

**Insure Louisiana Incentive Program
Funds Awarded to Minority Insurance
Agents (HCR 123)**

Report to the Legislature



**Louisiana Department of Insurance
James J. Donelon, Commissioner**

Louisiana Department of Insurance

This public document was published at a total cost of \$0.85. One copy of this public document was published in this first printing at a total cost of \$0.85. The total cost of all printings of this document including reprints is \$0.85. This document was published by the Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804 to report in response to HCR 123 of the 2023 Regular Session of the Louisiana Legislature under authority of the Division of Administration. This material was printed in accordance with standards for printing by State Agencies established in R.S. 43:31.

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HCR 123 of the 2023 Regular Session by Rep. Edmond Jordan

House Concurrent Resolution 123 by Representative Edmond Jordan (HCR 123) urges and requests the LDI to monitor and annually report the number of contracts and grant funds from the Insure Louisiana Incentive Program Fund awarded to minority insurance agents in a written report that indicates the percentage, amount, and number of contracts and grant funds from the program awarded to minority insurance agents.

Overview of the Insure Louisiana Incentive Program

If an application to participate in the Insure Louisiana Incentive Program (the program) is approved, pursuant to La. R.S. 22:2368, the insurer-grantee must make a commitment of capital of not less than \$2,000,000 nor in excess of \$10,000,000 to match the grant awarded under the program. Pursuant to §18921 of Regulation 125, within 10 days of receipt of a grant award from the program, the grantee must deposit the amount committed by the insurer and the grant award in an account held in the name of the grantee and pledged to the Louisiana Department of Insurance (LDI).

A grantee may earn the grant at a rate of 20 percent per earning period for the last 12 months of that earning period in which the grantee complies with the requirements of La. R.S. 22:2361 et seq., and Regulation 125 until the full grant award has been earned.

The grantee begins to earn the grant from the reporting period in which the grantee first demonstrates that its net written premiums comply with all requirements of §18923 of Regulation 125. The grantee will earn 20 percent of the grant in each 12-month period thereafter in which the grantee demonstrates that it complied with all requirements of the program. Thus, the full grant award may be earned after five years. Upon verification of the net written premium requirements during the preceding 12 months, the commissioner of insurance will issue a written declaration that the grantee has earned 20 percent of the grant or a pro rata share thereof awarded to the grantee.

The commissioner of insurance may declare a grantee in default of the requirements for its grant, should he find that the grantee failed to meet the requirements of the program, maintain a certificate of authority for the lines of insurance written to comply with the requirements of the program, or comply with any other applicable provisions of La. R.S. 22:2361 et seq., or Regulation 125.

Should the commissioner of insurance find a grantee in default, he will notify the grantee in writing. A grantee in default will have 30 days from the date of declaration of default to request reconsideration. If the commissioner of insurance affirms the default, the decision may be appealed to the division of administrative law in accordance with La. R.S. 22:2191 et seq. Unless modified on reconsideration or appeal, the default is effective from the date of the original declaration, and the grantee will not be eligible to continue its participation in the program, unless the default is for failure to meet the requirements referenced in §18933.A.3.

A grantee in default is liable for and must repay all grant funds that have not been earned by the grantee, plus legal interest as defined in La. R.S. 13:4202(B) from the date of the default declaration. If a request for reconsideration is not timely made, repayment is due upon the expiration of 30 days from the default declaration. If a request for reconsideration is timely made and denied, repayment is due within 10 days of the denial of the reconsideration request.

Analysis

An insurer is limited in the premium that it can write based upon the capital and surplus it possesses. Because of this, the program is designed to provide additional capital to participating insurers, who will be required to write additional business based on the amount of capital received as a grant award. Awarding grants to agents would defeat the purpose of the program in that the insurer would no longer possess the additional capital necessary to take on the risk of writing more premium. Therefore, no grant funds from the program are awarded to agents, rather the grant funds are awarded to the participating insurers.

Moreover, because the grantee will not earn any amount of the grant award until at least one year after receiving the grant award, and not then until after it has written enough qualifying business to comply with the premium requirements of the program, no grant funds could be used to award contracts to any insurance agents, including minority insurance agents, until after the first earning period has elapsed. Considering a grantee must write enough qualifying business to comply with the requirements of the program before it earns a portion of the grant award, a grantee would not necessarily need to award additional agent contracts after the first earning period. It would just need to maintain its amount of qualifying business. Moreover, once earned, there is no stipulation that a particular percentage or amount of the grant award must be used to award insurance agent contracts.

Conclusion

Since there is no requirement that grant funds must be used to appoint insurance agents and an insurer would not necessarily need to appoint additional agents after its first year participating in the program, during which time the insurer cannot utilize its grant award, it cannot be said that any particular percentage, amount, or number of contracts will be awarded to insurance agents, including minority agents, as a result of an insurer's participation in the program. Furthermore, using a grant award to appoint additional agents would undermine the purpose of the program by depleting the capital that should be used to allow insurers to take on the additional risk of writing more business in Louisiana.

Appendix #1

SENATE BILL NO. 412

BY SENATOR TALBOT AND REPRESENTATIVES AMEDEE, BOYD, BRASS,
GREEN, LAFLEUR, LANDRY, LARVADAIN, MARINO, NEWELL,
SCHLEGEL, STAGNI, THOMPSON, VILLIO AND WILLARD

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AN ACT

To amend and reenact R.S. 22:2361 through 2370 and to enact R.S. 22:2371, relative to the Insure Louisiana Incentive Program; to provide for purposes and public purpose; to provide relative to administration and funding; to provide for cooperative endeavor agreements; to provide for matching grants; to provide for rulemaking; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:2361 through 2370 are hereby amended and reenacted and R.S. 22:2371 is hereby enacted to read as follows:

§2361. Short title

This Chapter shall be known as the "Insure Louisiana Incentive Program", hereinafter **and may be** referred to as the "program".

