

LOUISIANA
PROPERTY AND
CASUALTY
INSURANCE
COMMISSION
(LPCIC)



Report to the Legislature
July 1, 2021 - June 30, 2022

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LOUISIANA
PROPERTY & CASUALTY
INSURANCE COMMISSION
(LPCIC)



REPORT TO THE
LEGISLATURE
2022



THIS REPORT WAS PRODUCED BY:
LOUISIANA PROPERTY & CASUALTY INSURANCE COMMISSION
LOUISIANA DEPARTMENT OF INSURANCE
P.O. BOX 94214
BATON ROUGE, LA 70802
PHONE: (225) 342-5900

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Louisiana Property and Casualty Insurance Commission

Message from the Chairman

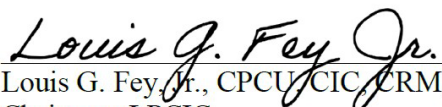
Dear Reader:

I am pleased to present the 2022-2023 Annual Report of the Louisiana Property and Casualty Insurance Commission (LPCIC). The commission is a blue-ribbon panel appointed by the Governor, whose members represent consumers, the insurance industry, agencies across state government and law enforcement. Our goal is to improve the state's insurance market by reviewing and examining issues affecting the availability and affordability of property and casualty insurance in the state of Louisiana.

Even though much of our past efforts focused largely on auto insurance rates, the historic devastation caused by recent Hurricanes has resulted in a property insurance market crisis, as evidenced by numerous insurer insolvencies, as well as property insurers refusing to write new business.

While great strides were made to depopulate Louisiana Citizens over the past decade, those efforts have been thwarted by this recent crisis, resulting in a La. Citizens policy count exceeding one hundred thousand.

To address this property insurance climate, the commission discussed, studied and voted on numerous legislative ideas, with the goal of restoring competition to Louisiana's property insurance market, and to restore property insurance rates to acceptable levels.


Louis G. Fey, Jr., CPCU, CIC, CRM, AIC
Chairman, LPCIC

Membership and Staff

Members of the Louisiana Property and Casualty Insurance Commission as of February 1, 2023:

Louis G. Fey, Jr., Chairman
Professional Insurance Agents of Louisiana

Jeff Albright
Independent Ins. Agents & Brokers of LA

The Honorable John Bel Edwards
Governor

The Honorable James J. Donelon
Commissioner of Insurance

The Honorable Edmond Jordan
House Insurance Committee Chair

The Honorable Jeremy Stine
Senate Insurance Committee Member

The Honorable Mike Huval
House Insurance Committee Member

The Honorable Kirk Talbot
Senate Insurance Committee Member

Raymond Aleman, Jr.
Commissioner's Appointee

Lisa Freeman
Louisiana Highway Safety Commission

Ava Cates
Louisiana Workforce Commission

The Honorable Karen St. Germain
Commissioner of Motor Vehicles

The Honorable Earl Taylor
Louisiana District Attorneys Association

The Honorable Gregory Champagne
Law Enforcement (Sheriff of St. Charles)

Michael Guy
Attorney General's Designee

Ron Henderson
Deputy Commissioner of Consumer Advocacy,
LDI

Julius W. "Will" Grubbs, Jr.
Consumer Representative,
Speaker of the House

Christopher S. Haik
Consumer Representative, President of the
Senate

Brian Keefer
LAFAC, Inc. Representative

Scott Landry
Louisiana Surplus Lines Association
Representative

Shawn Collins
NAMIC Representative

Doug Wertz
Louisiana Claims Association

Tom Clark
Property Insurance Association of Louisiana

Paul Buffone
LWCC Representative

John Houghtaling
American Policyholder Association

John Wood
American Adjuster Association

Joel Moore
National Association of Independent
Insurance Adjusters

Hilary Segura
American Property Casualty Insurance
Association

LDI Staff: Thomas D. Travis, Deputy Commissioner
Office of Policy, Innovation and Research

Crystal Stutes, Director of Boards and Commissions
Office of Policy, Innovation and Research

Ron Camarota, Assistant Director of LPCIC
Office of Policy, Innovation and Research

History and Purpose of the Commission

In 1997, the Louisiana Legislature created the Council on Automobile Insurance Rates and Enforcement (CAIRE) whose thorough studies of automobile insurance and enforcement issues led the legislature to expand CAIRE's areas of study in 2001 to homeowners' and workers' compensation insurance and to name it the Louisiana Property and Casualty Insurance Commission (Act 187 of the 2001 Regular Session).

The primary purpose of the commission is “to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana.”

Act 590 of the 2003 Regular Session amended the commission membership, which then consisted of 22 members. A representative of law enforcement is now selected jointly by the superintendent of the Louisiana State Police, the secretary of the Department of Public Safety and Corrections, the president of the Louisiana Association of Chiefs of Police and the president of the Louisiana Sheriffs' Association. Representatives of two national trade organizations and one state organization were also added to the membership.

Act 459 of the 2007 Regular Session abolished the Louisiana Insurance Rating Commission effective January 1, 2008, and provided an appointee for the commissioner of insurance.

Act 317 of the 2012 Regular Session provided for two additional members of the commission—the deputy commissioner of insurance for consumer advocacy and a representative of the Louisiana Surplus Lines Association.

Act 223 of the 2014 Regular Session added another member—a representative of the National Association of Mutual Insurance Companies (NAMIC).

Act 159 of the 2022 Regular Session consolidated the staffs of the commission, the Louisiana Health Care Commission (LHCC), and the Louisiana Automobile Theft and Insurance Fraud Prevention Authority (LATIFPA) under a single staff director in the Office of Policy, Innovation and Research.

Act 371 of the 2022 Regular Session added four new members to the commission representing the Louisiana Claims Association, the National Association of Independent Insurance Adjusters, the American Adjuster Association, and the American Policyholder Association. In addition to new members, Act 371 created a catastrophe property claims ad hoc committee.

The commission now consists of 28 members.

State of the Automobile Insurance Market:

- Our competitive, voluntary market faces capacity and affordability issues, the severity of rate loss, and increased cost due to inflation.
- Louisiana has high rates of attorney representation in claims.
- Supply chain issues contribute to an increase of rental reimbursement severity.
- Supply chain issues increase costs and delay average repair time.
- Computerized and high technology components in newer vehicles increase cost of repairs.
- Parishes in the Greater New Orleans and Baton Rouge areas continue to pay highest rates.
- In 2022 Louisiana ranked second highest in combined average cost of insurance at \$3,128.

Cost of Full Coverage Auto Insurance 2022 Full Coverage = collision, comprehensive, liability			
5 Least Expensive		5 Most Expensive	
Vermont	\$1,066	Florida	\$3,301
Idaho	\$1,143	<i>Louisiana</i>	<i>\$3,128</i>
New Hampshire	\$1,149	New York	\$2,523
Maine	\$1,168	California	\$2,521
Ohio	\$1,168	Michigan	\$2,495
Source: <i>Forbes Advisor</i>			

Avg. Annual Premium, Full Coverage % Difference Between Cities for 2022		
Baton Rouge	\$3,117	0%
Lafayette	\$2,786	-4%
Lake Charles	\$2,833	-3%
Metairie	\$3,247	<i>12%</i>
New Orleans	\$3,236	<i>11%</i>
Source: <i>Nerdwallet 2023</i>		

Comparison of rates in key states to the national average, over time

Auto Full Coverage	2023 Full Coverage	Diff From National Avg \$	Diff From National Avg %	Diff From Last 3 yr Avg Rate	Change from last 3 year's average rate
Florida	\$ 2,560	\$ 878	52%	(\$ 113)	-5%
Louisiana	\$ 2546	\$ 864	51%	(\$ 101)	-4%
Delaware	\$ 2137	\$ 455	27%	(\$ 207)	-12%
Michigan	\$ 2133	\$ 451	27%	(\$ 607)	-28%
California	\$ 2115	\$ 433	26%	\$ 130	6%
Kentucky	\$ 2105	\$ 423	25%	(\$ 138)	-7%
Missouri	\$ 2104	\$ 422	25%	\$ 173	9%
Nevada	\$ 2023	\$ 341	20%	(\$ 207)	-10%
New York	\$ 2020	\$ 338	20%	(\$ 392)	-27%
Nebraska	\$ 2018	\$ 336	20%	\$ 215	13%

Source: Source: A.M. Best, Bestlink

State of the Homeowners' Insurance Market:

- Residual market share of Louisiana Citizens (History) *Source: LDI Actuarial*
- At the time Katrina hit, 119,000 policies
- At the highpoint in 2007-2008, 173,000 policies
- August 2020, 38,000
- August 2021, 36,000
- September 2022, 120,974
- February 2023, 125,956
- The competitive voluntary market faces challenges from reduced capacity & affordability, rate loss severity, and the inadequacies created by inflation. The natural disasters of 2020-21 have further stressed the market.
- The Insure Louisiana Incentive Program is underway. The program was designed to encourage insurers to write new business in the most affected parishes.
- Citizens market share remains above normal levels at 125,956 policies or 20% of the market
- Global disasters and general economic conditions have reduced global reinsurance capacity and contributed to dramatic rise in reinsurance premium.
- Average cost of homeowners insurance for \$250,000 in dwelling coverage in March 2023 is \$1,992 or 3.27% of median household income. *Source: Forbes Advisor*
- Average cost of homeowners insurance for \$250,000 in dwelling coverage throughout the United States is \$1,428 per year. *Source: Forbes Advisor*

Three Year Premiums and Loss Study						
Company Type: Affiliated and Unaffiliated Singles						
Data Years: 2019 - 2021						
States/Territories: LA						
Line of Business: Homeowners Mult Peril						
Company Name	Direct Premiums Written (\$000)			Direct Combined Ratio (%)		
	2021	2020	2019	2021	2020	2019
State Farm Fire and Casualty Company	513,257	487,413	483,423	531.94	285.89	73.39 *
United Services Automobile Association	105,373	80,282	59,849	429.46	230.59	57.74
USAA Casualty Insurance Company	96,397	93,287	92,586	308.06	227.23	68.99
American Bankers Insurance Co of Florida	85,830	87,067	92,685	637.83	254.35	56.89 *
Allstate Insurance Company	82,147	88,974	78,799	532.36	317.16	75.34
USAA General Indemnity Company	78,049	81,318	75,778	703.54	382.30	82.05 *
Allstate Vehicle and Property Ins Co	64,449	61,440	64,491	309.80	427.30	74.65
Safeco Insurance Company of America	57,542	46,883	39,632	314.51	490.88	64.67
Standard Fire Insurance Company	54,505	50,805	50,040	303.70	301.02	89.59
Liberty Mutual Fire Insurance Company	46,245	43,208	39,421	671.90	187.73	65.29 *
Selection Total	1,183,794	1,120,677	1,076,704	4,743.10	3,104.45	708.61 *

* Direct Combined Ratio - this column refers to incurred losses and adjustment expense as compared to earned premium
A combined ratio under 100% indicates an underwriting profit; one that's over 100% indicates an underwriting loss

$$\text{Combined Ratio} = \frac{\text{Incurred Losses} + \text{Expenses}}{\text{Earned Premium}}$$

Source: A. M. Best

State of the Workers' Compensation Insurance Market:

- Market remains competitive.
- The annual loss cost filing of the National Council on Compensation Insurance (NCCI) for a 12.2% reduction in workers' compensation rates was approved.
- The decrease, which takes effect May 1, 2023, continues the downward trend experienced in nine of the last 10 years.
- Workers' compensation rates have dipped dramatically over the past two decades, with a combined decrease of 35% over the past five years, 47% over the past 10 and 63% over the past 20 years.
- The total Louisiana workers' compensation insurance market in 2022 is estimated to have about \$850 million in written premium. Louisiana has a record 251 companies writing workers' compensation insurance in our state.
- Claim frequency has been in decline since 2010, with 2020 recording the lowest level since 2006.
- Average Medical Claim Severity in Louisiana has remained stable, without significant change, since 2006.

Based on NCCI's financial data through 12/31/2021 for lost-time claims at current benefit level.

