



Louisiana Department of Insurance

LOUISIANA PROPERTY & CASUALTY INSURANCE COMMISSION



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James J. Donelon
Commissioner of Insurance

MONTHLY REPORT

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LPCIC Meeting

The Louisiana Property and Casualty Insurance Commission (LPCIC) met early this month to be briefed on the status of the state's residual and voluntary property insurance markets and on relevant legislation introduced or enacted this past Session that could impact the property/casualty markets.

Lou Fey opened his first meeting as Chair of the LPCIC by acknowledging the successful, long-term service of his predecessor, Ted Haik. In his remarks Mr. Fey noted that only one of the LPCIC's 2014 recommendations to the Legislature had been enacted, asked the members to again support a hand-held cell phone ban for all drivers, proposed several topics for future meetings, and encouraged his fellow members to offer their ideas on ways to lower property and casualty insurance rates.

The CEO of Louisiana Citizens Property Insurance Corporation (Citizens), Dave Thomas, provided a comprehensive review of the state's residual market property insurer's broad efforts to minimize the risk of future assessments while providing for timely and fair claims processing within a culture of accountability and respect for policyholders, agents, and the public at large. Among the specifics Mr. Thomas explained were: Citizens' reinsurance program to insure against a 1-in-111 year hurricane or two "Gustavs" while paying only one deductible per season; measures taken to achieve successful depopulation to 98,000 policies and anticipation of further reduction in the current 8th round of de-population; savings from bringing underwriting and claims handling in-house; and contractual provisions for catastrophe claims adjusters.

Commissioner Jim Donelon noted that this is the ninth anniversary of hurricanes Katrina and Rita, and described a journey of recovery that was the joint effort of many including legislators, two governors, and business groups. He noted we have seen some major insurers retreat from Louisiana's market while others, including 21 companies new to the state, have actively sought market share. The Commissioner pointed to the shrinking of Citizens' policy count to below 2005 pre-Katrina level as "the best barometer of the viability of our property and casualty market." The Commissioner recognized that pricing continues to be a challenge for the consumer, but judged the state's voluntary market more robust and competitive today than before Katrina.

Turning to the recent legislative session, Commissioner Donelon stated that some progress was made and, more importantly, negatives to the state's recovery were avoided. He went on to elaborate on one "well-intended" bill that would have had an "adverse effect on the market" by requiring admitted insurers authorized to write homeowner's insurance to do so for any residence constructed or retrofitted to comply with the statewide uniform construction code. The Commissioner praised in detail several others, including ones authored by each of the four legislators who are members of the LPCIC:

- Senator Morrish - Act 114 and Act 117
- Representative Cromer - HR 42 and HB 700
- Senator Johns - Act 458, SR 18 and Act 118
- Representative Talbot - Act 559

The members received handouts that listed 2014 P&C legislation and bills filed that were related to the LPCIC's 2014 legislative recommendations. This prompted a lengthy and interesting discussion on the obstacles encountered, lessons learned, and dynamics of lowering the jury trial threshold, which was one of the LPCIC recommendations.

LPCIC member and Director of the Office of Workers' Compensation LA Workforce Commission, Wes Hataway, provided an overview of 2014 legislation related to workers' comp and detailed the significance of two enactments. Act 375 streamlines what had been an unwieldy process of bringing into compliance the approximately 30 percent of employer/companies who fail to meet mandatory workers' compensation insurance requirements. Together with a new computer tracking system, overall

compliance should improve and those companies who have been in compliance should experience a more "level playing field." HCR 99 calls for the State Board of Medical Examiners to study and make recommendations to address the over-prescribing of pain medication that results in abuse, addiction and over-dosing deaths in the general populace. Mr. Hataway stated that his Office would find a way to address this problem within the workers' comp system over the coming year.

Impaired Driving Coordinator for the Louisiana Highway Safety Commission, Mike Barron, provided the members with a handout detailing DWI legislation enacted this past Session. Mr. Barron discussed three of these that may contribute to lowering insurance rates through improved DWI enforcement: 1) Act 458 closes a loophole that had allowed DWI offenders pleading Code of Criminal Procedure Article 894 to obtain an unrestricted driver's license prior to successfully completing the conditions of their probation. 2) Act 385 reorganizes the existing DWI law to make it easier to work with, which may lead to more successful prosecutions. 3) Act 299 requires all who are arrested for DWI to be fingerprinted, which will create a record for each that improves tracking, data and enforcement for the 70 percent who were not fingerprinted in the past.

The next scheduled meeting of the LPCIC is December 4.

LDI Recovers Additional Money for Consumers / Launches Complaint Online Tracking System

The Louisiana Department of Insurance (LDI) recently totaled its success in obtaining additional money for consumers who filed formal complaints during the first six months of this year. In addition the LDI has launched a new feature that allows a consumer who has filed a complaint with the LDI to track the status of their complaint online.

Over \$2.25 million was recovered for consumers through their property and casualty, health, and life and annuity complaints. \$1 million of this total was related to property and casualty products.

Consumer Insurance Dispute Settlements (January - June 2014)

Insurance Product	Complaints Filed	Funds Recovered
Life & Annuities	132	\$ 904,783.67
Property & Casualty	780	\$ 1,013,349.60
Health	549	\$ 335,977.90
TOTAL	1,461	\$ 2,254,111.17

"Whether consumers have a question about a policy, do not understand their coverage or they are not pleased with the resolution of their insurance claim, we can provide guidance and make consumers aware of their options," said Commissioner Jim Donelon. "Our knowledgeable staff can help resolve disputes with insurers and assist policyholders in securing additional insurance settlements if their case warrants such action."

A consumer that seeks the LDI's assistance by filing a formal written complaint can now check the status of that complaint by going to www.ldi.la.gov/complaintstatuslookup and using the file number and Personal Identification Number (PIN) received from LDI.

"This new interactive feature gives consumers who have filed a complaint the option to check in and see the progress of their case online, but as always, policyholders filing complaints are also provided with the name and phone number of an LDI examiner who can address any questions they may have," said Commissioner Donelon.

News Briefs

LA Seatbelt Survey Shows Some Improvement

According to a recent statement from the Louisiana Highway Safety Commission, for

the 5th year in a row, the report from the seatbelt survey showed another statistical increase for front seatbelt usage. Louisiana is now at an overall high in front seatbelt usage of 84.1 percent. However, the rear seatbelt usage is stagnant with little to no change and remains at 55 percent. So while Louisiana has made significant strides in front seatbelt usage, the rear seatbelt usage remains an issue.

According to a news release from the Louisiana State Police, when a seat belt is worn properly and child safety seats are used correctly, it not only prevents ejection from a vehicle but also greatly reduces the chances of sustaining significant injuries. Motor vehicle crashes are the single greatest cause of death and disability for people ages 1 to 34 and are the leading cause of injury related deaths among people of all ages. Last year, over 72,000 people were injured in motor vehicle crashes in Louisiana. The greatest chance of surviving a horrific crash is to **Buckle Up**.

REMINDER:

The 2014 Conference on Insurance Fraud and Auto Theft will be held on Wednesday, October 15 in Baton Rouge. Presentations will be held on combatting vehicle theft and disaster fraud with panel discussions on health care fraud, investigating insurance fraud and insurance fraud prosecution. Additional information and registration is available on the LDI website (www.ldi.la.gov).

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