§2362. Purposes; public purpose

A. Louisiana currently is experiencing a crisis in the availability and affordability of insurance for residential and commercial properties. Louisiana property owners and their insurers sustained catastrophic losses in ~~2005~~ **2020 and 2021** from ~~Hurricanes Katrina and Rita~~ **hurricanes Laura, Delta, Zeta, and Ida**. As the result of their losses and their assessment of the risk of loss from future storms, many insurers have substantially reduced their participation in the voluntary market for residential and commercial property insurance. With fewer insurers in the voluntary market, competitive pressure on premium rates is reduced. Current underwriting practices have resulted in a substantial increase in the number of

1 Louisiana property owners forced to obtain their property insurance coverage or their
 2 coverage for ~~the~~ wind peril from Louisiana Citizens Property Insurance Corporation
 3 (~~Citizens~~), the state insurer of last resort. ~~As a result of the 2005 storms, Citizens has~~
 4 ~~a substantial deficit that currently is and must be funded by assessments against~~
 5 ~~insurers and policyholders. The decline in the voluntary insurance market~~
 6 ~~substantially increases Citizens' exposure, thereby threatening to worsen its financial~~
 7 ~~condition.~~ Increased premiums and assessments make property insurance coverage
 8 unaffordable for some property owners, forcing them to sell or abandon their
 9 residential or commercial properties or preventing them from restoring storm-
 10 damaged properties, causing some residents to leave or fail to return to the state. The
 11 availability of property insurance at reasonable cost is essential to the economy of
 12 the state. Owners cannot invest in and lenders will not finance the construction and
 13 ownership of residential and commercial buildings without adequate property
 14 insurance protection. The state has a vital interest in fostering the availability of
 15 property insurance at reasonable cost.

16 B. The Insure Louisiana Incentive Program is adopted for the purpose of
 17 cooperative economic development and stability in Louisiana by encouraging
 18 additional insurers to participate in the voluntary property insurance market ~~in order~~
 19 ~~to substantially~~ increase the availability of property insurance, ~~to substantially~~
 20 increase competitive pressure on insurance rates, and ~~to substantially~~ reduce the
 21 volume of business written by the Louisiana Citizens Property Insurance
 22 Corporation, thereby offering a less expensive alternative to its policyholders and
 23 reducing ~~Citizens'~~ **Louisiana Citizens Property Insurance Corporation's** exposure
 24 to an increased deficit and future assessments.

25 C. ~~It is hereby declared by the~~ **The** legislature **hereby declares** that assuring
 26 an adequate and affordable market for insurance for both residential and commercial
 27 properties in this state is essential to the economic viability of the state and its
 28 citizens, the assurance of an adequate and stable tax base for the state and its political
 29 subdivisions, and the health, welfare, and safety of its citizens. Accordingly, the
 30 establishment of the Insure Louisiana Incentive Program implemented through

1 public-private partnerships is declared and demonstrated to be an essential public
2 function and public purpose.

3 §2363. Cooperative endeavors; grants; regulations

4 A. The commissioner ~~of insurance is authorized to~~ may implement the
5 essential public purpose of this Chapter through public-private partnerships executed
6 through cooperative endeavors with authorized insurers. Such endeavors may include
7 matching capital fund grants under the provisions of this Chapter.

8 B. The commissioner ~~of insurance~~ may grant matching capital funds to
9 qualified property insurers in accordance with the requirements of this Chapter from
10 the fund. The commissioner shall ~~adopt and~~ promulgate rules and regulations in
11 accordance with the Administrative Procedure Act, R.S. 49:950 et seq., governing
12 the application process, ~~and~~ award of grants, use of grant funds, reporting
13 requirements, and other regulations to assure compliance with and to carry out the
14 purposes of the program.

15 §2364. Implementation; grant limitations

16 A. The commissioner ~~of insurance~~ shall ~~adopt and~~ promulgate rules and
17 regulations to implement this program ~~as soon as possible~~ and in accordance with the
18 Administrative Procedure Act, R.S. 49:950 et seq.

19 B. When the program is ready for implementation, the commissioner shall
20 issue a public invitation to insurers to submit grant applications. In the initial
21 applications, the commissioner shall not allocate individual grants of less than two
22 million dollars nor in excess of ten million dollars. In the initial allocation of grants
23 ~~only~~, the commissioner shall allocate twenty percent of the total amount of funds
24 available for grants to domestic insurers.

25 C. ~~In the event that~~ If all monies in the fund are not allocated in response to
26 the first invitation for grant applications, ~~then~~ the commissioner shall may issue a
27 second invitation for grant applications. In the second invitation, the commissioner
28 shall not allocate individual grants of less than two million dollars nor in excess of
29 ten million dollars, but insurers who have been allocated a grant in response to the
30 first invitation may apply for an additional grant up to the ten million dollar limit. ~~In~~

1 ~~the event that~~ **If** all monies in the fund are not allocated in response to the second
 2 invitation for grant applications, ~~then~~ the commissioner ~~shall~~ **may** issue a third
 3 invitation for grant applications. In the third invitation, the commissioner shall not
 4 allocate individual grants **of** less than two million dollars nor in excess of ten million
 5 dollars, but insurers who have been allocated a grant in response to the first or
 6 second invitation may apply for an additional grant up to the ten million dollar limit.

7 D. Once the commissioner has finalized all responses ~~from three separate~~
 8 ~~invitations~~ for grant applications authorized under this Chapter, any unexpended and
 9 unencumbered monies in the fund and any matching capital fund grant funds that are
 10 not earned pursuant to R.S. 22:2370(A) shall ~~be used pursuant to the provisions of~~
 11 ~~R.S. 22:2372~~ **revert to the state general fund**. However, if less than thirty-five
 12 million dollars remains in the Insure Louisiana Incentive Fund after responses have
 13 ~~been finalized to the three separate invitations for grant applications, then the~~
 14 ~~remaining monies in the fund shall instead be used to accelerate payoff of the~~
 15 ~~Unfunded Accrued Liability of the state retirement systems.~~

16 E. The total amount of funds available for this program is the amount
 17 appropriated or otherwise made available to the fund by the legislature. If the amount
 18 requested in grant applications exceeds the amount of funds available, the
 19 commissioner ~~of insurance~~ shall have the discretion to prioritize and allocate funds
 20 among insurers ~~deemed~~ **considered** eligible to participate in the program,
 21 considering the financial strength of each insurer and the potential for its business
 22 plan to improve the availability and affordability of property insurance in Louisiana
 23 **this state**.