Source: NCCI

This chart shows a basic performance analysis of insurers writing worker's compensation in Louisiana:

Three Years of Premiums and Adjusted Loss Ratios											
Company Type: Affiliated and Unaffiliated Singles											
2019 -											
State/Territory: Louisiana											
Line of Business: Workers' Compensation											
Company Name	Direct Premiums Written (\$000)			Direct Combined Ratio (%)			Adjusted Loss Ratio (%)				
	2021	2020	2019	2021	2020	2019	3 Year Average	2021	2020	2019	
Louisiana Workers' Compensation Corp	229,758	206,163	213,703	121.40	125.38	195.17	114.68	70.05	73.89	(99.99)	
LUBA Casualty Insurance Company	58,618	55,719	57,838	91.88	81.83	95.09	45.91	46.29	39.86	51.21	
Zurich American Insurance Company	34,577	30,208	33,386	100.58	25.77	142.63	52.84	60.66	4.56	90.37	
Bridgefield Casualty Insurance Company	23,823	22,771	28,797	58.30	55.39	31.05	28.44	33.73	35.48	18.49	
Stonetrust Commercial Insurance Company	21,680	19,865	21,356	58.05	79.16	87.78	28.31	13.26	30.33	41.45	
ACE American Insurance Company	14,689	15,591	18,722	62.32	34.17	(5.73)	22.59	47.17	23.08	(0.87)	
Starr Indemnity & Liability Company	14,000	15,318	17,397	90.29	73.09	35.23	43.81	64.54	52.12	17.46	
Retailers Casualty Insurance Company	13,922	14,057	15,332	109.26	69.54	116.74	50.23	58.69	16.92	67.17	
American Interstate Insurance Company	12,982	10,214	10,872	115.88	46.06	19.20	31.46	77.17	16.88	(3.31)	
Technology Insurance Company, Inc.	10,905	8,980	9,670	85.28	107.90	146.21	67.65	42.64	62.05	97.06	
Indemnity Insurance Co of North America	10,015	11,878	11,667	63.64	2.15	17.80	20.73	53.20	(5.63)	15.75	
American Zurich Insurance Company	9,583	10,889	10,710	45.06	28.96	212.91	54.07	9.86	3.14	149.00	
Arch Insurance Company	9,307	9,604	8,639	88.81	23.62	67.26	34.79	60.58	4.61	36.59	
New Hampshire Insurance Company	8,989	13,593	16,312	22.74	200.58	154.81	115.19	10.86	165.29	124.52	
AIU Insurance Company	8,988	4,156	0	64.92	106.18	88.91	48.82	45.87	56.36	81.74	
Travelers Casualty and Surety Company	8,977	10,285	8,928	73.33	127.01	149.65	53.97	20.59	67.98	75.82	
Travelers Property Casualty Co of Amer	8,683	8,482	8,036	32.32	98.95	156.26	55.44	(8.00)	65.46	108.97	
American Liberty Insurance Company	8,015	2,790	0	89.59	93.55	0.00	48.18	47.33	55.82	0.00	
Silver Oak Casualty, Inc.	7,803	11,782	13,775	(5.25)	143.53	120.28	67.01	(18.35)	105.00	84.86	
LUBA Indemnity Insurance Company	7,625	7,770	8,043	106.19	111.47	142.15	74.20	65.09	66.24	91.57	
Selection Total	522,939	490,115	513,183	91.43	91.63	129.90	61.25	50.15	51.33	91.02	

Source: A. M. Best

Legislative Recommendations for 2023

1. Strengthen Louisiana Building Codes

The LPCIC maintains the position that the Louisiana State Uniform Construction Code (LSUCC) remain current with regular updates based on national and international standards.

- **The LPCIC recommends that the legislature incorporate the complete Insurance Institute for Business and Home Safety (IBHS) FORTIFIED standard into the LSUCC.**

2. Louisiana Fortify Homes Program

Act 554 of the 2022 Regular Session created the Louisiana Fortify Homes Program, but no funding was made available. The program would provide financial grants to homeowners to assist in the cost of roof replacement to the FORTIFIED Roof standard.

- **The LPCIC recommends that the legislature approve funding for the Louisiana Fortify Homes Program.**

3. FORTIFIED Roof Endorsement

Alabama enacted legislation in 2019 to require homeowners' insurers to offer an endorsement to insurance policies that would replace a roof, if required by damage caused by a covered peril, with a FORTIFIED Roof.

- **The LPCIC recommends that the legislature enact a requirement for homeowners' insurers to offer an endorsement that would upgrade a roof to the FORTIFIED Roof standard, in the event that replacement is necessary due to a covered peril.**

4. Assignment of Benefits

Where owners are being solicited to assign policy benefits to a third party. This has been exploited by bad actors to manipulate the claims process to their benefit. An inflated cost of claims has been the result. Law firms have filed suit with insurers without knowledge or consent of the homeowner.

- **The LPCIC recommends the prohibition of the assignment of benefits from residential or commercial property insurance policies, except in limited circumstances.**

APPENDIX

Agendas, Minutes, and Attachments

Louisiana Property and Casualty Insurance Commission

Notice of Meeting and Agenda

Wednesday, November 3, 2021 at 10:00 A.M. Department of Insurance

Plaza Hearing Room - Poydras Building

- I. Call to Order—Chairman
- II. Roll Call—Director
- III. Discussions and Presentations
 - A. Review of Private Flood Legislation by LDI Staff ([HB 577/Act 77](#))
 - B. Submission from Members and the Public of Possible Topics for 2022 Recommendations
 1. Building Codes
 2. Hands-Free/Distracted Driving ([HB 565 \(Reengrossed\)](#))
 3. Third-Party Litigation Funding
 4. First-Party Claims Mediation (Florida Statutes [s. 627.7015](#))
 5. Excessive First Party Property Claims
 6. Appraiser Licensing
 7. Additional Topics from Members and the Public
- V. Any Other Matters and Public Comments
- VI. Dates for Future Meetings—To be determined. All meetings are held in the Plaza Hearing Room, Poydras Building, 1702 N. Third Street, Baton Rouge (Louisiana Department of Insurance).
- VII. Adjournment

Louisiana Property and Casualty Insurance Commission
Meeting Minutes | Thursday | November 3, 2021
Department of Insurance | Plaza Hearing Room - Poydras Building

MEMBERS: Jeff Albright (Vice Chairman), Senator Kirk Talbot, Rep. Mike Huval, Rep. Edmond Jordan, Ray Aleman Jr., Shawn Collins, Will Grubbs, Chris Haik, Sheral Kellar, Leslie Sallean, Lisa Freeman, Noryn Ward, Joe O'Connor

LDI STAFF: Tom Travis, Warren Byrd, Nick Lorusso, Charles Hansberry

The Chairman called meeting to order at 10:10AM

The Director called the roll and reported the absence of a quorum. (Late arrival of three members produced a quorum.)

Warren Byrd, Deputy Commissioner for Property & Casualty, gave a brief presentation on HB 577/Act 77 of the 2021 Regular Session. Act 77 defines certain types of residential flood coverage in the private market and provides for certain exemptions from rate filing rules.

The Commission discussed following for possible recommendations to the Governor, Commissioner of Insurance, and Legislature:

Strengthen and maintain the Louisiana State Uniform Construction Code (LSUCC). Buildings that meet or exceed the current building codes withstand severe weather events better than those not built to the same standard.

Ban the manual use of all electronic devices not permanently installed in an automobile. Discussed HB 565 (Re-engrossed) of the 2021 Regular Session on hands-free/distracted driving. The commission will develop a recommendation for the 2022 Regular Session.

Third-party litigation funding (TPLF). The commission will schedule this for discussion at the December 9 meeting.

First-Party Claims Meditation. The commission will schedule this for discussion at a future meeting.

Excessive first party property claims and appraiser licensing. There were several issues noted with the quality of appraisals on property claims. The commission will schedule this for future discussion.

The Chairman encouraged members and the public to submit further ideas for recommendations to the Director or to raise them at future meetings.

Any Other Matters and Public Comments:

- Senator Talbot discussed the Auto Task Force meeting on November 15, 2021.
- The Director announced prospective dates for the *LDI Conference 2022* of March 7 & 8

There being no objection, the Chairman adjourned the meeting at 11:12 AM.

Louisiana Property and Casualty Insurance Commission

Notice of Meeting and Agenda

Thursday, December 9, 2021 at 10:00 A.M.

Department of Insurance—Plaza Hearing Room—Poydras Building

- I. Call to Order—Chairman
- II. Roll Call—Director
- III. Public Comments
- IV. Discussions and Presentations
 - A. NAIC Washington Update on NFIP and P&C Issues—Brooke Stringer, NAIC (by Phone)(15-30 minutes)
 - B. Florida First-Party Property Claims Mediation—Joseph Graganella (by Phone)(1 hour)
- V. Any Other Matters

Dates for Future Meetings—January 12, 2022, at 10:00 am. All meetings are held in the Plaza Hearing Room, Poydras Building, 1702 N. Third Street, Baton Rouge (Louisiana Department of Insurance).

- VI. Adjournment

Louisiana Property and Casualty Insurance Commission

Meeting Minutes | Thursday | December 9, 2021

Department of Insurance | Plaza Hearing Room - Poydras Building

The following members were present:

Commissioner Donelon, Edmond Jordan, Ray Aleman Jr., Brian Keefer, Paul Buffone, Will Grubbs Jr., Chris Haik, Patrick Bell (for Ron Henderson), Leslie Sallean, Dortha Cummins (for Lisa Freeman)

The following staff were present from LDI:

Tom Travis, Warren Byrd, Nick Lorusso, Charles Hansberry, and Nichole Torblaa

The following members were absent:

Lou Fey, Jeff Albright, Kirk Talbot, Jeremy Stine, Mike Huval, Shawn Collins, Karen St. Germain, Greg Champagne, Michael Guy, Sheral Kellar, Lee Ann Alexander, Joe O'Connor, Noble Ellington, and Earl Taylor

The Acting Chairman, Mr. Grubbs called meeting to order at 10:00am. The Director called the roll and reported the absence of a quorum.

Brooke Stringer, Assistant Director, Financial Policy and Legislation, and Patrick Celestine, Financial Services Policy and Legislative Counsel, with the NAIC presented a Washington update by phone on the NFIP and P&C insurance issues.

Joseph Graganella, President of Caps Claims, Inc., presented by phone on Florida residential property claims mediation program.

Any Other Matters and Public Comments: None

There being no objection, the Chairman adjourned the meeting.

December 9, 2021, General Meeting

Attachments



JOE GRAGANELLA
PRESIDENT
CAPS CLAIMS, INC.



