 20,000
Less 2% deductible (\$50,000 X .02).....\$ 1,000
Net payment to insured for business personal property loss...\$ 19,000

Total net payment to insured for building and business
personal property loss (\$48,000 + \$19,000).....\$ 67,000

TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.

Limitations or Exclusions under this Policy (La. R.S. 22:1319(B)(2))

FLOOD—Flood damage [is/is not] covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes, but is not limited to, storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling or building and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy, from this or another insurer, if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

MOLD—Damage caused solely by mold [is/is not] covered under this policy.

****FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS****

B. Appendix B

**Important Information Required by
the Louisiana Department of Insurance**

Homeowners Insurance Policy Coverage Disclosure Summary
This form is promulgated pursuant to La. R.S. 22:1332(B)(1)-(6) and (8)

THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.

****READ YOUR INSURANCE POLICY FOR
COMPLETE POLICY TERMS AND CONDITIONS****

COVERAGE(S) FOR WHICH PREMIUM WAS PAID (La. R.S. 22:1332(B)(1))

[INSERT PERSONAL PROPERTY COVERAGES]

Example:
Coverage ADwelling
Coverage BOther Structures
Coverage CPersonal Property
Coverage DLoss of Use
Coverage EPersonal Liability
Coverage F.....Medical Payments

Deductibles (La. R.S. 22:1332(B)(5) and (6))

This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.

- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.

NOTICE: This policy [does/does not] set forth a separate deductible for covered losses caused by [hurricane; wind; named storm] as defined in the policy.

Separate Deductible Example—Hurricane, Wind or Named Storm Damage.

If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:

The insurer shall comply with La. R.S. 22:1332(B)(6) by selecting and inserting either option A or B below:

A. Developing its own standardized example to reflect how a hurricane, wind, or named storm damage loss will be adjusted under the policy. The standardized example shall set forth a separate loss under each of Coverage A, B, C and D and the total of all losses combined shall exceed by at least ten percent (10%) the applicable deductible so that there shall be a net payment to the insured.

B. Utilizing the standardized example prepared by the LDI if this standardized example properly reflects how a separate deductible is applied to a hurricane, wind, or named storm damage loss under the policy:

If the total insured value of the dwelling or Coverage A is \$200,000 and you have a 2% hurricane, wind, or named storm deductible, then your hurricane, wind or named storm deductible would be \$200,000.00 X .02 = \$4,000.00.

Losses:
Coverage A – Dwelling\$15,000
Coverage B – Other Structures\$ 2,500
Coverage C – Personal Property ..\$ 3,000
Coverage D – Loss of Use\$ 2,000
Total amount of all losses\$22,500
Less 2% hurricane, wind or named
storm deductible\$ 4,000
Net payment to insured.....\$18,500

TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.

Limitations or Exclusions under this Policy (La. R.S. 22:1332(B)(2))

FLOOD—Flood damage [is/is not] covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes but is not limited to storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy from this or another insurer if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

MOLD—Damage caused solely by mold [is/is not] covered under this policy.

****FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS****

Claim Filing Process (La. R.S. 22:1332(B)(3))

There may be time limitations for filing a claim and filing of a satisfactory proof of loss. There may also be time limitations for repairing and replacing damaged property that could cause you to not recover the replacement cost for the insured loss of your property, if applicable.

Payment of Claims (La. R.S. 22:1332(B)(3))

Depending on the terms of the insurance policy, some losses may be based on actual cash value (ACV) and other losses based on replacement cost (RC).

- ACV is the amount needed to repair or replace the damaged or destroyed property, minus the depreciation.
- RC involves the initial payment of actual cash value (ACV) of a loss, and the subsequent payment of the additional amount that is actually and necessarily expended to repair or replace the damaged or destroyed property.

****Refer to your policy for the terms and conditions describing how a particular loss is to be paid.**

Payment and Adjustment of Claims (La. R.S. 22:1332(B)(4))

Pursuant to La. R.S. 22:1892 and 22:1973, except in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim and/or a claim for reasonable medical expenses within fourteen (14) days after notification of loss by the claimant.

In the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim within thirty (30) days after notification of loss by the claimant unless the Commissioner of Insurance promulgates a rule to extend the time period for initiating a loss adjustment for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster for up to an additional thirty (30) days. Thereafter, one additional extension of the period of time for initiating a loss adjustment may be allowed by the Commissioner of Insurance if approved by the Senate Committee on Insurance and the House Committee on Insurance.