24 F. Prior to the award of any grant pursuant to the provisions of this Chapter,
 25 ~~such~~ **the** grant shall be subject to the review and approval of the Joint Legislative
 26 Committee on the Budget. The use of grant funds and unexpended and
 27 unencumbered monies pursuant to the provisions of Subsection D of this Section
 28 shall not be subject to review and approval of the Joint Legislative Committee on the
 29 Budget.

30 §2365. Minimum capital requirements

1 A. Grants shall be made only to insurers who satisfy minimum capital
 2 requirements as specified in the rules and regulations ~~adopted and~~ promulgated by
 3 the commissioner ~~of insurance~~, which shall include capital and surplus exceeding
 4 ~~twenty-five~~ ten million dollars, stable financial condition as shown by a satisfactory
 5 risk-based capital level, and an adequate risk-based reinsurance program.

6 B. In no event shall matching fund grants exceed twenty percent of an
 7 insurer's capital and surplus.

8 §2366. Satisfactory prior experience

9 As determined by the commissioner ~~of insurance~~, grants shall be made only
 10 to insurers with satisfactory prior experience in writing property insurance or to new
 11 insurers whose management has satisfactory prior experience in property insurance.

12 §2367. Authorized insurers

13 Although a ~~non-admitted insurer, including an approved unauthorized~~
 14 surplus lines insurer, may apply for a grant, the insurer ~~must become admitted and~~
 15 ~~licensed~~ shall obtain a certificate of authority to do business in Louisiana before
 16 it may ~~actually~~ receive the grant funding. The commissioner ~~of insurance~~ may
 17 reallocate funds allocated to ~~such non-admitted~~ a surplus lines insurer if ~~that insurer~~
 18 it does not apply on a timely basis, as specified in the regulations, or is not approved
 19 ~~as an admitted and licensed insurer~~ for a certificate of authority.

20 §2368. Matching capital fund grants

21 A. The insurer shall make a commitment of capital of not less than two
 22 million dollars to write property insurance in Louisiana this state that complies with
 23 the requirements of R.S. 22:2369.

24 B. Matching capital fund grants authorized under this Chapter shall match
 25 ~~such~~ the newly allocated insurer capital funds at a ratio of one dollar of state capital
 26 grant funds to one dollar of allocated insurer capital funds.

27 §2369. written premium requirements

28 A. ~~Net~~ For the purposes of this Chapter, "net written premiums" means
 29 the total premiums, exclusive of assessments and other charges, paid by
 30 policyholders to insurers for policies that comply with the provisions of this Section,

1 minus any return premiums or other premium credits due policyholders.

2 B. To comply with the requirements of this Chapter, ~~the~~ new property
3 insurance written by ~~the~~ an insurer who received a matching capital fund grant shall
4 be residential, commercial, mono-line, or package property insurance policies in
5 Louisiana this state, and ~~must~~ shall include coverage for wind and hail with limits
6 equal to the limits provided for other perils insured under such policies. The net
7 written premium requirements of this Section ~~will~~ shall be satisfied only by property
8 insurance coverages reported on the Annual Statement State Page filed with the
9 Department of Insurance under lines 1 (Fire), 2.1 (Allied Lines), 3 (Farmowners), 4
10 (Homeowners), or 5.1 (Commercial Multi-peril Non-liability).

11 C. Insurers who receive the matching capital fund grants ~~must~~ shall write
12 property insurance in Louisiana this state that complies with the requirements of this
13 Section with net written premiums of at least a ratio of two dollars of premium for
14 each dollar of the total of newly allocated insurer capital and the matching capital
15 fund grant. ~~Thus, if the insurer allocates two million dollars in capital and receives~~
16 ~~a matching capital fund grant of two million dollars, the insurer must write property~~
17 ~~insurance in Louisiana with net written premiums of at least eight million dollars.~~

18 D. In the first twenty-four months after receipt of matching capital fund
19 grants insurers shall write at least fifty percent of the net written premium for
20 policyholders whose property is located in the parishes included in the federal Gulf
21 Opportunity Zone Act of 2005 in Louisiana. ~~Twenty-five percent of the net written~~
22 ~~premium for policyholders whose property was formerly insured by the Louisiana~~
23 ~~Citizens Property Insurance Corporation, and at least fifty percent of such~~
24 ~~policyholders shall have property located in the parishes included in the federal Gulf~~
25 ~~Opportunity Zone Act of 2005 in Louisiana.~~ Insurers ~~must~~ shall maintain this net
26 written premium ratio over five years to fully earn the matching capital fund grant
27 ~~as outlined in R.S. 22:3310~~ in accordance with R.S. 22:2370.

28 E.(1) The commissioner shall promulgate rules pursuant to the
29 Administrative Procedure Act, R.S. 49:950 et seq., to establish procedures to monitor
30 the net written premium of insurers receiving any grant under this Chapter and to

1 ensure ~~that the insurer is in~~ compliance with the provisions of this Section. These
 2 rules shall include provisions for the return of grant money to the state, on a pro rata
 3 basis, for failure to meet the requirements of this Section. Notwithstanding the
 4 provisions of R.S. 22:2370 to the contrary, the commissioner shall seek the return of
 5 unearned grant money from any insurer who has not ~~been in compliance~~ **complied**
 6 with **the provisions of** this Section for five consecutive years commencing on
 7 ~~January 1, 2009~~ **January 1, 2024**, and ending on ~~December 31, 2013~~ **December 31,**
 8 **2028.**

9 (2)(a) Notwithstanding the provisions of this Chapter to the contrary, rules
 10 and regulations promulgated by the commissioner pursuant to this Chapter shall
 11 provide that grants, made pursuant to a third invitation for grant applications, may
 12 be made to insurers providing coverage against damage to an existing dwelling. ~~The~~
 13 **Such** grant shall be made only as to those policies transferred from an existing
 14 dwelling to a new dwelling, provided the risk of catastrophe associated with the new
 15 dwelling is the same as or no greater than the level of risk of catastrophe associated
 16 with the existing dwelling.