SERVICES PROVIDED

- CONSULTING AND DISPUTE RESOLUTION
- PROCESS IMPROVEMENT
- MEDIATION
- APPRAISAL
- PRE AND POST LITIGATION SETTLEMENT OPPORTUNITIES
- UMPIRE

BACKGROUND

- FORMER VICE PRESIDENT OF CLAIMS- SOUTHERN FIDELITY AND CAPITOL PREFERRED INSURANCE COMPANY
- 30 YEARS OF INSURANCE EXPERIENCE
- HEAD OF ALL CLAIM OPERATIONS OVERSEEING 250,000.00 POLICIES OVER 4 STATES
- BUILT THE CLAIMS DEPARTMENT FROM THE GROUND UP
- MANAGED BOOK OF BUSINESS IN LOUISIANA FROM 2008-2021
- SUPERVISED CAT OPERATIONS INCLUDING GUSTAV, IKE, ISAAC, LAURA, DELTA, AND ZETA

DISCLAIMER

I AM NOT AN ATTORNEY. THE INFORMATION CONTAINED IN THIS PRESENTATION IS PARAPHRASED FROM FLORIDA STATUTES AND ADMINISTRATIVE CODE. THE CONTENTS AND OPINIONS OF THIS PRESENTATION ARE FOR INFORMATIONAL PURPOSES AND SHOULD NOT BE CONSTRUED AS A LEGAL OPINION OR STATEMENTS WHICH CAN BE UPHELD WITHIN A LEGISLATIVE BODY OR A COURT OF LAW

PROGRAM BENEFITS

- **LESS ADVERSARIAL AVENUE FOR DISPUTE RESOLUTION - MORE LAID-BACK DISCUSSION**
- **FASTER OPPORTUNITY TO SETTLE**
- **21 DAY WAITING PERIOD FOR SETTLEMENT ONCE MEDIATION IS INITIATED**
- **7-21 DAYS FOR SCHEDULING**
- **PAYMENT MADE WITHIN 20 DAYS OF SETTLEMENT**
- **TOTAL MAX TURNAROUND IS 60 DAYS – (APPRAISAL CAN TAKE 6-12 MONTHS JUST TO GET AN AWARD)**
- **LESS COSTLY ON THE INSURER AND NO COST TO THE POLICYHOLDER (UNLIKE COURT ORDERED MEDIATION)**
- **MEDIATORS ARE CHOSEN BY THE STATE NOT THE PARTICIPANTS. LESS LIKELY TO HAVE CONFLICT OF INTEREST AND MORE IMPARTIALITY**
- **THE POLICYHOLDER IS NOT REQUIRED TO HAVE REPRESENTATION**
- **FASTER MEDIATION**
- **EFFICIENCY CREATED DUE TO THE PANDEMIC (ZOOM, TEAMS, GOOGLE MEET, TELECONFERENCE, ETC.)**
- **65% AVERAGE SETTLEMENT RATE**
- **THE INSURED DOES NOT LOSE THEIR RIGHT TO LITIGATE**

PROGRAM DETAILS

THE FLORIDA DFS MEDIATION PROGRAM IS GOVERNED BY THE FLORIDA ADMINISTRATIVE CODE 0069J-166.031 MEDIATION OF RESIDENTIAL PROPERTY INSURANCE CLAIMS AND CHAPTER 627.7015 ALTERNATIVE PROCEDURE FOR RESOLUTION OF DISPUTED PROPERTY INSURANCE CLAIMS

PROGRAM DETAILS

THIS SECTION SETS FORTH A NON-ADVERSARIAL ALTERNATIVE DISPUTE RESOLUTION PROCEDURE FOR A MEDIATED CLAIM RESOLUTION CONFERENCE PROMPTED BY THE NEED FOR EFFECTIVE, FAIR, AND TIMELY HANDLING OF PROPERTY INSURANCE CLAIMS.

PROGRAM ELIGIBILITY

THIS PROGRAM IS AVAILABLE TO ALL FIRST-PARTY CLAIMANTS AND INSURERS PRIOR TO COMMENCING THE APPRAISAL PROCESS SET FORTH IN THEIR POLICIES OR COMMENCING LITIGATION.

PROGRAM ELIGIBILITY

MEDIATION MAY BE REQUESTED ONLY BY THE POLICYHOLDER, AS A FIRST-PARTY CLAIMANT, A THIRD-PARTY, AS AN ASSIGNEE OF THE POLICY BENEFITS, OR THE INSURER. HOWEVER, AN INSURER IS NOT REQUIRED TO PARTICIPATE IN ANY MEDIATION REQUESTED BY A THIRD-PARTY ASSIGNEE OF THE POLICY BENEFITS.

PROGRAM ELIGIBILITY

THIS RULE DOES NOT APPLY TO COMMERCIAL INSURANCE, PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, OR TO LIABILITY COVERAGE CONTAINED IN PROPERTY INSURANCE POLICIES. THIS PROGRAM DOES NOT APPLY TO POLICIES ISSUED UNDER THE NATIONAL FLOOD INSURANCE PROGRAM ESTABLISHED UNDER THE NATIONAL FLOOD INSURANCE ACT OF 1968.

FL STATUTE 627.7015

AT THE TIME OF ISSUANCE AND RENEWAL OF A POLICY OR AT THE TIME A FIRST-PARTY CLAIM WITHIN THE SCOPE OF THIS SECTION IS FILED BY THE POLICYHOLDER, THE INSURER SHALL NOTIFY THE POLICYHOLDER OF ITS RIGHT TO PARTICIPATE IN THE MEDIATION PROGRAM UNDER THIS SECTION. THE DEPARTMENT SHALL PREPARE A CONSUMER INFORMATION PAMPHLET FOR DISTRIBUTION TO PERSONS PARTICIPATING IN MEDIATION.

WHAT IS A "CLAIM"?

- **"CLAIM" REFERS TO ANY DISPUTE BETWEEN THE INSURER AND POLICYHOLDER RELATING TO A MATERIAL ISSUE OF FACT OTHER THAN:**
- **A DISPUTE AS TO WHICH THE INSURER HAS REPORTED ALLEGATIONS OF FRAUD, BASED ON AN INVESTIGATION BY THE INSURER'S SPECIAL INVESTIGATIVE UNIT, TO THE DEPARTMENT'S DIVISION OF INSURANCE FRAUD; OR**
- **A DISPUTE WHERE, BASED UPON AGREED FACTS AS TO THE CAUSE OF LOSS, THERE IS NO COVERAGE UNDER THE POLICY.**
- **WITH RESPECT TO WHICH THE AMOUNT IN CONTROVERSY IS LESS THAN \$500, UNLESS THE PARTIES AGREE TO MEDIATE A DISPUTE INVOLVING A LESSER AMOUNT; OR WITH RESPECT TO A WINDSTORM OR HURRICANE LOSS THAT DOES NOT COMPLY WITH 627.70132 (PROPER NOTICE OF A WINDSTORM OR HURRICANE CLAIM, SUPPLEMENT OR REOPENED CLAIM WITHIN 3 YEARS OF THE EVENT CAUSING DAMAGE.)**

FL STATUTE 627.7015

IF THE INSURER FAILS TO COMPLY WITH THIS SUBSECTION BY FAILING TO NOTIFY A POLICYHOLDER OF ITS RIGHT TO PARTICIPATE IN THE MEDIATION PROGRAM UNDER THIS SECTION OR IF THE INSURER REQUESTS THE MEDIATION, AND THE MEDIATION RESULTS ARE REJECTED BY EITHER PARTY, THE POLICYHOLDER IS NOT REQUIRED TO SUBMIT TO OR PARTICIPATE IN ANY CONTRACTUAL LOSS APPRAISAL PROCESS OF THE PROPERTY LOSS DAMAGE AS A PRECONDITION TO LEGAL ACTION FOR BREACH OF CONTRACT AGAINST THE INSURER FOR ITS FAILURE TO PAY THE POLICYHOLDER'S CLAIMS COVERED BY THE POLICY.

FL STATUTE 627.7015

AN INSURER IS REQUIRED TO MAKE THE CLAIM DETERMINATION OR ELECT TO REPAIR BEFORE SENDING A NOTICE OF THE RIGHT TO MEDIATE CLAIMS. AN INSURER IS NOT REQUIRED TO SEND A NOTICE OF THE RIGHT TO MEDIATE CLAIMS WHEN NO PAYMENT HAS BEEN MADE OR NO ELECTION TO REPAIR HAS BEEN MADE FOR A COVERED LOSS BECAUSE THE INSURER CONCLUDES THE AMOUNT OF COVERED LOSS IS LESS THAN THE POLICYHOLDER'S DEDUCTIBLE.

REQUIREMENTS OF HOW THE NOTIFICATION IS MADE

SHALL BE IN WRITING AND SHALL BE LEGIBLE, CONSPICUOUS, PRINTED IN AT LEAST 12-POINT TYPE, AND PRINTED IN TYPEFACE NO SMALLER THAN ANY OTHER TEXT CONTAINED IN THE NOTICE.

THE FIRST PARAGRAPH OF THE NOTICE SHALL CONTAIN THE FOLLOWING STATEMENT: "THE CHIEF FINANCIAL OFFICER FOR THE STATE OF FLORIDA HAS ADOPTED A RULE TO FACILITATE THE FAIR AND TIMELY HANDLING OF RESIDENTIAL PROPERTY INSURANCE CLAIMS. THE RULE GIVES YOU THE RIGHT TO ATTEND A MEDIATION CONFERENCE WITH YOUR INSURER IN ORDER TO SETTLE ANY CLAIM YOU HAVE WITH YOUR INSURER. AN INDEPENDENT MEDIATOR, WHO HAS NO CONNECTION WITH YOUR INSURER, WILL BE IN CHARGE OF THE MEDIATION CONFERENCE. YOU CAN START THE MEDIATION PROCESS AFTER RECEIPT OF THIS NOTICE BY CALLING THE DEPARTMENT OF FINANCIAL SERVICES AT 1(877)693-5236. THE PARTIES WILL HAVE 21 DAYS FROM THE DATE THE REQUEST IS RECEIVED BY THE DEPARTMENT TO OTHERWISE RESOLVE THE DISPUTE BEFORE A MEDIATION CONFERENCE CAN BE SCHEDULED."

REQUIREMENTS OF HOW THE NOTIFICATION IS MADE

THE NOTICE SHALL ALSO:

- **INCLUDE DETAILED INSTRUCTIONS ON HOW THE POLICYHOLDER IS TO REQUEST MEDIATION, INCLUDING THE ADDRESS, PHONE NUMBER, AND FAX NUMBER FOR REQUESTING MEDIATION THROUGH THE DEPARTMENT;**
- **STATE THAT THE PARTIES HAVE 21 DAYS FROM THE DATE THE REQUEST IS RECEIVED BY THE DEPARTMENT WITHIN WHICH TO SETTLE THE CLAIM BEFORE THE DEPARTMENT WILL ASSIGN A MEDIATOR;**
- **INCLUDE THE INSURER'S ADDRESS AND PHONE NUMBER FOR REQUESTING ADDITIONAL INFORMATION;**
- **STATE THAT THE ADMINISTRATOR WILL SELECT THE MEDIATOR;**
- **REFER TO THE PARTIES' RIGHT TO DISQUALIFY A MEDIATOR FOR GOOD CAUSE AND PARAPHRASE THE DEFINITION OF GOOD CAUSE AS SET FORTH IN PARAGRAPH (7)(C) OF THIS RULE; AND,**
- **INDICATE THAT THE POLICYHOLDER IS TO NOTIFY THE MEDIATOR 14 DAYS BEFORE THE MEDIATION CONFERENCE IF THE POLICYHOLDER WILL BRING REPRESENTATION TO THE CONFERENCE, UNLESS THE INSURER WAIVES THE RIGHT TO THE NOTICE OF REPRESENTATION. UPON RECEIPT OF SUCH NOTICE FROM THE POLICYHOLDER, THE MEDIATOR SHALL PROVIDE NOTICE TO THE INSURER THAT THE POLICYHOLDER WILL BE REPRESENTED AT THE MEDIATION CONFERENCE.**

WHAT IS THE PENALTY IF THE INSURER FAILS TO ABIDE BY THIS SECTION?

FAILURE OF AN INSURER TO ABIDE BY THIS PROCEDURE AND TO NOTIFY THE POLICYHOLDER AS REQUIRED ABOVE WILL RESULT IN THE INSURER BEING REFERRED TO THE OFFICE OF INSURANCE REGULATION FOR ADMINISTRATIVE ACTION PURSUANT TO SECTION 624.15, F.S.

CONSIDERED A MISDEMEANOR OF THE SECOND DEGREE AND IS, IN ADDITION TO ANY PRESCRIBED APPLICABLE DENIAL, SUSPENSION, OR REVOCATION OF CERTIFICATE OF AUTHORITY, LICENSE, OR PERMIT, PUNISHABLE AS PROVIDED IN S. 775.082 OR S. 775.083. EACH INSTANCE OF SUCH VIOLATION SHALL BE CONSIDERED A SEPARATE OFFENSE.