All insurers shall make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after the receipt of satisfactory proof of loss of that claim.

Failure to make such payment within thirty (30) days after receipt of such satisfactory written proofs and demand thereof or failure to make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after receipt of a satisfactory proof of loss of that claim may result in a late penalty against the insurer in addition to the payment of the claim.

If the insurer is found to be arbitrary, capricious, or without probable cause in settling any property damage claim, the insurer must pay the insured, in addition to the amount of the loss, fifty percent (50%) damages on the amount found to be due from the insurer to the insured, or one thousand dollars (\$1,000.00), whichever is greater, as well as attorney fees and costs, if applicable.

Reduction in Premium for Improvements or Modifications to Property (La. R.S. 22:1332(B)(8))

Certain improvements or modifications to your property, such as adding storm shutters, modifying the roof design, and improving the roof covering, may reduce your premium. Contact your insurance producer or insurer for complete details on qualifying improvements or modifications. For further guidance and assistance, see Regulation 94—Premium Adjustments for Compliance with Building Codes and Damage Mitigation, found at LAC 37:XIII.Chapter 127.

C. Appendix C

**Important Information Required by
the Louisiana Department of Insurance**

Homeowners Insurance Policy Coverage Disclosure Summary
This form is promulgated pursuant to La. R.S. 22:1332 (B)(1)-(8)

THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.

****READ YOUR INSURANCE POLICY FOR
COMPLETE POLICY TERMS AND CONDITIONS****

COVERAGE(S) FOR WHICH PREMIUM WAS PAID (La. R.S. 22:1332(B)(1))

[INSERT PERSONAL PROPERTY COVERAGES]

Example:
Coverage ADwelling
Coverage BOther Structures
Coverage CPersonal Property
Coverage DLoss of Use
Coverage EPersonal Liability
Coverage F.....Medical Payments

Deductibles (La. R.S. 22:1332(B)(5), (6) and (7))

This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.

- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.
- If you file a claim that does not exceed the policy deductible and that does not result in a payment either to you or on your behalf, that claim may be used to increase the cost of your policy’s premium in the future or as part of the basis for cancellation of your policy.

NOTICE: This policy [does/does not] set forth a separate deductible for covered losses caused by [hurricane; wind; named storm] as defined in the policy.

Separate Deductible Example—Hurricane, Wind or Named Storm Damage.

If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:

The insurer shall comply with La. R.S. 22:1332 B(6) by selecting and inserting either option A or B below:

A. Developing its own standardized example to reflect how a hurricane, wind, or named storm damage loss will be adjusted under the policy. The standardized example shall set forth a separate loss under each of Coverage A, B, C and D and the total of all losses

combined shall exceed by at least ten percent (10%) the applicable deductible so that there shall be a net payment to the insured.

B. Utilizing the standardized example prepared by the LDI if this standardized example properly reflects how a separate deductible is applied to a hurricane, wind, or named storm damage loss under the policy:

If the total insured value of the dwelling or Coverage A is \$200,000.00 and you have a 2% hurricane, wind, or named storm deductible, then your hurricane, wind or named storm deductible would be \$200,000.00 X .02 = \$4,000.00.

Losses:

Coverage A – Dwelling	\$15,000
Coverage B – Other Structures	\$ 2,500
Coverage C – Personal Property ..	\$ 3,000
Coverage D – Loss of Use	\$ 2,000
Total amount of all losses	\$22,500
Less 2% hurricane, wind or named storm deductible	\$ 4,000
Net payment to insured.....	\$18,500

TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.

Limitations or Exclusions under this Policy (La. R.S. 22:1332(B)(2))

FLOOD—Flood damage [is/is not] covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes but is not limited to storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy from this or another insurer if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

MOLD—Damage caused solely by mold [is/is not] covered under this policy.

****FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS****

Claim Filing Process (La. R.S. 22:1332(B)(3))

There may be time limitations for filing a claim and filing of a satisfactory proof of loss. There may also be time limitations for repairing and replacing damaged property that could cause you to not recover the replacement cost for the insured loss of your property, if applicable.