17 (b) Grants shall also be made under **the provisions of** this Paragraph to any
 18 insurer that was forced to reduce coverage; or drop coverage entirely; on existing
 19 dwellings in order that the insurer maintain its financial stability or solvency. ~~Such~~
 20 **A grant made pursuant to this Subparagraph** shall be contingent on the insurer
 21 reinstating such former coverage or better coverage on the existing dwellings.

22 §2370. Earned capital

23 A. An insurer who ~~has received~~ **receives** a matching capital fund grant under
 24 the provisions of this Chapter ~~is entitled to~~ **shall** earn the grant at the rate of twenty
 25 percent per year for each year in which the insurer maintains the net written
 26 premiums in compliance with the requirements of this Chapter, ~~so~~ **such** that the
 27 insurer ~~can~~ **may** earn the entire grant in five years.

28 B. If ~~any~~ **an** insurer fails to comply with the requirements of this Chapter at
 29 the end of any year of the grant, the commissioner ~~of insurance~~ shall have the option
 30 of granting an extension, if the insurer shows promise of future compliance.

1 C. If the commissioner of insurance finds that an insurer has failed to comply
2 with the statutory or regulatory requirements for the grant, the commissioner may
3 declare the insurer in default. The insurer in default shall repay any matching capital
4 fund grant funds that have not been earned under Subsection A of this Section, plus
5 legal interest from the date of the commissioner's default declaration.

6 D. In the event of insolvency of an insurer, the Louisiana Insurance
7 Guaranty Association shall have no obligation to repay matching capital fund
8 grants ~~shall not be a liability of the Louisiana Insurance Guaranty Association.~~

9 **§2371. Insure Louisiana Incentive Fund**

10 **There is hereby created in the state treasury as a special fund the Insure**
11 **Louisiana Incentive Fund, referred to in this Chapter as the "fund". Monies**
12 **appropriated or transferred to the fund shall be deposited by the state treasurer**
13 **after compliance with the provisions of Article VII, Section 9(B) of the**
14 **Constitution of Louisiana. Monies in the fund shall be invested in the same**
15 **manner as monies in the state general fund and any interest earned on the**
16 **investment of monies in the fund shall be credited to the fund. All unexpended**
17 **and unencumbered monies in the fund at the end of the fiscal year shall remain**
18 **in the fund. Monies in the fund shall be used by the department to provide**
19 **grants pursuant to the provisions of this Chapter.**

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

Appendix #2

B. If a forfeiture of the bail bond occurs, the bail bond producer or surety shall provide the person who pledged the collateral 10 days written notice from the date that a judgment of bond forfeiture is signed of the bail bond producer or surety's intent to take possession of the collateral deposit to satisfy the forfeiture. The notice shall be sent by certified mail, return receipt requested, to the last known address of the person who pledged the collateral. If the collateral received by a bail bond producer is in excess of the bail forfeited, the bail bond producer or surety shall return the excess to the person who pledged the collateral within 30 days from the date a judgment of bond forfeiture is satisfied, less any verifiable and appropriate administrative expenses specifically provided for in Section 18715 below.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1542, 22:1547, 22:1554, 22:1562, C.Cr.P. art 311, et seq, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 48:2986 (December 2022).

§18715. Deductions from Collateral

A. Only the premium amounts, fees, and expenses authorized pursuant to R.S. 22:1443, or as otherwise permitted in accordance with applicable state law, shall be recoverable by any bail bond producer or surety. No fee or other charge of any nature shall be deducted from the collateral due or charged in association with the storage or keeping of the collateral by the bail bond producer or surety.

B. A documented and itemized list of any such fees or expenses shall be given to the person who pledged the collateral. A copy of such documentation and itemization shall also be available to the Commissioner upon his request.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1542, 22:1547, 22:1554, 22:1562, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 48:2987 (December 2022).

§18717. Violations

A. Failure to comply with the provisions of this regulation may be determined by the Commissioner to be a violation of R.S. 22:1562, and the violator shall be subject to penalties pursuant to R.S. 22:1554.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1542, 22:1547, 22:1554, 22:1562, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 48:2987 (December 2022).

§18719. Effective Date

A. This regulation shall become effective upon final publication in the Louisiana Register.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1542, 22:1547, 22:1554, 22:1562, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 48:2987 (December

2022).

Chapter 189. Regulation Number 125—Insure Louisiana Incentive Program

§18901. Purpose

A. The purpose and intent of Regulation 125 is to exercise the authority and carry out the duties and responsibilities of the commissioner for implementation and regulation of the Insure Louisiana Incentive Program, hereinafter referred to as the "Incentive Program". Regulation 125 sets forth rules and procedural requirements which the commissioner deems necessary for participation in the Incentive Program by qualified property insurers.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:270 (February 2023).

§18903. Authority

A. Regulation 125 is promulgated pursuant to the authority and responsibility delegated to the commissioner under R.S. 22:2361 through 2371 and pursuant to the general powers granted by law to the commissioner and the department.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:270 (February 2023).

§18905. Applicability and Scope

A. Regulation 125 applies to all property insurers with respect to their qualification and participation in the Incentive Program.

B. Regulation 125 governs all aspects of the Incentive Program including, but not limited to, the invitation and application process for grants, the qualifications of grantees, the award of grants, the use of grant funds, the reporting requirements for grantees, the requirements for matching capital funds, the requirements for minimum capital and surplus, the requirements for earned capital, the requirements for default, and other regulation and administration of the Incentive Program.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:270 (February 2023).

§18907. Definitions

A. For the purposes of Regulation 125, the following terms are defined as follows:

Authorized Insurer—an insurer with a certificate of authority in Louisiana.

Commissioner—the Commissioner of Insurance of the state of Louisiana.

Department—the Department of Insurance of the state of Louisiana.

Domestic Insurer—an insurer formed under the laws of the state of Louisiana that has been authorized by the department to sell insurance products in the state of Louisiana.

Earning Period—the timeframe, including any extension granted by the commissioner, in which the grantee can earn 20 percent or the pro rata share of the grant award.

Grantee—a property insurer to whom a grant is made from the Incentive Program Fund.