KEY ELEMENTS OF THE PROGRAM

- **THE INSURER BEARS THE COST OF MEDIATION- \$350.00. \$300.00 GOES TO THE MEDIATOR AND \$50.00 GOES FOR ADMINISTRATIVE HANDLING**
- **IF A POLICYHOLDER FAILS TO APPEAR AT THE CONFERENCE, THE CONFERENCE MUST BE RESCHEDULED UPON THE POLICYHOLDER'S PAYMENT OF THE COSTS OF A RESCHEDULED CONFERENCE.**
- **IF THE INSURER FAILS TO APPEAR AT THE CONFERENCE, THE INSURER MUST PAY THE POLICYHOLDER'S ACTUAL CASH EXPENSES INCURRED IN ATTENDING THE CONFERENCE IF THE INSURER'S FAILURE TO ATTEND WAS NOT DUE TO A GOOD CAUSE ACCEPTABLE TO THE DEPARTMENT.**
- **ALL PARTIES MUST NEGOTIATE IN GOOD FAITH AND HAVE FULL AUTHORITY TO SETTLE. FAILURE TO APPEAR CAN BE DEEMED IF THE INSURER'S REPRESENTATIVE LACKS AUTHORITY TO SETTLE THE FULL VALUE OF THE CLAIM.**

HOW THE MEDIATION WORKS

- **THE PROGRAM FOLLOWS THE SAME GUIDELINES FOR MEDIATION UNDER THE FLORIDA ADMINISTRATIVE CODE**
- **OPENING STATEMENTS BY THE MEDIATOR – CONFIDENTIALITY, DISCLAIMER BY THE MEDIATOR ON THEIR ROLE AS THEY DO NOT GIVE LEGAL ADVICE**
- **TYPICALLY, THE MEDIATION IS SCHEDULED FOR A 2 HOUR WINDOW**
- **A NO SHOW IS DEEMED IF ONE OF THE PARTIES DOES NOT SHOW AFTER 30 MINUTES**

HOW THE MEDIATION WORKS

- **MEDIATION IS NONBINDING; HOWEVER, IF A WRITTEN SETTLEMENT IS REACHED, THE POLICYHOLDER HAS 3 BUSINESS DAYS WITHIN WHICH THE POLICYHOLDER MAY RESCIND THE SETTLEMENT UNLESS THE POLICYHOLDER HAS CASHED OR DEPOSITED ANY CHECK OR DRAFT DISBURSED TO THE POLICYHOLDER FOR THE DISPUTED MATTERS AS A RESULT OF THE CONFERENCE. IF A SETTLEMENT AGREEMENT IS REACHED AND IS NOT RESCINDED, IT IS BINDING AND ACTS AS A RELEASE OF ALL SPECIFIC CLAIMS THAT WERE PRESENTED IN THAT MEDIATION CONFERENCE.**
- **AT THE CONCLUSION OF THE MEDIATION, THE MEDIATOR SHALL PROVIDE A WRITTEN REPORT OF THE RESULTS OF MEDIATION, INCLUDING ANY SETTLEMENT AMOUNT, TO THE INSURER, THE POLICYHOLDER, AND THE POLICYHOLDER'S REPRESENTATIVE IF THE POLICYHOLDER IS REPRESENTED AT THE MEDIATION.**
- **PAYMENT MUST BE MADE WITH 20 DAYS UNLESS AGREED UPON OTHERWISE**

QUALIFICATIONS OF A MEDIATOR

- **THE FLORIDA DISPUTE RESOLUTION CENTER HAS CREATED A GUIDE WHICH CONTAINS QUALIFICATIONS FOR MEDIATOR CERTIFICATION – 100 POINTS ARE REQUIRED**
- **DO NOT HAVE TO BE AN ATTORNEY BUT MUST MEET CERTAIN EDUCATIONAL REQUIREMENTS**
- **PASS A FLORIDA SUPREME COURT APPROVED MEDIATION PROGRAM**
- **CO-MEDIATE A CERTAIN NUMBER OF MEDIATIONS (BASED ON HOW MANY POINTS YOU HAVE ALREADY OBTAINED)**

QUALIFICATIONS OF A MEDIATOR

- **APPLICANT CAN ALSO EARN MISCELLANEOUS POINTS WHICH CAN BE APPLIED TOWARD MEETING THE TOTAL POINT REQUIREMENT**
- **LICENSED TO PRACTICE LAW**
- **DOCTORATE OR PH.D.**
- **MASTER'S DEGREE**
- **CURRENTLY LICENSED OR CERTIFIED IN ANY US JURISDICTION IN PSYCHOLOGY, ACCOUNTING, SOCIAL WORK, MENTAL HEALTH, HEALTH CARE, EDUCATION, OR MEDIATION.**
- **CAN DEMONSTRATE A CONVERSATIONAL ABILITY IN A FOREIGN LANGUAGE ACCORDING TO THE COURT'S REQUIREMENT**
- **HAVE SUCCESSFULLY COMPLETED CERTAIN MEDIATION TRAINING PROGRAMS WHICH WAS APPROVED OR CERTIFIED BY A JURISDICTION OTHER THAN FLORIDA**
- **ALREADY CERTIFIED BY THE FLORIDA SUPREME COURT IN ANOTHER AREA OF CERTIFICATION**
- **ATTEND AS AN OBSERVER AND/OR CO-MEDIATOR. YOU GET POINTS PER MEDIATION ATTENDED**

Louisiana Property and Casualty Insurance Commission
Notice of Meeting and Agenda
Thursday, January 20, 2022 at 10:00 A.M.
Department of Insurance—Plaza Hearing Room—Poydras Building

I. Call to Order—Chairman

II. Roll Call—Director

III. Public Comments

IV. Discussions and Presentations

A. Third-Party Litigation Funding—Lee Ann Alexander, APCIA

B. FORTIFIED Homes—Julie Shiyou-Woodard, Smart Home America

V. Any Other Matters

VI. Dates for Future Meetings (to be determined). All meetings are held in the Plaza Hearing Room, Poydras Building, 1702 N. Third Street, Baton Rouge (Louisiana Department of Insurance).

VII. Adjournment

NOTE: The LDI is currently requiring masks in the Poydras Building.

Louisiana Property & Casualty Insurance Commission
Meeting Minutes
Thursday | January 20, 2022
Department of Insurance | Plaza Hearing Room - Poydras Building

The following members were present:

Lou Fey, Kirk Talbot, Mike Huval, Edmond Jordan, Shawn Collins, Brian Keefer (by phone), Paul Buffone, Will Grubbs Jr., Michael Guy, Darrick Lee (for Sheral Kellar), Ron Henderson, Lisa Freeman, Lee Ann Alexander (by phone)

The following staff were present from LDI:

Tom Travis, Warren Byrd, and Nick Lorusso

The following members were absent:

Commissioner Donelon, Jeff Albright, Jeremy Stine, Karen St. Germain, Greg Champagne, Chris Haik, Joe O'Connor, Noble Ellington, and Earl Taylor

The Chairman called meeting to order at 10:10AM

The Director called the roll and reported the absence of a quorum.

Lee Ann Alexander, the APCIA representative, presented by phone on the topic of third-party litigation funding (TPLF) and the APCIA proposal for a Third-Party Litigation Financing Consumer Protection Act.

Julie Shiyou-Woodard of Smart Home America presented on FORTIFIED® construction standards and the survival of buildings constructed to various FORTIFIED® standards in recent storms including Hurricane Ida.

Any Other Matters and Public Comments: None

There being no objection, the Chairman adjourned the meeting.

January 20, 2022, General Meeting

Attachments

THIRD PARTY LITIGATION FINANCING CONSUMER PROTECTION ACT

Section 1. Definitions

(a) As used in this chapter:

- (1) “Consumer” means any natural person or persons who resides, is present or is domiciled in this state, or who is or may become a plaintiff or complainant in a lawsuit or other legal dispute in this state.
- (2) “Legal representative” means an attorney, group of attorneys, law firm, or other party who may represent such a person or persons in a legal dispute in this state;
- (3) “Litigation financier” means a person, group of persons, or legal entity, engaged in the business of litigation financing or any other mechanism created with the intent of so doing;
- (4) “Litigation financing” means the funding of litigation activities by entities other than the parties themselves, their counsel, or other entities with a preexisting contractual relationship with one of the parties, such as an indemnitor or a liability insurer.
- (5) “Litigation financing transaction” means a non-recourse transaction in which financing is provided to a consumer in return for a consumer
 - i. assigning to the litigation financier a contingent right to receive an amount of the potential proceeds of the consumer's judgment, award, settlement or verdict obtained with respect to the consumer's legal claim or agreeing to pay the litigation financier interest and/or other fees for the financing provided.
 - ii. Litigation financing does not include legal representation services provided to a consumer on a contingency fee basis, or legal costs advanced by a legal representative, where such services or costs are provided to or on behalf of a consumer by an attorney representing the consumer in the dispute and in accordance with the [insert state] Rules of Professional Conduct.
- (6) “Medical Provider” means any person or business providing medical services of any kind to a consumer, including but not limited to physicians, nurse practitioners, hospitals, physical therapists, chiropractors, or radiologists as well as any of their employees, contractors, practice groups, partnerships or incorporations of the same.

Section 2. Litigation Financer; Registration; Bond; Public Record

- (a)(1) No litigation financier shall engage in a litigation financing transaction in XXXXXXXXX unless it is registered as a litigation financier in this state.
- (2) A litigation financier that is a business entity or partnership is registered in this state if:
- (A) It has a status of active and in good standing as reflected in the records of the secretary of state; and
 - (B) Its charter, articles of organization, certificate of limited partnership, or other organizational document, or, if a foreign entity, its [insert state] application for a certificate of authority, contains a statement that it shall be designated as a litigation financier pursuant to this chapter.

(3) A litigation financier that is not a business entity or partnership is registered in this state if it files an application for registration as a litigation financier on a form prescribed by the secretary of state, along with a filing fee of one hundred dollars (\$100), that contains the following:

(A) Applicant's full legal name;

(B) Business name of applicant, if any;

(C) Physical street address and mailing address of the applicant;

(D) A telephone number through which the applicant can be reached;

(E) The name, physical street address, mailing address, and telephone number for a [insert state] registered agent appointed to accept service of process on behalf of the applicant;

(F) A statement that the applicant shall be designated as a litigation financier pursuant to this chapter; and

(G) Any other information the secretary of state deems necessary.

(b)(1) Each litigation financier must file with the secretary of state a surety bond of not less than fifty thousand dollars (\$50,000). The bond shall be payable to this state for the use of the attorney general and any person who may have a cause of action against the obligor of the bond for any violation of this chapter. The bond shall continue in effect so long as a litigation financier is designated as a litigation financier in the records of the secretary of state.

(c) A litigation financier shall amend its registration with the secretary of state under subsection (a) within thirty (30) days whenever the information contained in such record changes or becomes inaccurate or incomplete in any respect. A litigation financier that is not a business entity or partnership may amend its registration with the secretary of state by filing an amendment on a form prescribed by the secretary of state, along with a filing fee of twenty dollars (\$20.00).

(d) All documents filed pursuant to this section are public record.

Section 3. Litigation Financing Protections

(a) A litigation financier shall not:

(1) Pay or offer commissions, referral fees or other forms of consideration to any legal representative, medical provider, or any of their employees for referring a consumer to a litigation financier;

(2) Accept any commissions, referral fees, rebates or other forms of consideration from a legal representative, medical provider or any of their employees;

(3) Advertise false or misleading information regarding its products or services;

(4) Refer a consumer or potential consumer to a specific legal representative, medical provider or any of their employees;

(5) Fail to promptly supply copies of any complete litigation financing contracts to the consumer and the consumer's legal representative;

(6) Attempt to secure a remedy or obtain a waiver of any remedy, including but not limited to, compensatory, statutory, or punitive damages, that the consumer might otherwise be or not be entitled to pursue;

(7) Attempt to effect arbitration or otherwise effect waiver of a consumer's right to trial by jury;

- (8) Offer or provide legal advice to the consumer regarding the litigation financing or the underlying dispute;
 - (9) Assign, which includes securitizing, a litigation financing contract in whole or part;
 - (10) Report a consumer to a credit reporting agency if insufficient funds remain from the net proceeds to repay the litigation financier; or
 - (11) Receive or exercise any right to direct, nor make any decisions with respect to, the conduct of the consumer's legal claim or any settlement or resolution thereof. The right to make such decisions shall remain solely with the consumer and his or her legal representative.
- (b) A legal representative retained by a consumer, or a medical provider for such consumer, or any of their employees shall not have a financial interest in litigation financing and shall not receive a referral fee or other consideration from any litigation financier, its employees, owners or its affiliates.