Payment of Claims (La. R.S. 22:1332(B)(3))

Depending on the terms of the insurance policy, some losses may be based on actual cash value (ACV) and other losses based on replacement cost (RC).

- ACV is the amount needed to repair or replace the damaged or destroyed property, minus the depreciation.
 - RC involves the initial payment of actual cash value (ACV) of a loss, and the subsequent payment of the additional amount that is actually and necessarily expended to repair or replace the damaged or destroyed property.
- **** Refer to your policy for the terms and conditions describing how a particular loss is to be paid.

Payment and Adjustment of Claims (La. R.S. 22:1332(B)(4))

Pursuant to La. R.S. 22:1892 and 22:1973, except in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim and/or a claim for reasonable medical expenses within fourteen (14) days after notification of loss by the claimant.

In the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim within thirty (30) days after notification of loss by the claimant unless the Commissioner of Insurance promulgates a rule to extend the time period for initiating a loss adjustment for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster for up to an additional thirty (30) days. Thereafter, one additional extension of the period of time for initiating a loss adjustment may be allowed by the Commissioner of Insurance if approved by the Senate Committee on Insurance and the House Committee on Insurance.

All insurers shall make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after the receipt of satisfactory proof of loss of that claim.

Failure to make such payment within thirty (30) days after receipt of such satisfactory written proofs and demand thereof or failure to make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after receipt of a satisfactory proof of loss of that claim may result in a late penalty against the insurer in addition to the payment of the claim.

If the insurer is found to be arbitrary, capricious, or without probable cause in settling any property damage claim, the insurer must pay the insured, in addition to the amount of the loss, fifty percent (50%) damages on the amount found to be due from the insurer to the insured, or one thousand dollars (\$1,000.00), whichever is greater, as well as attorney fees and costs, if applicable.

Reduction in Premium for Improvements or Modifications to Property (La. R.S. 22:1332(B)(8))

Certain improvements or modifications to your property, such as adding storm shutters, modifying the roof design, and improving the roof covering, may reduce your premium. Contact your insurance producer or insurer for complete details on qualifying improvements or modifications. For further guidance and assistance, see Regulation 94—Premium Adjustments for Compliance with Building Codes and Damage Mitigation, found at LAC 37:XIII.Chapter 127.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:1319 and 22:1332.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 43:531 (March 2017), amended LR_____:_____.

FAMILY IMPACT STATEMENT

Attachment to Amendment of Regulation 107

HOMEOWNER AND FIRE/COMMERCIAL INSURANCE POLICY DISCLOSURE FORMS

I. 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.

II. Describe the effect of the proposed regulation on the authority and rights of parents regarding the education and supervision of their children

The proposed amended regulation should have no impact upon the rights and authority of parents regarding the education and supervision of their children.

III. Describe the effect of the proposed regulation on the functioning of the family.

The proposed amended regulation should have no direct impact upon the functioning of the family.

IV. Describe the effect of the proposed regulation on family earnings and budget.

The proposed amended regulation should have no direct impact upon family earnings and budget.

V. Describe the effect of the proposed regulation on the behavior and personal responsibility of children.

The proposed amended regulation should have no impact upon the behavior and personal responsibility of children.

VI. 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 amended 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

Attachment to Amendment of Regulation 107

HOMEOWNER AND FIRE/COMMERCIAL INSURANCE POLICY DISCLOSURE FORMS

I. Describe the effect on household income, assets, and financial security.

The proposed amended regulation should have no effect on household income assets and financial security.

II. Describe the effect on early childhood development and preschool through postsecondary education development.

The proposed amended regulation should have no effect on early childhood development and preschool through postsecondary education development.

III. Describe the effect on employment and workforce development.

The proposed amended regulation should have no effect on employment and workforce development.

IV. Describe the effect on taxes and tax credits.

The proposed amended regulation should have no effect on taxes and tax credits.

V. Describe the effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

The proposed amended regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

PROVIDER IMPACT STATEMENT

Attachment to Amendment of Regulation 107

HOMEOWNER AND FIRE/COMMERCIAL INSURANCE POLICY DISCLOSURE FORMS

- I. Describe the effect on the staffing level requirements or qualifications required to provide the same level of service.**

The proposed amended regulation will have no effect.

- II. The total direct and indirect effect on the cost to the provider to provide the same level of service.**

The proposed amended regulation will have no effect.