Incentive Program (where capitalized)—the Insure Louisiana Incentive Program as created, authorized and administered pursuant to R.S. 22:2361 et seq., and Regulation 125.

Incentive Program Fund (where capitalized)—the Insure Louisiana Incentive Fund established and created pursuant to R.S. 22:2371 and Regulation 125.

Legal Interest—interest at the rate fixed in R.S. 13:4202.

Net Written Premiums—the total premiums, exclusive of assessments and other charges, paid by policyholders to an insurer for policies that comply with Regulation 125, minus any return premiums or other premium credits due policyholders, as defined in R.S. 22:2369(A). Premium received from participation in the depopulation or take-out program of Louisiana Citizens Property Insurance Corporation shall be included in net premiums written.

Newly Allocated Insurer Capital—capital committed by an insurer to match any grant funds received from the Incentive Program Fund.

Reporting Period—the financial statement reporting date of March 31, June 30, September 30, and December 31 of each respective year in the Incentive Program.

Surplus Lines Insurer—an insurer without a certificate of authority that meets the eligibility criteria of R.S. 22:435(A)(2) and (B) and from which a licensed surplus lines broker may procure insurance under the provisions of R.S. 22:432.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:271 (February 2023).

§18909. Matching Capital Grants

A. From funds appropriated by the legislature for the Incentive Program Fund established and created in the state treasury under R.S. 22:2371, the commissioner may grant

matching capital funds to qualified property insurers in accordance with the requirements of R.S. 22:2361 through 2371 and Regulation 125.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:271 (February 2023).

§18911. Public Invitation for Grant Applications

A. Pursuant to R.S. 22:2361 et seq., and Regulation 125, the commissioner shall issue an initial public invitation to property insurers to submit applications for grants under the Incentive Program.

B. The invitation shall be published for at least a 30-day period on the department's web site and in state and national insurance journals and publications as the commissioner deems appropriate.

C. The invitation shall describe the Incentive Program and provide general information about the grant application process.

D. The invitation shall set a deadline for receipt of grant applications. All grant applications should be submitted to the department either by certified mail, return receipt requested, actual delivery by a commercial interstate courier, or electronic mail. Failure to timely submit a grant application may render the property insurer ineligible to participate in the Incentive Program. However, for good cause shown, the commissioner may extend the deadline and consider applications received after the deadline or give a property insurer the opportunity to cure a non-substantive deficiency in the application.

E. In the event that all monies in the Incentive Program Fund are not allocated in response to the first invitation, the commissioner may issue a second invitation for grant applications in the form and pursuant to the procedures utilized for the first invitation.

F. In the event that all monies in the Incentive Program Fund are not allocated in response to the second invitation, the commissioner may issue a third invitation for grant applications in the form and pursuant to the procedures utilized for the first and second invitations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:271 (February 2023).

§18913. Applications

A. The department shall provide an application form to be fully completed by grant applicants. The application form may be revised by the department as it deems appropriate.

B. The grant application shall require the property insurer to designate a point of contact with a telephone number, email address and physical address to represent the

property insurer on all matters pertaining to the grant process and the Incentive Program.

C. The grant application shall be filed contemporaneously with the application for licensure with the department by a surplus lines insurer. The application for licensure expresses the applicant's intent to become licensed in this state as an authorized insurer and, if specifically requested in writing by the grant applicant in the application for licensure, will be processed contingent upon approval of the allocation of a grant award.

D. Only fully completed grant applications or those deemed acceptable by the commissioner shall be considered for a grant award.

E. The grant application shall be submitted to the department's Office of Financial Solvency, as outlined in the invitations issued under §18911.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:271 (February 2023).

§18915. Qualifications for Applying for Grant Funds

A. Minimum Solvency Requirements. Grants shall be made only to property insurers who initially satisfy and thereafter maintain the following minimum solvency requirements:

1. capital and surplus in an amount not less than \$10,000,000;
2. a property insurer with a financial strength rating that meets the following requirements:
 - a. AM Best Company "B" or better; or
 - b. Demotech, Inc. "A" or better; or
 - c. Kroll Bond Rating Agency "BBB" or better; or
 - d. S&P Global "BBB" or better.

Property insurers rated by more than one rating company need only meet one of the rating requirements.

3. risk-based capital ratio of 400 percent at the initial grant award, which shall be maintained during the property insurer's participation in the Incentive Program; and

4. sufficient reinsurance to demonstrate that its reinsurance program is sufficient for the amount of business to be written pursuant to the Incentive Program.

B. Certificate of Authority

1. A property insurer must have an existing certificate of authority in Louisiana for the line or lines of insurance that the property insurer applicant will write pursuant to the Incentive Program or documentation that an application for such licensure has been filed with the Company Licensing Division of the department contemporaneous with the filing of the grant application.

C. Satisfactory Prior Experience

1. Grants shall be made only to property insurers with satisfactory prior experience in writing property insurance or to new property insurers whose management has satisfactory experience in property insurance. The grant application shall accurately disclose the prior experience of property insurers and their management. The commissioner may request additional information from the applicant property insurer and conduct such investigation of prior experience as the commissioner deems appropriate.

2. The commissioner shall determine whether an applicant property insurer has adequate or satisfactory prior experience.

D. Other Requirements

1. Applicant shall maintain premium to surplus ratio, net of reinsurance, no greater than 3 to 1.

2. Applicant shall not insure more than 10 percent of its surplus in any one risk pursuant to R.S. 22:573.

3. Applicant shall maintain gross premium to surplus ratio no greater than 8 to 1.

4. Without prior approval of the commissioner, applicant shall not write more than 15 percent of the net written premiums in any one parish.

5. Applicant shall make a commitment of capital of not less than two million dollars to write property insurance in this state that complies with the requirements of R.S. 22:2369 and §18923 of Regulation 125. Grants from the Incentive Program Fund shall match the newly allocated property insurer capital funds at a ratio of one dollar of allocated property insurer capital funds for each dollar of state capital grant funds.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:272 (February 2023).

§18917. Award and Allocation of Grants

A. Subject to the requirements of this Section, to carry out the purpose and intent of the Incentive Program, the commissioner shall award and allocate grants as the commissioner deems appropriate among qualified property insurers who have applied for grants. The commissioner has the discretion to create an advisory committee to assist in the analysis of grant applications. If created, the advisory committee will be composed of up to five members, designated to serve thereon by the commissioner.