Section 4. Litigation Financing Contracts; Disclosures

- (a) The terms of the litigation financing agreement shall be set forth in a written contract that is completely filled in. There shall be no incomplete sections when the contract is offered or presented to the consumer.
- (b) Litigation financing contracts shall contain the disclosures specified in this section, which shall constitute material terms of the litigation financing contract.
- (c) These disclosures shall be typed in at least fourteen-point, bold font and be placed clearly and conspicuously immediately above the consumer's signature line in the litigation financing contract:
- (1) Consumer's Right to Cancellation: You may cancel this contract without penalty or further obligation within five (5) business days from the date you signed this contract or received financing from [insert name of the litigation financier] by either returning the funds to [insert name, office address and office hours of the litigation financier] or by U.S. mail, [insert name and mailing address of litigation financier]. For return by U.S. mail, the postmark date on the returned funds or, if mailed by registered or certified mail, the date of the return receipt requested shall be the date of return.
 - (2) The fees charged pursuant to this agreement shall not exceed [litigation financier to insert annual interest percentage rate, percentage of award or settlement proceeds, or dollar amount].
 - (3) The litigation financier agrees that it has no right to and will not make any decisions about the conduct of your lawsuit or dispute and that the right to make those decisions remains solely with you and your legal representative;
 - (4) If there is no recovery of any money from your legal claim or if there is not enough money to satisfy the portion assigned to [insert name of the litigation financier] in full, you will not owe anything in excess of your recovery.
 - (5) Do not sign this contract before you read it completely. If this contract contains any incomplete sections, you are entitled to a completely filled-in copy of the contract prior to signing it. Before you sign this contract, you should obtain the advice of an attorney. Depending on the circumstances you may want to consult a tax advisor, a financial professional or an accountant.

(d) If the consumer is represented by a legal representative in the dispute that is the subject of the litigation financing contract, the legal representative shall acknowledge in the contract that she or he or their employer or employees have neither received nor paid a referral fee or any other consideration from or to the litigation financier, nor will in the future do so.

(e) If the consumer's legal representative is a party to a litigation financing agreement related to the consumer's legal proceeding, the legal representative shall share with the consumer the agreement between the legal representative and the litigation financier. The agreement shall be accompanied by the disclosure required by this section, and the consumer shall sign both an acknowledgement that the agreement has been read and the required disclosure.

Section 5. Disclosure of Financing Agreements; Discovery

(a) Except as otherwise stipulated or ordered by the court, a consumer or their legal representative shall, without awaiting a discovery request, provide to all parties to the litigation, including their insurer if prior to litigation, any litigation financing contract or agreement under which anyone, other than a legal representative permitted to charge a contingent fee representing a party, has a right to receive compensation or proceeds from the consumer that are contingent on and sourced from any proceeds of the civil action, by settlement, judgment, or otherwise.

(b) The existence of litigation financing and all participants in such financing arrangements are permissible subjects of discovery in all personal injury litigation or matters arising out of personal injuries.

Section 6. Annual Report

(a) Each litigation financier shall file a report annually with the secretary of state in accordance with such procedures as the Secretary may require. The report shall contain at least the following:

(1) For each person that, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, five percent (5%) or more of the voting securities of the litigation financier:

(a) The legal name and address of each person;

(b) If the person is an individual, his or her principal occupation and offices and positions held during the past five (5) years, and any conviction of crimes other than minor traffic violations during the past ten (10) years;

(c) If the person is not an individual, a report of the nature of its business operations during the past five (5) years or for the lesser period as the person and any predecessors shall have been in existence; a narrative description of the business intended to be done by the person and the person's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of the person. The list shall include for each individual the information required by Subparagraph (2) of this paragraph.

(2) For each litigation financing transaction entered in this state or involving a claim to be litigated in this state, the litigation financier shall identify:

(a) The amount, date(s) of payment(s), and name and address of each person that received any amount of financing from a litigation financier during the previous calendar year;

(b) The amount, date of payment, and source of payment for all proceeds obtained by the litigation financier during the previous calendar year from any judgment, award, settlement or verdict in a litigation financing transaction; and

(c) Any other information the Secretary deems necessary to the administration of justice.

(b) Secretary Reporting Obligations

(1) The Secretary shall provide to [the Judiciary and Commerce Committees of the State Legislative Bodies] an annual report within 6 months of the receipt of the information in subsection (a) containing all of the information therein and a summary. This report as filed shall not be made available to the public and shall be confidential by law and privileged, shall not be subject to [insert open records, freedom of information, sunshine or other appropriate phrase], shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action.

(2) The Secretary shall release the report and summary under (b)(1) to the public subject to the removal of all personally identifiable information of any consumer. Nothing in this subsection shall affect the obligation to disclose litigation financing contracts or other agreements under Section 7 of this Act.

Section 7. Class Action Lawsuits

This chapter shall apply to any class action. Putative class members and the court must be advised that the proposed class attorney has a legal or financial relationship with a litigation financier.

Section 8. Commercial Litigation Exemption; Limitation

This chapter does not apply to litigation financing provided to commercial enterprises in support of commercial litigation. This exemption does not apply to situations arising from a personal injury claim or an aggregation of personal injury claims, whether by subrogation, assignment, or any other basis.

Section 9. Regulatory Oversight

The practice of litigation financing shall be regulated by the [insert appropriate state consumer lending, banking, insurance, or AG entity].

Section 10. Chapter Violation; Unenforceable Contract

Any violation of this chapter shall make the litigation financing contract unenforceable by the litigation financier, the consumer, or any successor-in-interest to the litigation financing contract.

Third Party Litigation Financing

The Issue

- Lawsuits are increasingly being viewed as investment vehicles, degrading our civil justice system. Third-party litigation financing (TPLF) is a growing and extremely concerning trend in our judicial system. TPLF is when an investor helps to finance a lawsuit in which the investor has no personal stake, utilizing outside resources instead of the litigant's own funds.
- Third parties ensure high rates of return for their investment, turning lawsuits into profit centers. TPLF is typically structured as a non-recourse investment by a funder in a lawsuit or arbitration. The funding is in exchange for an agreed-upon payment by the litigant to the funder from the proceeds of the legal proceeding – at an exorbitantly high interest rate or as a significant portion of the proceeds from the legal proceeding.
- TPLF arrangements lack transparency. Parties to TPLF agreements are not required to disclose TPLF, so defendants and courts do not know the presence or identity of the funders as real parties in interest.
- Lenders who engage in TPLF are secretive and largely unregulated. As a result, TPLF attracts hedge funds to participate as litigation financiers because the industry is not subject to the same limitations and regulatory oversight as normal consumer loans and thus avoids critical consumer protection oversights.
- Expansion of secret TPLF activity turns our civil justice system into just another marketplace. TPLF is estimated to be a \$400 billion global industry.

The Problem

- TPLF allows a funder to turn litigation into a money-making machine. To ensure a high rate of return on its investment, the funder seeks to increase the likelihood of trial, thus enhancing the possibility of frivolous and misguided litigation.
- By turning the civil justice system into a money-making machine, TPLF discourages amicable settlement of disputes and encourages aggressive and prolonged litigation of marginal or frivolous claims. This adds to the state's already significant “tort tax” on households and drives up the costs of products, services, and insurance.
- TPLF also redirects monetary damages awards -- intended to compensate claimants for injury -- away from the injured parties and towards unrelated financiers.

- TPLF shifts litigation’s focus from the best interests of impacted consumers to the financiers and attorneys, upending the course of justice and “commoditizing” our judicial branch of government.
- Litigation should be controlled by the parties with a substantive interest in the outcome of a case and their lawyers, not by funders whose only interest is in securing a high rate of return on their investment.
- In the absence of disclosure of and reasonable protections against TPLF, the civil justice system morphs from one designed to fairly resolve disputes to one that focuses on return on investment for unknown third-party lenders whose only interest is making money for themselves -- and their investors -- at the expense of those most in need of protection.
- In addition, without transparency and disclosure of information to parties that defend against lawsuits fueled by TPLF, the civil justice balance is tipped in favor of lawyers bringing the litigation.

The Solution

- APCIA supports reforming third-party litigation financing in [State] and across the country to facilitate transparency in litigation, and limiting the damage the unregulated world of TPLF has on the fair and efficient administration of justice.
- Specifically, APCIA supports legislation that requires common-sense guardrails around the use of TPLF, including mandatory disclosure of TPLF agreements, increased discoverability of those arrangements in lawsuits, and state-level regulation of funders.
- By requiring disclosure of TPLF to parties in litigation and the courts, balance can be restored to the legal system and the related increased product, service, and insurance costs to society reduced.

LOUISIANA PROPERTY AND CASUALTY INSURANCE COMMISSION

NOTICE OF PUBLIC MEETING / AGENDA

Thursday, November 10, 2022 - 9:00 am – 12:00 noon

Poydras Hearing Room

Louisiana Department of Insurance

1702 North 3rd Street | Baton Rouge, Louisiana

- I. Call to Order
- II. Roll Call
- III. Opening Remarks
- IV. Old Business
 - A. Approval of Prior Meeting Minutes
- V. New Business
 - A. Brief Review of Office of Policy, Innovation and Research
 - B. Introduction of New LPCIC Members
 - C. Presentation on Suggested Process Improvements for Property Damage Claim Adjudications – Lou Sandoz, Gurtler Brothers Consultants, Inc.
 - D. Presentation on The Build SOS Program: Efforts on Eliminating Fraud in the Building Trade – Billy Ward and Joe Mistich
- VI. Questions / Open Discussion from Commission Members
- VII. Public Comments
- VIII. Announcements
- IX. Adjournment

Louisiana Property and Casualty Insurance Commission
Minutes of the November 10, 2022 Meeting
Poydras Building Hearing Room
1702 North Third Street | Baton Rouge, Louisiana

Members present: Ray Aleman, Tom Clark, Shawn Collins, Jim Donelon, Lou Fey, Lisa Freeman, Mike Guy, Chris Haik, Ron Henderson, John Houghtailing, Rep. Mike Huval, Rep. Edmond Jordan, Scott Landry, Joel Moore, Doug Wertz

Members absent: Jeff Albright, Paul Buffone, Greg Champagne, Noble Ellington, Will Grubbs, Brian Keefer, Sheral Kellar, Hilary Segura, Karen St. Germain, Senator Kirk Talbot, Earl Taylor

Staff present: Tom Travis, Crystal M. Stutes, Ron Camarota

Tom Travis called the meeting to order at 9:10am. Roll call was conducted, and a quorum was noted for the record.

Under new business, Mr. Travis introduced two of our newest members, Mr. Joel Moore of Champions Insurance Services, LLP and Mr. Douglas Wertz of LA Claims Association.

Mr. Travis then discussed the newly formed office at the LA Department of Insurance, the Office of Policy, Innovation and Research, which will now house the three boards and commissions currently under the Department's purview. He then introduced Ms. Crystal Stutes as the Director of Boards and Commissions and Mr. Ron Camarota, Assistant Director of LPCIC.

Next the Commission heard a presentation from Mr. Lou Sandoz of the Gurtler Brothers Consultants, Inc. on suggested improvements for property damage claim adjudications.

Following a brief discussion, the Commission then heard a presentation from Mr. Billy Ward and Mr. Joe Mistich of the Build SOS Program regarding their efforts to eliminate fraud in the building trade.

After a brief discussion and public comments were heard, Ms. Stutes announced that the LDI Conference 2023 would be held March 27 and 28 at the Crowne Plaza Baton Rouge.

With no further business, the meeting was adjourned at 11:15am.