- III. The overall effect on the ability of the provider to provide the same level of service.**

The proposed amended regulation will have no effect.

SMALL BUSINESS STATEMENT

Attachment to Amendment of Regulation 107

HOMEOWNER AND FIRE/COMMERCIAL INSURANCE POLICY DISCLOSURE FORMS

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.

I. Identification and estimate of the number of the small businesses subject to the proposed rule.

The proposed amended regulation should have no measurable impact upon small businesses.

II. 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 amended regulation should have no measurable impact upon small businesses.

III. A statement of the probable effect on impacted small businesses.

The proposed amended regulation should have no measurable impact upon small businesses.

IV. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule.

The proposed amended regulation should have no measurable impact on small businesses; therefore, will have no less intrusive or less cost alternative methods.

Public Comments

Interested persons who wish to make comments may do so by writing to Lisa Henson, Staff Attorney, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, or by faxing comments to (225) 342-1632. Comments will be accepted through the close of business, 4:30 p.m., October 21, 2019.

James J. Donelon
Commissioner

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person Preparing Statement:	Anita R. Robert	Department:	Louisiana Department of Insurance
Phone:	(225) 219-0609	Office:	Management & Finance
Return Address:	P. O. Box 94214	Rule Title:	Annual Financial Reporting
	Baton Rouge, LA 70804-9214	Effective Date:	Upon Publication

SUMMARY
(Use Complete Sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)

The proposed rule will not result in additional costs or savings for state or local governmental units.

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

The proposed rules will not affect revenue collections for state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS. (Summary)

There are no estimated costs and/or economic benefits to directly affected persons or non-governmental groups.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT. (Summary)

The proposed rules will not affect competition or employment.

Lance Herrin, Assistant Commissioner
Office of Management and Finance
La. Department of Insurance

Legislative Fiscal Officer or Designee

Date of Signature

Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES**

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 adds a section regarding internal audit function requirements. The purpose of the amendment to Regulation 98 is to add a provision that was added to the NAIC’s Annual Financial Reporting Model Regulation

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

The Department of Insurance is tasked with administering the Insurance Code, which regulates the business of insurance in all of its phases. The proposed amendment to Regulation 107 updates and repromulgates forms for use with homeowners’ insurance policies that provide coverage for damage to property to comply with the disclosure requirements enacted by Act 194 of the 2019 Louisiana Legislative Session.

- C. Compliance with Act 11 of the 1986 First Extraordinary Session:**

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

FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET

I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM ACTION PROPOSED.

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

LDI does not anticipate any implementation costs (savings) as a result of the proposed regulation.

COSTS	FY 18/19	FY 19/20	FY 20/21
OPERATING EXPENSES	0	0	0
PROFESSIONAL SERVICES	0	0	0
OTHER CHARGES	0	0	0
EQUIPMENT	0	0	0
	0	0	0
TOTAL			
1.1.1.1 MAJOR REPAIR/CONSTR	0	0	0
POSITIONS (Number)	0	0	0

2. Provide a narrative explanation of the costs or savings shown in “A.1” above, including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

3. Sources of funding for implementing the proposed rule or rule change.

SOURCE	FY 18/19	FY 19/20	FY 20/21
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
OTHER (SPECIFY)	0	0	0
	0	0	0
TOTAL			

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

No additional funding is necessary to implement the proposed regulation.

B. COSTS OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

The proposed regulation will have no impact on local governmental revenues.

2. Indicate the sources of funding of local governmental unit(s) which will be affected by these cost or savings.

No source of funding is necessary; there is no impact on local governmental units as a result of the proposed regulation.

FISCAL AND ECONOMIC IMPACT STATEMENT
WORKSHEET
(Continued)

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

The proposed regulation will not affect revenue collections for state or local governmental units.

SOURCE	FY 18/19	FY 19/20	FY 20/21
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
OTHER (SPECIFY)	0	0	0
TOTAL	0	0	0

B. Provide a narrative explanation of each increase or decrease in revenues shown in “A”. Describe all data, assumptions and other methods used in calculating these increases or decreases.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS.

A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.) they may have to incur as a result of the proposed action.

B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

IV. EFFECTS ON COMPETITION AND EMPLOYMENT.

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

The proposed rules will not affect competition or employment.