B. The factors considered in awarding grants shall include, but are not limited to, the following:

1. the financial strength and satisfactory prior experience of the applicant;

2. the ability of the applicant to invest new capital and to comply with the other requirements of the grant;

3. the potential of the applicant for providing property insurance as required by the Incentive Program at reasonable and competitive rates, particularly for property owners in the following Louisiana parishes: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Vernon, Washington, West Baton Rouge, and West Feliciana;

4. the marketing and claims handling capability and experience of the applicant, and particularly its ability to market property insurance in the parishes listed in §18917.B.3 and to handle future claims that may arise;

5. the applicant's longevity in the Incentive Program, including a statement or plan of operation by the applicant demonstrating its intent to remain in this state following the completion of the Incentive Program;

6. the current licensure of the applicant where preference and priority will be given to those admitted property insurers that are currently licensed to do business in this state for the line or lines of business that are the subject of the grant; and

7. any other factors that the commissioner deems applicable, relevant and appropriate in carrying out the purpose and intent of the Incentive Program.

C. For grant applications in response to the initial invitation, the commissioner shall not allocate individual grants of less than \$2,000,000 nor in excess of \$10,000,000.

D. For the initial allocation of grants only, the commissioner shall allocate at least 20 percent of the total amount available for grants to domestic property insurers unless the commissioner has not received sufficient applications from qualified domestic property insurers to allocate such sum.

E. If the commissioner issues a second invitation for grant application, the commissioner shall not allocate individual grants of less than \$2,000,000 nor in excess of \$10,000,000. Property insurers who have been allocated a grant in response to the first invitation may apply for and receive an additional grant, provided the total of the grants to a property insurer does not exceed \$10,000,000.

F. If the commissioner issues a third invitation for grant application, the commissioner shall not allocate individual grants of less than \$2,000,000 nor in excess of \$10,000,000. Property insurers who have been allocated a grant in response to the first or second invitations may apply for and receive an additional grant, provided the total of the grants to a property insurer does not exceed \$10,000,000.

1. Grants made pursuant to a third invitation may be made to property insurers providing coverage against damage to an existing dwelling. Such grant shall be made only as to those policies transferred from an existing

dwelling to a new dwelling, provided the risk of catastrophe associated with the new dwelling is the same as or no greater than the level of risk of catastrophe associated with the existing dwelling.

2. Grants shall also be made under the provisions of this Subsection to any property insurer that was forced to reduce coverage, or drop coverage entirely, on existing dwellings in order that the property insurer maintain its financial stability or solvency. A grant made pursuant to this Paragraph shall be contingent on the property insurer reinstating such former coverage or better coverage on the existing dwellings.

G. In no event shall the total amount of the grant to a property insurer exceed 20 percent of that property insurer's capital and surplus as reported to and verified by the department.

H. Prior to the award of any grant pursuant to the provisions of this Chapter, the grant shall be subject to the review and approval of the Joint Legislative Committee on the Budget. The commissioner shall provide written notice to the committee of the grant awards that have been approved. Upon written approval by the committee, the commissioner will be authorized to award the grant and deliver the amount of the grant to the grantee from monies in the Incentive Program Fund.

I. In the event that monies remain in the Incentive Program Fund after allocations pursuant to the third invitation, the commissioner shall cause all remaining monies to be returned to the state general fund.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:272 (February 2023).

§18919. Authorized Insurers

A. A surplus lines insurer may apply for a grant, provided that the surplus lines insurer shall, contemporaneously with the grant application, file an application for licensure with the department for the line or lines of insurance for which it must be authorized and licensed to write for a grant award. If specifically requested in writing by the grant applicant in the application for licensure, such application will be processed contingent upon approval of a grant award.

B. A surplus lines insurer must obtain a certificate of authority to do business in Louisiana as an authorized insurer before it may actually receive grant funding.

C. If the surplus lines insurer does not apply timely to be admitted or subsequently is not approved for a certificate of authority, the surplus lines insurer shall not be entitled to receive a grant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

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HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:273 (February 2023).

§18921. Certification of Deposit

A. Within 10 days of receipt of any Incentive Program Funds, the grantee shall provide to the commissioner written certification signed by two principal officers of the grantee that the Incentive Program Funds have been deposited in an account held in the name of the grantee and pledged to the department.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:273 (February 2023).

§18923. Property Insurance Requirements

A. The grantee shall write new property insurance in Louisiana of the types described in R.S. 22:2369 and this Section of Regulation 125 with net written premiums of at least a ratio of \$2 of premium for each \$1 of the total of newly allocated property insurer capital combined with the grant from the Incentive Program Fund. Thus, if the grantee allocates \$2,000,000 in capital and receives a matching state grant of \$2,000,000, the grantee must write property insurance in Louisiana with net premiums of at least \$8,000,000.

B. To comply with the requirements of the grant, new property insurance written by the grantee shall be residential, commercial, mono-line, or package property insurance policies in this state and shall include coverage for wind and hail with limits equal to the limits provided for other perils insured under such policies.

C. The net written premium requirements of this Section shall be satisfied only by new property insurance coverages reported on the Annual Statement State Page filed with the department under lines 1 (Fire), 2.1 (Allied Lines), 3 (Farmowners), 4 (Homeowners), or 5.1 (Commercial Multi-peril Non-liability).

D. Grantees shall also comply with the following.

1. In the first 24 months after receipt of matching capital fund grants, the grantee shall write at least 50 percent of the net written premiums for policyholders whose insured property is located in the parishes listed in §18917.B.3. The grantee shall maintain this net written premium ratio over five years to fully earn the matching capital fund grant in accordance with R.S. 22:2370 unless an extension has been granted by the commissioner under R.S. 22:2370.B or §18929.C of Regulation 125.

2. The net written premium ratio of §18923.D.1 applies only to the net minimum premium required under §18923.A. Thus, the grantee may write additional Louisiana property coverage without regard to the ratio required by §18923.D.1.

