

Regular Session, 2008

# ACT No. 347

HOUSE BILL NO. 302

BY REPRESENTATIVES SAM JONES AND HARRISON AND SENATORS DUPRE  
AND B. GAUTREAUX

1 AN ACT

2 To amend and reenact R.S. 22:1430.12(D), relative to the Louisiana Citizens Property  
3 Insurance Corporation; to provide with respect to the rates charged by the  
4 corporation in St. Mary Parish; and to provide for related matters.

5 Notice of intention to introduce this Act has been published  
6 as provided by Article III, Section 13 of the Constitution of  
7 Louisiana.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 22:1430.12(D) is hereby amended and reenacted to read as follows:  
10 §1430.12. Rates, rating plans, and rate rules applicable

11 \* \* \*

12 D.(1) Notwithstanding the provisions of Paragraph (A)(1) of this Section,  
13 until August 15, 2010, the corporation shall charge the higher of actuarially justified  
14 rates or rates equal to the highest of the top ten insurers with the greatest total direct  
15 written premium for residential property insurance policies in any noncompetitive  
16 market unless competition resumes. If the corporation is writing more than fifty  
17 percent of the residential property insurance business in a market, including wind-  
18 and hail-only coverages, the board of directors shall report that fact to the  
19 commissioner of insurance. Notwithstanding any other provision of law to the  
20 contrary, the ten percent rate in excess of the rates charged among the ten insurers  
21 with the greatest total direct written premium in each parish for that line of business  
22 in the preceding year authorized in R.S. 22:1430.12(A) shall not apply in St. Mary  
23 Parish and parishes listed in R.S. 40:1730.27(A).

1                   ~~(1)~~ (2) As used in this Subsection, the following definitions shall apply:

2                   (a) "Market" means the interaction between buyers and sellers in the  
3 procurement of a line of insurance in any parish in the state pursuant to provisions  
4 in this Subsection.

5                   (b) "Noncompetitive market" means a market subject to a ruling by the  
6 commissioner of insurance that a reasonable degree of competition does not exist.

7                   ~~(2)~~ (3) When the commissioner is informed that the corporation is writing  
8 more than fifty percent of the residential property insurance business in a market, the  
9 commissioner shall determine if a reasonable degree of competition exists within that  
10 market. Upon a finding that a competitive market does not exist, the commissioner  
11 shall inform the board of directors of the corporation.

12                   ~~(3)~~ (4) The board of directors of the corporation shall use the commissioner's  
13 findings in determining the application of its noncompetitive rating structure in the  
14 market that has been determined to be noncompetitive.

15                   ~~(4)~~ (5) The following factors shall be considered by the commissioner in  
16 determining if a reasonable degree of competition exists in a particular line of  
17 insurance:

18                   (a) The number of insurers or groups of affiliate insurers providing coverage  
19 in the market.

20                   (b) Measures of market concentration and changes of market concentration  
21 over time.

22                   (c) Ease of entry into the market and the existence of financial or economic  
23 barriers preventing new insurers from entering the market.

24                   (d) The extent to which any insurer or group of affiliated insurers controls  
25 all or a portion of the market.

26                   (e) Whether the total number of companies writing the line of insurance in  
27 this state is sufficient to provide multiple options.

28                   (f) The availability of private insurance coverage to consumers in the market.

29                   (g) The opportunities available to consumers in the market to acquire pricing  
30 and other consumer information.

1                   (h) The number of residential property insurance policies written by the  
2                   residual market.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_