

Regular Session, 2012

SENATE BILL NO. 732

BY SENATOR CHABERT

INSURERS. Provides relative to Citizens Insurance. (gov sig)

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AN ACT

To amend and reenact R.S. 22:2291, relative to the Louisiana Citizens Property Insurance Corporation; to provide for declarations, purpose, and construction; to provide for affordable rates; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:2291 is hereby amended and reenacted to read as follows:

§2291. Louisiana Citizens Property Insurance Corporation; declaration and purpose;
construction

It is hereby declared by the Legislature of Louisiana that an adequate **and affordable** market for fire with extended coverage and vandalism and malicious mischief insurance and homeowners coverage is necessary to the economic welfare of the state, including the coastal areas of the state, and that without such **affordable** insurance the orderly growth and development of the state would be severely impeded; and that adequate **and affordable** insurance upon property is necessary to enable owners of homes and commercial owners to obtain financing for the purchase and improvement of their property. It is further declared that the state has an obligation to provide an equitable method whereby every licensed insurer writing

1 fire, extended coverage and vandalism and malicious mischief and, if necessary,
2 homeowners coverage on a direct basis in Louisiana is required to meet its public
3 responsibility instead of shifting the burden to a few willing and public-spirited
4 insurers. While deserving praise, the financing mechanisms of the former plans were
5 insufficient to meet the needs of this area. It is the purpose of this Chapter to accept
6 this obligation and to provide a mandatory program to assure an adequate **and**
7 **affordable** market for fire, extended coverage and vandalism and malicious mischief
8 and, if necessary, homeowners insurance in the coastal and other areas of Louisiana.
9 The legislature intends by this Chapter that property insurance be provided and that
10 it continues, as long as necessary, through an entity organized to achieve efficiencies
11 and economies, all toward the achievement of the foregoing public purposes.
12 Therefore, the Louisiana Citizens Property Insurance Corporation, a nonprofit
13 corporation, is hereinafter created, and said corporation shall operate insurance plans
14 which shall function exclusively as residual market mechanisms to provide essential
15 property insurance for residential and commercial property, solely for applicants who
16 are in good faith entitled, but are unable, to procure insurance through the voluntary
17 market. The legislature further intends that the corporation work toward the ultimate
18 depopulation of these residual market insurance plans. Because it is essential for the
19 corporation to have the maximum financial resources to pay claims following a
20 catastrophic hurricane, it is the intent of the legislature that the income of the
21 corporation be exempt from federal income taxation and that interest on the debt
22 obligations issued by the corporation be exempt from federal income taxation.

23 Section 2. This Act shall become effective upon signature by the governor or, if not
24 signed by the governor, upon expiration of the time for bills to become law without signature
25 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
26 vetoed by the governor and subsequently approved by the legislature, this Act shall become
27 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 Alan Miller.

DIGEST

Present law establishes legislative declarations and establishes the Louisiana Citizens Property Insurance Corporation (Citizens) as a mandatory program to assure an adequate market for fire, extended coverage and vandalism and malicious mischief and, if necessary, homeowners insurance in the coastal and other areas of La.

Proposed law retains present law, and furthers requires the Citizens assure an affordable market for fire, extended coverage and vandalism and malicious mischief and, if necessary, homeowners insurance in the coastal and other areas of La.

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

(Amends R.S. 22:2291)