



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

BULLETIN 2022-02

TO: ALL AUTHORIZED INSURERS, SURPLUS LINES INSURERS, AND LICENSED PRODUCERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: FUNDING MECHANISMS FOR LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

DATE: FEBRUARY 15, 2022

The purpose of Bulletin 2022-02 is to remind authorized insurers, surplus lines insurers, licensed producers, and financial institutions engaged in the commercial and residential property insurance market how Louisiana Citizens Property Insurance Corporation (“Citizens”), Louisiana’s insurer of last resort, is funded to ensure its continued viability as an ongoing concern.

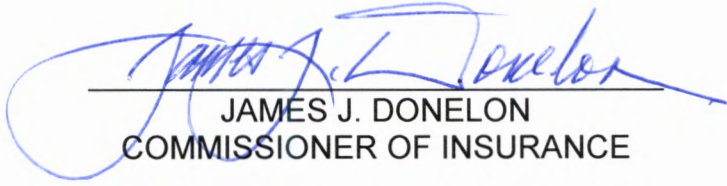
Under La. R.S. 22:2291 *et seq.*, Citizens was created by the Louisiana Legislature in 2004 as a nonprofit corporation and subject to certain requirements applicable to public bodies. The Louisiana Legislature ensured that Citizens would be able to meet its ongoing financial obligations and perpetually remain financially viable to serve the need for a residual property market while minimizing the risk of assessments on property insurance consumers statewide.

The Louisiana Legislature created Citizens as the insurer of last resort to operate insurance plans which function exclusively as residual market mechanisms for Louisiana insureds who cannot procure insurance through the voluntary market. Additionally, the Louisiana Legislature granted Citizens, in La. R.S. 22:2291 *et seq.*, the authority to adopt operating procedures, set rates and underwriting standards, and if necessary, assess insurers and assessable insureds when Citizens incurs a deficit for a plan year.

Citizens may pledge, assign, and grant a security interest in the assessments, insurance, and reinsurance recoverables, surcharges, and other funds available to the corporation as the source of revenue for and to secure bonds or other indebtedness, including, without limitation, lines of credit or other financing mechanisms. In addition to the regular and emergency assessments provided for in La. R.S. 22:2291 *et seq.*, the Louisiana Legislature authorized Citizens to utilize various financial mechanisms to assist Citizens in covering claims, deficits, and expenses attributable to a catastrophe. It should be noted that the Louisiana State Bond Commission must approve any bonds issued, other indebtedness, lines of credit, or other financing mechanisms utilized by Citizens.

If there are any concerns regarding Bulletin 2022-02, please contact the Deputy Commissioner of the Office of Financial Solvency at (225) 219-3929 or electronically at public@ldi.la.gov.

Baton Rouge, Louisiana, this 15th day of February, 2022.



JAMES J. DONELON
COMMISSIONER OF INSURANCE