E. The requirements of the grant that must be satisfied by the grantee are illustrated by the following example assuming a grant of \$2,000,000.

1. Example

a. The grantee is awarded a \$2,000,000 grant. Within 10 days of receipt of the grant of Incentive Program Funds, the grantee must match the grant with newly allocated capital funds of at least \$2,000,000 and provide written certification of compliance to the department. In the first 24 months after receipt of the grant, the grantee must write property insurance in Louisiana with net written premiums of at least \$8,000,000. In the first 24 months after receipt of the grant, the grantee must write at least \$4,000,000 of the net written premiums for policyholders whose insured property is located in the parishes listed in §18917.B.3. Grantees shall maintain this net written premium ratio over five years to fully earn the matching capital fund grant in accordance with R.S. 22:2370. Compliance with the requirements for the second year and for each succeeding year must be demonstrated on the grantee's annual reports.

F. Grantees shall also satisfy the requirements for licensing, form filings, rate filings, and any other applicable provisions contained in Title 22.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:273 (February 2023).

§18925. Funding Schedule

A. Unless expedited funding is requested by the grantee and authorized by the commissioner, a grant that has been fully approved shall be funded on the next regular quarterly period thereafter, i.e., January 1, April 1, July 1, or October 1.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:274 (February 2023).

§18927. Reporting Requirements

A. Grantee shall segregate and report any grants received on the line titled "Aggregate Write-In for Special Surplus Funds" in the NAIC Annual and Quarterly Statement Blanks.

B. Grantee shall report annually by March 1 and quarterly by May 15, August 15, and November 15 of each year on a form acceptable to the commissioner the following information for the preceding year and quarter ends:

1. the amount of premium written by parish under the Incentive Program;

2. the amount of premium by parish associated with properties located in the parishes listed in §18917.B.3.

3. the amount of premium by parish taken-out from the Louisiana Citizens Property Insurance Corporation.

4. the amount of premium by parish, including and in addition to that written under the Incentive Program.

C. Grantee shall report annually by June 1, detail on the catastrophe reinsurance program maintained, including retentions, limits, reinstatements, as well as the current ratings of each reinsurer. In addition, the report shall contain the modeled Probable Maximum Loss for a 1 in 50, 1 in 100, 1 in 150, 1 in 200 and 1 in 250 event, including the models and versions utilized.

D. Grantee shall report quarterly by May 15, August 15, and November 15 risk-based capital for the preceding quarter.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:274 (February 2023).

§18929. Compliance

A. The commissioner shall conduct an examination under R.S. 22:1981, financial analysis under R.S. 22:1984 and/or investigation annually, or more often as the commissioner deems necessary to determine the grantee's compliance with the requirements of the grant, as per R.S. 22:2361 et seq., and Regulation 125. In addition to the requirements of R.S. 22:2361 et seq., the department may require such reports and/or conduct such examinations, financial analysis or investigations as the commissioner deems necessary to verify compliance with the property insurance requirements set forth in the Incentive Program and Regulation 125.

B. If the commissioner determines that a grantee has complied with the terms of the grant, the commissioner shall notify the grantee in writing that the grantee has earned the 20 percent portion of the grant pursuant to R.S. 22:2370.

C. If the commissioner determines that the grantee shows promise of future compliance, the commissioner may grant an extension of not more than one year to a grantee who has failed to satisfy all requirements of the grant.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:274 (February 2023).

§18931. Earned Capital

A. A grantee who has received a grant is entitled to earn the grant at the rate of 20 percent per earning period for the last 12 months of that earning period in which the grantee is in compliance with the requirements of R.S. 22:2361 et seq., and Regulation 125, such that the grantee may earn the entire grant after five years of full compliance with the requirements.

B. The grantee may begin to earn the grant from the reporting period in which the grantee first demonstrates that its net written premiums have reached compliance with all requirements of §18923.D.1. The grantee will earn 20 percent of the grant in each 12-month period thereafter in which the grantee demonstrates that it has maintained compliance with all requirements for net written premiums. Thus, if in compliance with §18923.D.1, the grantee may begin to earn the grant at the end of the first year.

C. Upon verification of the net written premium requirements during the preceding 12 months, the commissioner will issue written declaration that the grantee has earned 20 percent of the grant or a pro rata share thereof awarded to the grantee. No funds may be earned by the grantee until it receives official notification from the commissioner.

D. If the grantee does not meet the grant requirements during any year but shows promise of future compliance based on good cause having been demonstrated, the commissioner may extend the period of time from five years in order for the grantee to earn the entire grant. The extension may be granted for up to one year.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:274 (February 2023).

§18933. Declaration of Default

A. The commissioner may declare a grantee in default of the requirements for a grant should it be found that any of the following exists:

1. The grantee fails at any time to meet the specific minimum requirements of §18915.A.1-4. The commissioner may take into consideration the effects of the Incentive Program, including efforts demonstrated by the grantee, when monitoring compliance with this criteria.

2. The grantee fails to maintain a certificate of authority for the line or lines of insurance written pursuant to the grant program.

3. The grantee fails to meet the specific requirements of §18923.

4. The grantee fails to comply with any other applicable provisions of R.S. 22:2361 et seq., or Regulation 125.

B. If the commissioner determines that the grantee is in default, the commissioner shall notify the grantee in writing of such default. Any grantee declared in default by the commissioner shall have 30 days from the date of the declaration of default to request reconsideration by the commissioner. The written request for reconsideration shall set forth, in detail, each and every reason why the grantee is entitled to the relief requested, including any documents tendered in support thereof. The commissioner shall have 30 days from the mailing of the request for reconsideration to review it and render a decision. The commissioner's decision

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upon reconsideration may be appealed to the division of administrative law in accordance with R.S. 22:2191 et seq. Unless modified on reconsideration or appeal, the default is effective from the date of the original declaration, and the grantee shall not be eligible to continue its participation in the Incentive Program unless the default is for failure to meet the requirements referenced in §18933.A.3.