Presentation by Billy Ward, CEO BuildSOS



Introduction

Billy Ward, CGB, CGP

- Louisiana Homebuilders Hall of Fame 2015
- 2014 LHBA Builder of the Year
- 2013 President - Louisiana Homebuilders Association
- Chairman of the Board, BuildSOS



It Started with an Idea

What if we could fight disaster fraud by combining technology and community?

What if we could make it so that people wanted to be part of the solution?

Fraud by the Numbers

- Annual insurance fraud estimated to exceed **\$40B** annually, raising average premiums **\$400** and **\$700**¹
- Insurance fraud accounted for **\$7.50 of every \$100** the US government provided for reconstruction following Katrina¹
- Fraud occurs in about **10%** of property-casualty insurance losses²

¹<https://www.fbi.gov/stats-services/publications/insurance-fraud>

²<https://insurancefraud.org/fraud-stats/>



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Disaster Recovery: Ideal Environment for Fraud

Per the FBI, disaster fraud schemes include¹:

- False or exaggerated claims
- Misclassification of flood damage as wind, fire, or theft
- Claims by individuals residing far outside the disaster-zone
- Bid-rigging by contractors, falsely inflating the cost of repairs
- Contractors requiring upfront payment for services, then failing to perform the repairs – happening today in Florida

After the Gulf Coast flooding in 2016, Renata Foreman of Independence, LA, made 50 application claims with stolen identities to get DUA by the Louisiana Workforce Commission.

Source: Insurance Journal

¹<https://www.fbi.gov/stats-services/publications/insurance-fraud>

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Anti-Fraud Technology has Gaps

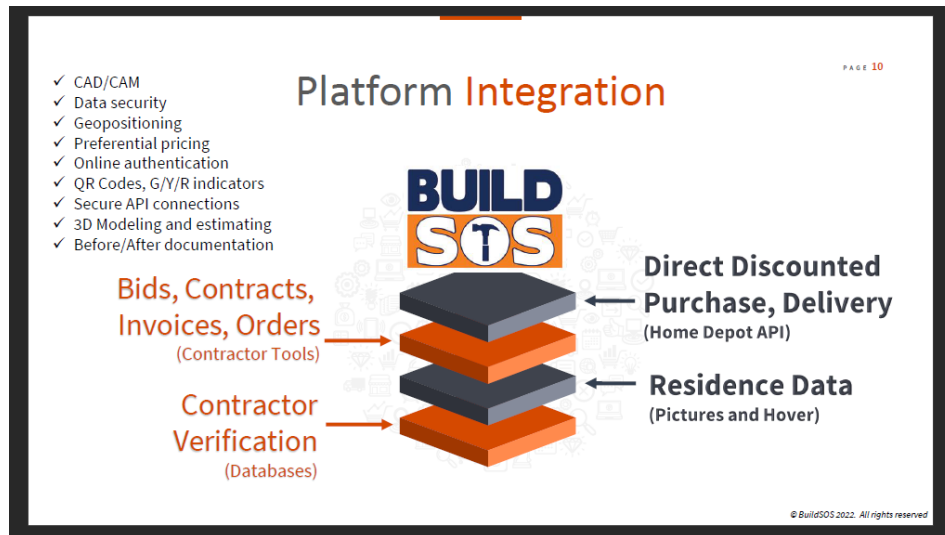
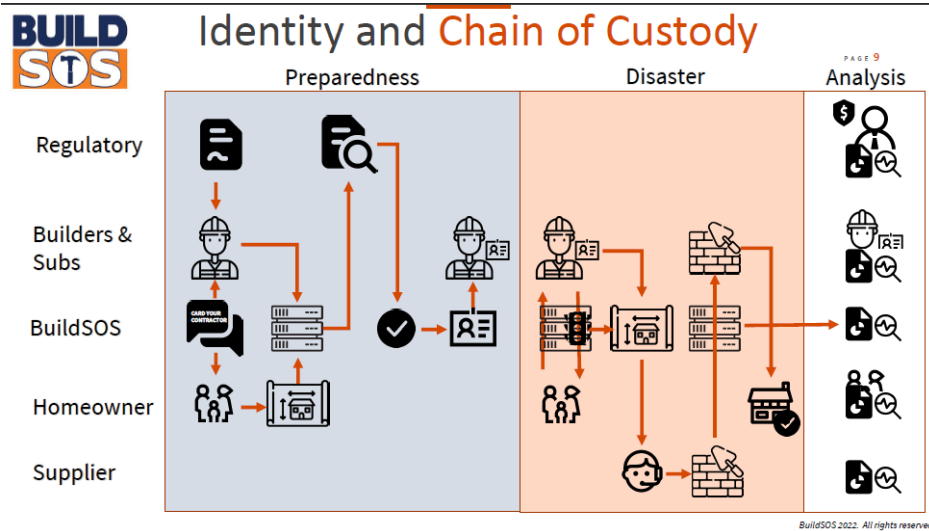
- Widespread use of anti-fraud technology
 - Red Flags, Predictive Modeling, Data Visualization
- About a third of referrals come from anti-fraud technology
- Biggest Implementation Issues:
 - Limited IT resources (68%)
 - Data integration and poor data quality (64%)
- **Identity verification is relatively new anti-fraud technique, expected to be adopted rapidly over the next 3-5 years**

<https://www.sas.com/en/whitepapers/coalition-against-insurance-fraud-the-state-of-insurance-fraud-technology-105976.html>

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Our Mission

Facilitating the rebuilding process for homeowners and builders by making it easier, faster, more transparent, and more secure against fraud.



The Elements of Community Resiliency

PAGE 11

Disaster Preparedness and Beyond



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Our Goals

PAGE 12

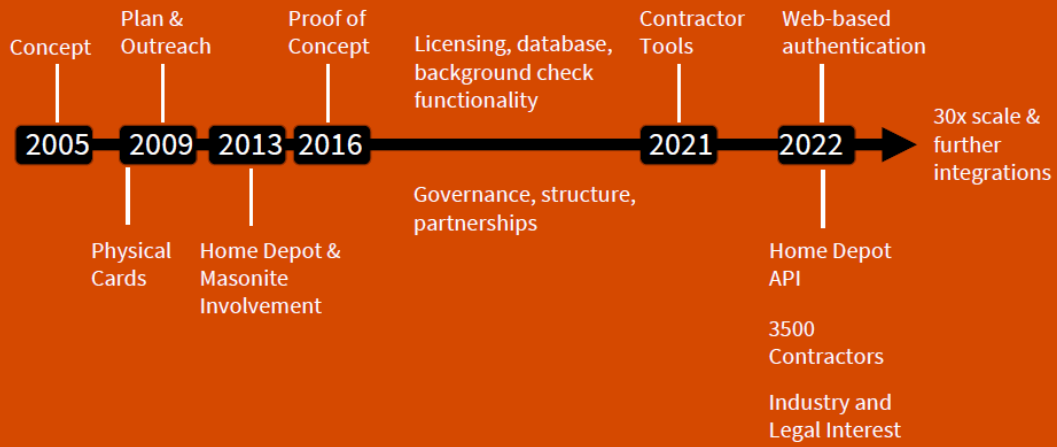
- ✓ Cut disaster-related property insurance fraud by 85% and reduce rebuild time by 40% for those using our system
- ✓ Create a desirable, user-friendly platform
- ✓ Protect the average citizen from construction-related fraud, especially when they are most vulnerable
- ✓ Collect and share vital and detailed disaster-related statistics
- ✓ Support community resiliency for weather-related disasters

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Timeline and Progress

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We are Acting Now

PAGE 14

October 19, 2022 11:24 AM (EDT)

Lloyd's Chief of Markets: Rising Global Uncertainty Calls for Industry to Step Up

Insurance is often a reluctant purchase or regulatory-inspired, but in today's world event while momentum is changing mindsets to mitigation rather than protection...

Bankrupt insurance companies leave Louisiana families scrambling before hurricane season

Louisiana faces an insurance crisis, leaving people afraid they can't afford their homes

A wave of insurance company bankruptcies has jacked up premiums – and stoked worries that the Gulf Coast will become too expensive a place to live as the climate changes.

October 19, 2022 03:24 PM (EDT)

Aon: Insured Cat Losses Reach \$99 Billion Globally in Third Quarter as Hurricane Ian Costs Loom

Aon estimates public and private insurers will pick up roughly \$99 billion of the preliminary year-to-date economic global natural disaster losses of \$227 billion, including initial Hurricane Ian...

<https://news.ambest.com/newscontent.aspx?refnum=245217>

<https://www.theinsurer.com/news/aon-2022-ytd-nat-cat-losses-total-99bn/25770.article>

<https://www.nbcnews.com/news/us-news/louisiana-homeowners-insurance-crisis-hurricanes-rcna46746>

<https://www.foxbusiness.com/economy/bankrupt-insurance-companies-louisiana-families-hurricane-season>

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Louisiana Property and Casualty Insurance Commission
Notice of Public Meeting / Agenda
Thursday, January 19, 2023 - 9:00 am
Poydras Hearing Room
Louisiana Department of Insurance
1702 North 3rd Street | Baton Rouge, Louisiana

- I. Call to Order – Lou Fey, LPCIC Chairman
- II. Roll Call
- III. Old Business
 - A. Approval of Minutes from the November 10, 2022 Meeting
- IV. New Business
 - A. Presentation on Distracted Driving – Ian Regan, Insurance Institute for Highway Safety
 - B. Discussion on Recommendations for the Annual Report (see attachment)
- V. Questions / Open Discussion from Commission Members
- VI. Public Comments
- VII. Announcements
 - A. LDI Conference 2023 – March 27 & 28 at the Crowne Plaza Baton Rouge
 - B. Upcoming Full and Ad hoc Committee Meetings of the LPCIC
- VIII. Adjournment

January 19, 2023, General Meeting Attachments

Suggested Recommendations for the Annual Report

The following list of topics is drawn from submissions by members, who may propose additions, deletions, or amendments. The public may comment before each vote.

John Wood

1. Green P&C products

Brian Keefer

1. Fortified Roof endorsement (HO) § 22:1483
2. Sunset Wind Mitigation (HO) § 22:1483
3. Codify claims ‘Proof of loss’ (HO) § 22:878, 22:1973
4. Right to Inspect (HO Claims)
5. 90 Days to Begin Cat Claims Settlement (HO Claims) § 22:1892
Proposal – clock to start when company has complete data, adjuster ‘on the ground’
Require out-of-state mitigation companies to contact insurer to request inspection and reach agreement before work begins.
6. Assignment of Benefits (HO Claims)
7. LIGA Assessments (HO)
8. Permit and Inspection Requirement for Re-Roof (not fortified) (HO Claims)
To address availability and quality of data for underwriters; and
Fraud prevention.

Joel Moore

1. Address Fraudulent Estimating Practices § 1895, 1896

Lisa Freeman

1. Distracted Driving (AUTO)
2. Suspended License for Drug Use (AUTO) § 22:1525
* Amazon was losing too many drivers because they failed drug testing, so they eliminated drug testing
3. Smart Card Technology (AUTO) (HO Claims)
4. Telematics (AUTO)

Lou Fey

1. One-Way legal Fees (HO)
2. Reverse Bad Faith (HO)
3. Funding for the Insure Louisiana Incentive Plan **Act 754, Part 16, 22:2361**
4. Licensing of Appraisers and Building Consultants (HO Claims) **§ 22:1807, 22:1808**
5. Licensing Alien Cat-Adjusters (HO Claims) **§ 22:1663**
6. Insurer ‘Desk Adjuster’ Bottleneck (HO Claims)
7. Satisfactory proof of loss versus 60 days to inspect CAT claims.
* Define “satisfactory proof of loss” trigger **§ 22:878, 22:1892**
8. Restore an insurers ability to require a “Sworn Statement” In “Proof of loss” as outlined in the policy and restore ability to enforce loss payment contract language. (HO Claims)
9. Mandatory binding appraisal to fix the amount of loss (HO Claims) **§ 22:1311**
11. Cure period before a party may allege fraud (HO Claims)
12. Strengthen prohibition of assignment of benefits (HO Claims)
13. Allow multiple filings per year (eliminate LDI “12-month rule”)
14. License, permit & regulate roofers, appraisers, building consultants
(HO) **§ 22:1807, 22:1808**
15. Louisiana Fortify Homes Program – fund **(Reg 126)**
16. Study the feasibility of a Louisiana reinsurance catastrophe fund
17. We need to discuss Louisiana Citizen’s bad faith issues – there must be accountability, but the current law must be addressed – do the above ideas cure this issue?

