



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2021-03

TO: ALL AUTHORIZED PROPERTY AND CASUALTY INSURERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: RENEWAL OF COMMERCIAL INSURANCE POLICIES IN ACCORDANCE WITH THE STATUTORY OBLIGATIONS IN LA. R.S. 22:1267

DATE: JULY 6, 2021

The Louisiana Department of Insurance (“LDI”) hereby issues Advisory Letter 2021-03 to provide guidance to property and casualty insurers regarding the LDI’s interpretation of the statutory obligations imposed upon insurers to ensure compliance with La. R.S. 22:1267 in the renewal of a commercial insurance policy.

It has come to my attention that some property and casualty insurers authorized to write commercial insurance in Louisiana may need guidance on compliance with La. R.S. 22:1267 relative to the renewal of commercial insurance policies. While the renewal of a commercial insurance policy is a positive act by the insurer that is indicative of a healthy commercial insurance market, there are statutory obligations in connection therewith that must be adhered to for a property and casualty insurer to comply with Louisiana law.

A reading of La. R.S. 22:1267.E(1) unequivocally provides the requirements for the written notice of renewal that a commercial insurer must provide the policyholder. The written notice that must be provided pursuant to La. R.S. 22:1267.E(1) requires that insurers provide policyholders written notice of any rate increase, change in deductible, or reduction in limits or coverage at least thirty (30) days prior to the expiration date of the policy.

Accordingly, the written notice of renewal that a commercial insurer provides to the policyholder shall include a detailed explanation of any insurance policy changes. If the insurer intends to increase the premium, change the deductible, reduce any of the limits or sub-limits, or reduce or eliminate any of the coverages, this detailed written notice shall be provided to the policyholder thirty (30) days in advance of the policy expiration date. If

full disclosure of this referenced information is not made to the policyholder, then the coverage provided to the insured at the expiring policy's rate, terms, and conditions shall remain in effect until notice is given or until the effective date of replacement coverage is obtained by the insured, whichever first occurs.

This is emphasized by the fact that La. R.S. 22:1267 mandates that the insurer continue to provide coverage on the expiring policy, at the expiring policy's rates (calculated premium), terms and conditions, until such time that a full and complete disclosure, as required by La. R.S. 22:1267.E, is provided to the policyholder.

I have been advised that some property and casualty insurers are providing their insureds with a thirty (30) day written notice of its intent to renew the commercial insurance policy but are not providing a detailed written notice to the insured until just a few days before the policy expiration date. It is the insurer's obligation to not only notify the policyholder of their intent to renew the commercial insurance policy, but to also notify the policyholder of the monetary amount of the renewing premium, any and all deductibles applicable to the renewing policy, and any and all changes involving coverage limits (including limits and sub-limits or reductions in coverage) thirty (30) days before the policy expiration date. Thus, for an insurer to provide the insured with only a written notice of intent to renew, without also providing the detailed information as to the renewing premium, deductibles, coverages, etc., does not comply with La. R.S. 22:1267.E(1).

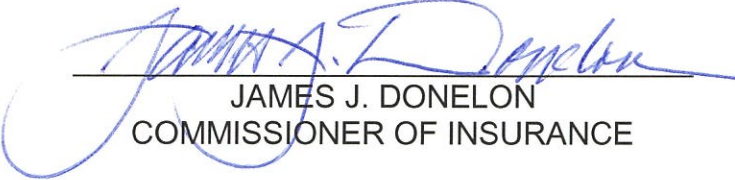
To be in compliance with La. R.S. 22:1267.E(1), the insurer shall provide thirty (30) days advance written notice to the policyholder of the monetary amount of the renewing premium, any and all deductibles applicable to the renewing policy, and any and all changes involving coverage limits (including limits and sub-limits or reductions in coverage). It is this type of detailed information that an insurer shall provide a policyholder to fully comply with the statutory requirements set forth in La. R.S. 22:1267.E.

Also be aware that the continuing challenges faced by victims of hurricanes Laura, Delta, and Zeta make it necessary for insurers to make every effort to provide this required information sooner than the statute requires. This is particularly true of the written notice requirements for a renewal (30-day notice as per La. R.S. 22:1267.E) or for a non-renewal (60-day notice as per La. R.S. 22:1267.D). Both of these timeframes are mandatory in order to provide the insured sufficient time to seek replacement coverage but are minimum and the circumstances that still exist for the victims of those storms dictate consideration beyond those statutory minimums.

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If there are any questions regarding Advisory Letter 2021-03 please contact the Deputy Commissioner of the Office of Property and Casualty electronically at public@ldi.la.gov

Baton Rouge, Louisiana, this 6th day of July 2021.



JAMES J. DONELON
COMMISSIONER OF INSURANCE