C. The grantee in default is liable for and shall repay all grant funds that have not been earned by the grantee, plus legal interest as defined in R.S. 13:4202(B) from the date of the commissioner's default declaration. In the event of default, a portion of the grant award for the current year may be earned on a pro rata basis to give credit for premiums written under the Incentive Program. Repayment on a pro rata basis shall be determined using a method prescribed by the commissioner. If a request for reconsideration is not timely made, repayment is due upon the expiration of 30 days from the declaration of default. If a request for reconsideration is timely made and denied, repayment is due within 10 days of the denial of the reconsideration request.

D.1. In determining the pro rata earnings, the commissioner shall divide the actual amount of written premiums by the amount required to be written under the Incentive Program, in each of the following categories:

a. policyholders whose insured property is located in the parishes listed in §18917.B.3; and

b. the total amount of net premiums written by the grantee under the Incentive Program.

2. Each category is weighted equally at 50 percent, and credit shall be given based on the percentage of premiums written per category. The resulting factor is then multiplied by 50 percent of the amount the grantee is entitled to earn per category for each year of compliance under the Incentive Program (earned capital). The factor shall not exceed 1.00 for additional writings in any category. The sum of all categories shall equal the pro rata amount earned by the grantee.

E. The requirements for earning on a pro rata basis are illustrated by the following example assuming a grant of \$5,000,000, presuming a maximum earned capital of \$1,000,000 (20 percent per year entitlement assuming full compliance), and the grantee is declared in default.

Example: [The required amounts of premium for each of the two categories are listed in the table below under "Requirement." Each requirement equates to 50% of the earned capital for the earning period or \$500,000. The "Actual" column represents the actual amount of writings by the grantee. The "Factor" column is the actual amount of writings divided by the requirement in each category. The "Earned" column represents the factor multiplied by \$500,000. Thus, under this example, the amount of money earned by the grantee on a pro rata basis is \$775,000.]

Category	Requirement	Weight	Actual	Factor	Earned
Total Net Written Premium	\$20,000,000	50 percent	\$15,000,000	.75	\$375,000
Parishes listed in §18917.B.3	\$10,000,000	50 percent	\$8,000,000	.80	\$400,000
				Total:	\$775,000

F. The commissioner may institute legal action to recover all sums due by the grantee in default in the Nineteenth Judicial District Court.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:275 (February 2023).

§18935. Cooperative Endeavor Agreements

A. In furtherance of R.S. 22:2361 et seq., and in accordance with R.S. 22:2363.A, the grantee shall execute a cooperative endeavor agreement with and in a form prescribed by the commissioner subject to approval by the Office of State Procurement of the Division of Administration.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:276 (February 2023).

§18937. Severability

A. If any provision of Regulation 125 or its application to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of Regulation 125 that can be given effect without the invalid provision or application, and to that end, the provisions of Regulation 125 are severable.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:276 (February 2023).

§18939. Confidentiality

A. Any and all records, documents and information associated with the Incentive Program that are deemed confidential or privileged pursuant to R.S. 44:1 et seq., Title 22 or any state or federal law will remain confidential or privileged.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:276 (February 2023).

§18941. Effective Date

A. This regulation shall become effective upon final publication in the *Louisiana Register*.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, 22:2361 et seq., and the Administrative Procedure Act, R.S. 49:950 et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:276 (February 2023).

Chapter 191. Regulation 124— Catastrophe Claims Process Disclosure Form-Guide

§19101. Authority

A. Regulation 124 is promulgated on behalf of the Department by the Commissioner pursuant to the authority granted under the Louisiana Insurance Code, R.S. 22:11, and as specifically required in accordance with R.S. 22:1897.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:493 (March 2023).

§19103. Purpose

A. The purpose of Regulation 124 is to implement the provisions of Acts 2022, No. 80 of the Regular Session of the Louisiana Legislature, which mandate that the Department promulgate rules and regulations for a catastrophe claims process disclosure form-guide that includes, but is not limited to, the particulars specified in R.S. 22:1897(A)(1) – (12).

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:493 (March 2023).

§19105. Scope and Applicability

A. Regulation 124 applies to all property and casualty insurers settling a property insurance claim arising out of a state of emergency declared by the governor pursuant to R.S. 29:724.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:493 (March 2023).

§19107. Definitions

A. These terms when used in this Chapter shall have the following meanings:

Commissioner—the Louisiana Commissioner of Insurance.

Department—the Louisiana Department of Insurance.

Disclosure Form-Guide—the catastrophe claims process disclosure form referenced in R.S. 22:1897.

Governor—the governor of the state of Louisiana.

Insurer(s)—property and casualty insurer(s) licensed to conduct business in the state of Louisiana.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:494 (March 2023).

§19109. Disclosure Form-Guide

A. Whenever a state of emergency is declared by the governor in accordance with R.S. 29:724, an insurer must provide a disclosure form-guide to all policyholders asserting a claim for damages occasioned by the disaster or catastrophic event made the subject of the governor's emergency declaration.

B. The disclosure form-guide was created by the department in accordance with the particulars set forth in R.S. 22:1897(A)(1)-(12) and thereafter issued by bulletin to all property and casualty insurers licensed in this state.

C. The disclosure form-guide has been uploaded to the department's website, at www.lds.la.gov, and insurers are authorized to access and download it as needed to comply with Regulation 124 and with the statutory requirements set forth in R.S. 22:1897.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:494 (March 2023).

§19111. Date and Method of Delivery

A. The insurer shall send the disclosure form-guide to the policyholder on the date that the adjuster commences an initial investigation of the claim.

B. The insurer may deliver the disclosure form-guide to the policyholder by United States mail, electronic delivery, or hand-delivery.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2, 22:11, 22:1897, and the Administrative Procedure Act, R.S. 49:950, et seq.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 49:494 (March 2023).

§19113. Proof of Timely Delivery

A. Delivery by Mail. If the disclosure form-guide is sent to a policyholder via United States mail, proof of such mailing shall be sufficient evidence to establish delivery of the disclosure form-guide, provided it reflects the date of the mailing and the policyholder.

B. Electronic Delivery. If the disclosure form-guide is sent to a policyholder via email, the email delivery receipt or, if none, a copy of the as-sent email, shall be sufficient evidence to establish delivery of the disclosure form-guide, provided the delivery receipt or email reflects the date of the electronic mailing and the policyholder.