Louisiana Property and Casualty Insurance Commission
Minutes of the January 19, 2023, General Meeting
Poydras Building Hearing Room
1702 North Third Street | Baton Rouge, Louisiana

Members present: Ray Aleman, Tom Clark, Shawn Collins, Lou Fey,

Lisa Freeman, Mike Guy, Ron Henderson, John Houghtailing, Rep. Mike Huval, Scott Landry, Joel Moore, Doug Wertz, Senator Kirk Talbot, Senator Jeremy Stine, Will Grubbs, Ava Cates, Commissioner Donelon

Members absent: Rep. Edmond Jordan, Jeff Albright, Paul Buffone, Greg Champagne, Noble Ellington, Brian Keefer, Hilary Segura, Karen St. Germain, Earl Taylor, Chris Haik, John Wood

Staff present: Tom Travis, Crystal M. Stutes, Ron Camarota

Lou Fey called the meeting to order at 9:10am. Roll call was conducted, and a quorum was noted for the record.

Old Business – Minutes from the November 10, 2022, General Meeting were approved.

New Business - A copy of the Commissioner’s summary report for Regulation 125 – Louisiana Incentive Program was provided to the Commission. The compiled list of items to be discussed was distributed. The bulk of the time available was spent on this list. The discussion clarified the intent of each item and consolidated where appropriate. This produced a refined list, that could be assigned to ad hoc committees for further review.

Next the Commission heard a presentation from Mr. Ian Regan, of the Insurance Institute for Highway Safety / Highway Loss Data Institute on the perils of cell phone use while driving, aka, Distracted Driving. This topic remains timely and the presentation relevant to discussions around including this as a recommendation in the Annual Report to the Legislature. Mr. Regan also provided a copy of his presentation.

After a brief discussion and public comments were heard, Ms. Stutes reminded the group about the annual LDI Conference for 2023 would be held March 27 and 28 at the Crowne Plaza Baton Rouge.

With no further business, the meeting was adjourned at 11:45 am.

January 19, 2023, General Meeting

Attachments

Presentation on distracted driving by Ian Reagan, Senior Research Scientist at the Insurance Institute for Highway Safety

The association between comprehensive cellphone bans and police-reported rear-end crash rates in California, Oregon, and Washington

Louisiana P&C Commission General Meeting

January 19, 2023



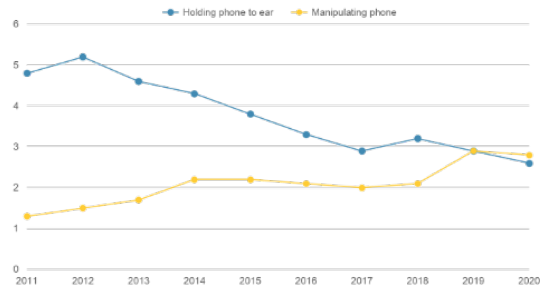
Ian Reagan
Senior research scientist



Dramatic increase in functionality has changed how drivers use cellphones



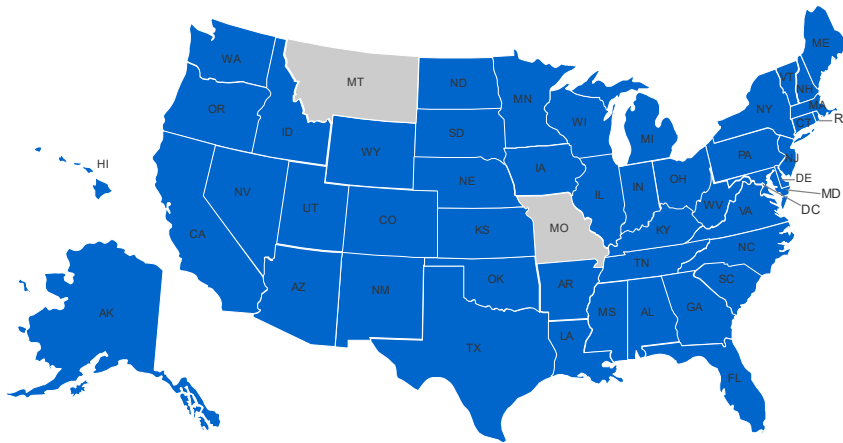
Partial list of software applications that support video calls: Facetime, Meet, Snapchat, Facebook Messenger, What's App, Zoom



Percentage of drivers stopped at controlled intersections throughout the United States observed using cellphones during a given daylight moment, 2011 -20

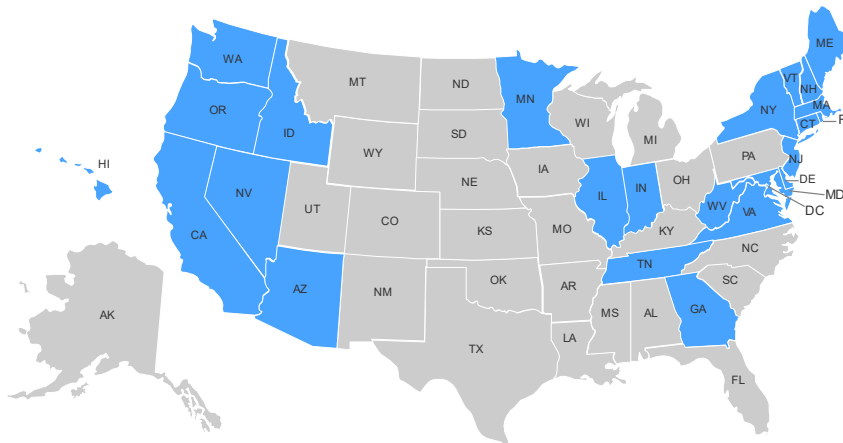


48 states and DC prohibit text messaging for all drivers



HS
LDI

24 states and DC have broader prohibitions on handheld cellphone behaviors for all drivers



HS
LDI

Unclear relationship between implementing cellphone laws and crash reductions

Research evaluations of laws have reported decreases, increases, and no change in crash outcomes in association with implementing cellphone bans

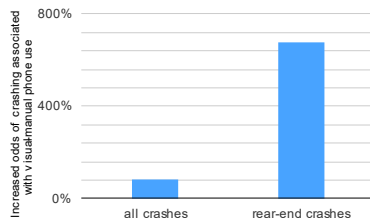
Not all drivers comply with the law

Poor signal to noise ratio

- ▶ Police-reported distracted driving crashes are unreliable, underreported
- ▶ Not all crashes are due to distraction
- ▶ Distraction-related crashes unrelated to cellphone used



Two factors led to the present study



Naturalistic research suggests rear -end crashes may improve signal to noise problem (Owens et al., 2018).

- ▶ Mounting evidence suggests factors such as wording and enforceability of cellphone laws influence the association between bans and crash reductions

California, Oregon, and Washington introduced broadened bans in 2017

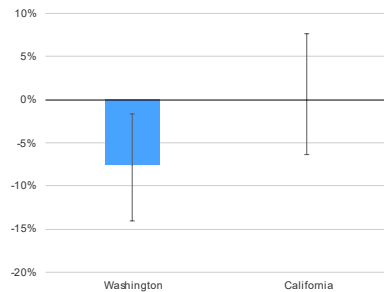
Each state had existing prohibitions that focused on “texting” and “conversations”

- ▶ Are there relationships between rear - end crashes and the new laws in CA, OR, and WA?



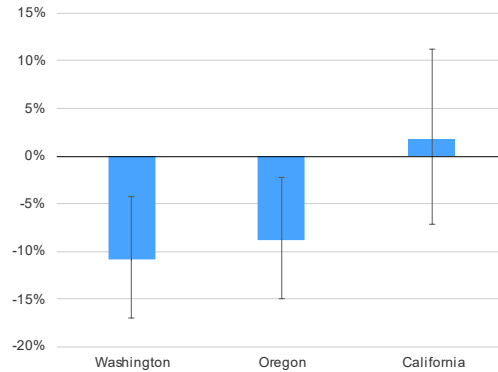
Estimated percentage change in monthly rate of rear-end crashes in the months after enacting broadened cellphone prohibitions

Controlling for VMT , unemployment, legal recreational cannabis, monthly variability, and state



Estimated percentage change in monthly rate of rear-end crashes with injury in the months after enacting broadened cellphone prohibitions

Controlling for VMT, unemployment, legal recreational cannabis, monthly variability, and state



Discussion


- ▶ Significant reduction in rear-end crash rates in OR and WA, no change in rates in CA
- ▶ CA may have experienced crash reductions from its earlier cellphone laws
- ▶ OR and WA may communicate more clearly that it is never ok to use a cellphone
 - Each prohibit holding a cellphone, using when stopped in traffic
 - CA prohibits holding **and simultaneously** using, no mention of use in stopped traffic
 - Differentiating between manipulating and holding a cellphone is problematic
 - Drivers may have higher compliance; police may be more willing to cite
- ▶ Sanctions are stricter in OR and WA
 - Fines for first and second offenses: CA (\$20, 50), WA (\$88, \$136), and OR (\$265, \$440)




Insurance Institute for Highway Safety
Highway Loss Data Institute

iihs.org

 /iihs.org

 @IIHS_autosafety

 @iihs_autosafety

 IIHS

THANK YOU



Ian Reagan
Senior research scientist
ireagan@iihs.org



Louisiana Property and Casualty Insurance Commission
Notice of Public Meeting / Agenda
Thursday, February 16, 2023 | 10:00 am – 12:00 noon
Poydras Hearing Room Louisiana Department of Insurance
1702 North 3rd Street | Baton Rouge, Louisiana

I. Call to Order – Lou Fey, LPCIC Chairman

II. Roll Call

III. Old Business

A. Approval of Minutes from the January 19, 2023 Meeting

IV. New Business

A. Questions / Open Discussion from Commission Members - Review items proposed for inclusion in the LPCIC Annual Report – 30 minutes

B. Vote on Recommendations for the Annual Report to the Legislature

1. Strengthen Louisiana Building Codes to include IBHS Fortified Standard

2. Licensing of roofers, appraisers and building consultants § 22:1807, 22:1808

3. Louisiana Fortify Homes Program – Fund (Reg 126)

4. Fortified roof endorsement § 22:1483

5. Sunset wind mitigation § 22:1483

6. Study the feasibility of a Louisiana reinsurance catastrophe fund

7. Bad Faith Reform

(a). Define/codify “satisfactory proof of loss” trigger § 22:878, 22:1892

(b). Cure period before a party may allege Bad Faith

(c). 90 Days to Begin Cat Claims Settlement § 22:1892

(d). Clock to start when company has complete report and photos from the adjuster

8. Restore an insurer’s ability to require a “Sworn Statement” In “Proof of loss” as outlined in the policy and restore ability to enforce loss payment contract language.

9. Strengthen prohibition against Assignment of Benefits

10. Claims Mediation

11. Address Fraudulent Estimating Practices § 1895, 1896
12. Mandatory binding appraisal to fix the amount of loss § 22:1311
13. Right to Inspect (HO Claims)
 - (a). Require out-of-state mitigation companies to contact insurer to request inspection and reach agreement before work begins
14. LIGA assessments
15. Distracted Driving
16. Suspend driving privileges for drug use
17. SmartCard technology - study
18. Telematics - study

V. Public Comments

VI. Announcements

- A. LDI Conference 2023 – March 27 & 28 at the Crowne Plaza Baton Rouge

VII. Adjournment

Louisiana Property and Casualty Insurance Commission
Minutes of the February 16, 2023 General Meeting
Poydras Building Hearing Room
1702 North Third Street | Baton Rouge, Louisiana

Members present: Ray Aleman, Paul Buffone, Tom Clark, Lou Fey, Lisa Freeman, Mike Guy, Chris Haik, John Houghtailing, Rep. Mike Huval, Brian Keefer, Scott Landry, Joel Moore, Sen. Kirk Talbot, Doug Wertz

Members absent: Jeff Albright, Ava Cates, Greg Champagne, Shawn Collins, Jim Donelon, Noble Ellington, Will Grubbs, Ron Henderson, Rep. Edmond Jordan, Karen St. Germain, Sen. Jeremy Stine, Earl Taylor, John Wood

Staff present: Tom Travis, Crystal M. Stutes, Ron Camarota

Lou Fey called the meeting to order at 10:10am. Roll call was conducted, and a quorum was noted for the record.

