

Regular Session, 2008

SENATE BILL NO. 61

BY SENATOR SHEPHERD

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURERS. Requires certain insurers that sell automobile insurance to a person serving in the military services to also provide homeowner's insurance. (gov sig)

1 AN ACT

2 To amend and reenact R.S. 22:635.3(C) and to enact R.S. 22:1425.1, relative to
3 homeowner's insurance; to provide for calculation of certain time periods; to require
4 certain insurers who write homeowner's insurance to sell homeowner's coverage to
5 certain veterans and military personnel; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:635.3(C) is hereby amended and reenacted and R.S. 22:1425.1
8 is hereby enacted to read as follows:

9 §635.3. Homeowner's insurance; insurer's nonrenewal without cause; inclusion in
10 insured's file prohibited

11 * * *

12 C.(1) No insurer providing property, casualty, or liability insurance shall
13 cancel or fail to renew a homeowner's policy of insurance or to increase the policy
14 deductible that has been in effect and renewed for more than three years unless based
15 on nonpayment of premium, fraud of the insured, a material change in the risk being
16 insured, two or more claims within a period of three years, or if continuation of such
17 policy endangers the solvency of the insurer. This Subsection shall not apply to an

1 insurer that ceases writing homeowner's insurance or to policy deductibles increased
 2 for all homeowners policies in the state. For the purposes of this Subsection, an
 3 incident shall be deemed a claim only when there is a demand for payment by the
 4 insured or the insured's representative under the terms of the policy. A report of a
 5 loss or a question relating to coverage shall not independently establish a claim. As
 6 used in this Subsection, the phrase "two or more claims within a period of three
 7 years" shall not include any loss incurred or arising from an "Act of God" incident
 8 which is due directly to forces of nature and exclusively without human intervention.

9 (2) For any policyholder who has continuous homeowner's coverage with
 10 an insurer for a period of three years, any replacement policy or any change or
 11 transfer of a policy covering one dwelling to insure another dwelling owned by
 12 such policyholder shall not constitute or be treated as the issuance of a new
 13 policy regardless of the change in policy identification information. For
 14 purposes of determining the period of coverage, including whether the
 15 policyholder's coverage is required to be continued with the insurer, the time
 16 period in each dwelling insured with the insurer shall be aggregated.

17 * * *

18 §1425.1. Military personnel homeowner's coverage

19 A. Beginning on August 15, 2008, every motor vehicle insurer
 20 authorized to transact business in this state, who is also authorized to write
 21 homeowner's insurance in this state, shall make homeowner's insurance
 22 available to an active military person when the insurer writes auto insurance for
 23 that active military person.

24 B. As used in this Section, "active military person" shall mean a person
 25 currently serving in any branch of the United States military, or the Louisiana
 26 National Guard, or who is a reservist in active drill status.

27 C. The commissioner of insurance shall adopt rules and regulations, in
 28 accordance with the Administrative Procedure Act, to implement the provisions
 29 of this Section. The rules and regulations shall include, but not be limited to, the

following:**(1) Record keeping requirements for the insurers.****(2) A listing of the documents, evidence, and proof necessary to establish a valid application for homeowner's coverage pursuant to this Section.****(3) Other such provisions necessary for the proper implementation of this Section.**

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

Shepherd (SB 61)

Present law prohibits an insurer from canceling or failing to renew a homeowner's policy or to increase the policy deductible that has been in effect and renewed for more than three years unless based on nonpayment of premium, fraud of the insured, a material change in the risk being insured, two or more claims within a period of three years, or if continuation of such policy endangers the solvency of the insurer. Provides that this prohibition does not apply if the insurer ceases writing homeowner's insurance or to policy deductibles increased for all homeowners' policies in the state.

Present law clarifies that an incident shall constitute a claim only when there is a demand for payment by the insured and that two or more claims within a period of three years does not include an "Act of God" incident.

Proposed law retains these provisions but provides that if a policyholder has had continuous homeowner's coverage for a period of three years, then any replacement policy or any change or transfer of a policy covering one dwelling to insure another dwelling owned by the policyholder does not constitute or will be treated as the issuance of a new policy regardless of the change in policy identification information. Provides that the time period in each dwelling insured by the insurer be aggregated when determining the period of coverage under proposed law.

Present law requires that auto insurance carriers provides a 25% discount for active military personnel. The insurer receives a credit for the discount from premium taxes that the insurer would otherwise pay to the state of Louisiana.

Proposed law provides that, beginning on August 15, 2008, every motor vehicle insurer authorized to transact business in this state, who is also authorized to write homeowner's insurance in this state shall make homeowner's insurance available to an active military person where the insurer writes auto insurance for that active military person.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 22:635.3(C); adds R.S. 22:1425.1)

Summary of Amendments Adopted by Senate

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

1. Clarifies that an insurance company must be authorized to write homeowners' insurance in the state of Louisiana.
2. Restricts application of the legislation to active military persons.