Old Business – Minutes from the January 19, 2023, General Meeting were approved.

New Business – Items were reviewed and voted on for inclusion in the 2023 LPCIC Report to the Legislature.

The following recommendations passed either unanimously or by roll call vote:

- Strengthen Louisiana Building Codes to include IBHS Fortified Standard
- STUDY the Licensing of appraisers and building consultants § 22:1807, 22:1808
- Louisiana Fortify Homes Program – Fund (Reg 126)
- Fortified roof endorsement § 22:1483
- STUDY the feasibility of a Louisiana reinsurance catastrophe fund
- Strengthen Prohibition Against Assignment of Benefits
- Claims Mediation
- STUDY Sunset wind mitigation § 22:1483

At this time, the LPCIC lost its quorum; as such the remaining items were tabled and will need to be voted on at the next general meeting.

After a brief discussion and public comments were heard, Ms. Stutes reminded the group that the annual LDI Conference 2023 would be held March 27 and 28 at the Crowne Plaza Baton Rouge.

With no further business, the meeting was adjourned at 12:05 pm.

Key Insurance Organizations and Agencies

AAA	American Adjuster Association https://americanadjusterassociation.org/
APA	American Policyholder Association https://apassociation.org/
APCIA	American Property & Casualty Insurance Association https://www.apci.org/
IIABL	Independent Insurance Agents & Brokers of Louisiana https://www.iiabl.com/default.aspx
IBHS	Insurance Institute for Business and Home Safety ibhs.org
LCA	Louisiana Claims Association https://lca37.wildapricot.org/
LHSC	Louisiana Highway Safety Commission https://www.lahighwaysafety.org/
LSLA	Louisiana Surplus Lines Association https://lasurpluslines.com/
LWC	Louisiana Workforce Commission https://www.laworks.net/
LWCC	Louisiana Workers Compensation Corporation https://www.lwcc.com/
NAIC	National Association of Insurance Commissioners naic.org
NAIIA	National Association of Independent Insurance Adjusters https://naiia.com/
NAMIC	National Association of Mutual Insurance Companies https://www.namic.org/
PIAL	Property Insurance Association of Louisiana https://www.pial.org/membership/
PIA	Professional Insurance Agents of Louisiana http://www.piaoflouisiana.com/
LIGA	Louisiana Insurance Guaranty Association https://www.laiga.org/
NCIGF	National Conference of Insurance Guaranty Funds https://www.ncigf.org/
LIC	Louisiana Insurers Conference https://www.lainsconf.org/
NCOIL	National Council of Insurance Legislators https://ncoil.org/
UP	United Policyholders https://uphelp.org/
FIO	Federal Insurance Office https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office

Glossary of Insurance Terms

Terms and definitions commonly used in the property & casualty insurance business.

A

Accident - an unexpected event or circumstance without deliberate intent.

Actual Cash Value - repayment value for indemnification due to loss or damage of property; in most cases it is replacement cost minus depreciation.

Adjuster - a person who investigates claims and recommends settlement options.

Admitted Assets - insurer assets which can be valued and included on the balance sheet to determine financial viability of the company.

Agent - an individual who sells, services, or negotiates insurance policies either on behalf of a company or independently. Also referred to as a **producer**.

Appraisal - An estimate of property value, or of the extent of property damage, provided by an authorized person. Appraisals are performed to determine the value of property at the time of a loss according to the terms and conditions in the policy.

Arbitration - a binding dispute resolution process whereby an arbitrator with no interest in the outcome renders a decision on the merits of the case.

Authorized Insurer - an insurer licensed or admitted in a particular state.

Auto Physical Damage - motor vehicle insurance coverage (including collision, vandalism, fire and theft) that insures against material damage to the insured's vehicle.

Automobile Liability Insurance - coverage for bodily injury and property damage incurred through ownership or operation of a vehicle.

B

Bodily Injury - physical injury including sickness or disease to a person.

Broker - an individual who receives commissions from the sale and service of insurance policies. These individuals work on behalf of the customer and are not restricted to selling policies for a specific insurer, but commissions are paid by the insurer with which the sale was made. Also referred to as a **producer**.

Builders' Risk Policies - typically written on a reporting or completed value form, this coverage insures against loss to buildings in the course of construction. The coverage also includes machinery and equipment used in the course of construction and to materials incidental to construction.

Burglary and Theft - coverage for property taken or destroyed by breaking and entering the insured's premises, burglary or theft, forgery or counterfeiting, fraud, kidnap and ransom, and off-premises exposure.

Business Interruption - loss of income as a result of property damage to a business facility.

Business Owners Policy - business insurance typically for property, liability and business interruption coverage.

C

Captive Agent - an individual who sells or services insurance contracts for a specific insurer or insurers.

Captive Insurer - insurer owned by another organization and whose exclusive purpose is to insure risks of the parent organization and affiliated companies under the captive insurance laws or regulations of any state.

Casualty Insurance - a form of liability insurance providing coverage for negligent acts and omissions such as workers compensation, errors and omissions, fidelity, crime, glass, boiler, and various malpractice coverages.

Ceded Premium - amount of premium (fees) used to purchase reinsurance.

Ceding Company - an insurance company that transfers risk by purchasing reinsurance.

Claim - a request made by the insured for insurer remittance of payment due to loss incurred and covered under the policy agreement.

Combined Ratio - an indication of the profitability of an insurance company, calculated by adding the loss and expense ratios.

Commercial Auto - coverage for motor vehicles owned by a business engaged in commerce that protects the insured against financial loss because of legal liability for motor vehicle related injuries, or damage to the property of others caused by accidents arising out of the ownership, maintenance, use, or care-custody & control of a motor vehicle. This includes Commercial Auto Combinations of Business Auto, Garage, Truckers and Other Commercial Auto.

Commercial General Liability - flexible & broad commercial liability coverage with two major sub-lines: premises/operations sub-line and products/completed operations sub-line.

Commercial Multiple Peril - policy that packages two or more insurance coverages protecting an enterprise from various property and liability risk exposures. Frequently includes fire, allied lines, various other coverages (e.g., difference in conditions) and liability coverage. Such coverages would be included in other annual statement lines, if written individually. Include under this type of insurance multi-peril policies (other than farm owners, homeowners and automobile policies) that include coverage for liability other than auto.

Commercial Package Policy - provides a broad package of property and liability coverages for commercial ventures other than those provided insurance through a business owners policy.

Commercial Property - property insurance coverage sold to commercial ventures.

Comprehensive Personal Liability - comprehensive liability coverage for exposures arising out of the residence premises and activities of individuals and family.

Conditions - requirements specified in the insurance contract that must be upheld by the insured to qualify for indemnification.

Construction and Alteration Liability - covering the liability of an insured to persons who have incurred bodily injury or property damage from alterations involving demolition, new construction or change in size of a structure on the insured's premises.

Crop-Hail Insurance - coverage for crop damage due to hail, fire or lightning.

D

Declarations - policy statements regarding the applicant and property covered such as demographic and occupational information, property specifications and expected mileage per year.

Direct Incurred Loss - means the sum of direct losses paid, plus an estimate of losses to be paid in the future, for all claims arising from the current reporting period, and all prior reporting periods.

Direct Loss - Damage to covered real or personal property caused by a covered peril.

Direct Writer - an insurance company that sells policies to the insured through salaried representatives or exclusive agents only; reinsurance companies that deal directly with ceding companies instead of using brokers.

Direct Written Premium - total premiums received by an insurance company without any adjustments for the ceding of any portion of these premiums to a reinsurer.

Directors & Officers Liability - liability coverage protecting directors or officers of a corporation from liability arising out of the performance of their professional duties on behalf of the corporation.

Domestic Insurer - an insurance company that is both domiciled and licensed in the state.

Dwelling Property/Personal Liability - a special form of package policy composed of dwelling fire and/or allied lines, and personal liability insurance.

E

Earned Premium - portion of insured's prepaid premium allocated to the insurance company's loss experience, expenses, and profit year- to -date.

Endorsement - an amendment or rider to a policy adjusting the coverages and taking precedence over the general contract.

Excess and Umbrella Liability - liability coverage of an insured above a specific amount set forth in a basic policy issued by the primary insurer; or a self-insurer for losses over a stated amount; or an insured or self-insurer for known or unknown gaps in basic coverages or self-insured retentions.

Excess Workers' Compensation - either specific and/or aggregate excess workers' compensation insurance written above an attachment point or self-insured retention.

Expense Ratio - percentage of premium income used to attain and service policies. Derived by subtracting related expenses from incurred losses and dividing by written premiums.

Experience Rating - rating system where each group is rated entirely on the basis of its own expected claims in the coming period, with retrospective adjustments for prior periods. This method is prohibited under the conditions for federal qualification.

Exposure - risk of possible loss.

F

FAIR Plan - Fair Access to Insurance Requirements - state pools designed to provide insurance to property owners who are unable to obtain property insurance through conventional means.

Fair Value - the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and shall be used as the basis for the measurement, if available. If a quoted market price is available, the fair value is the product of the number of trading units times market price.

Farmowners Insurance - farmowners insurance sold for personal, family or household purposes. This package policy is similar to a homeowners policy, in that it has been developed for farms and ranches and includes both property and liability coverage for personal and business losses. Coverage includes farm dwellings and their contents, barns, stables, other farm structures and farm inland marine, such as mobile equipment and livestock.

Federal Flood Insurance - coverage for qualifying residents and businesses in flood prone regions through the National Flood Insurance Act, a federally subsidized flood insurance program enacted in 1968. Also referred to as the NFIP, National Flood Insurance Program.

Fire - coverage protecting the insured against the loss to real or personal property from damage caused by the peril of fire or lightning, including business interruption, loss of rents, etc.

Flood - coverage protecting the insured against loss or damage to real or personal property from flood.

Foreign Insurer - an insurance company selling policies in a state other than the state in which it is domiciled.

G

Gross Premium - the net premium for insurance plus commissions, operating and miscellaneous commissions. For life insurance, this is the premium including dividends.

Guaranty Fund - funding mechanism employed by states to provide funds to cover policyholder obligations of insolvent reporting entities.

H

Hard Market - a market characterized by high demand and low supply.

Hazard - circumstance which tends to increase the probability or severity of a loss.

Homeowners Insurance - a package policy combining real and personal property coverage with personal liability coverage. Coverage applicable to the dwelling, appurtenant structures, unscheduled personal property and additional living expense are typical. Includes mobile homes at a fixed location.

I

Incurred Claims - paid claims plus amounts held in reserve for those that have been incurred but not yet paid.

Incurred Losses period plus unpaid losses sustained during the time period minus outstanding losses at the beginning of the period incurred in the previous period.- sustained losses, paid or not, during a specified time period. Incurred losses are typically found by combining losses paid during the

Independent Adjuster - freelance contractor paid a fee for adjusting losses on behalf of companies.

Independent Agent - a representative of multiple insurance companies who sells and services policies for records which they own and operate under the American Agency System.

Independent Contractor - an individual who is not employed for a company but instead works for themselves providing goods or services to clients for a fee.

Insurable Interest - A right or relationship in regard to the subject matter of the insured contract such that the insured can suffer a financial loss from damage, loss or destruction to it. (Bickelhaupt and Magee)

Insurance - an economic device transferring risk from an individual to a company and reducing the uncertainty of risk via pooling.

Insurance to Value - Amount of insurance purchased vs. the actual replacement cost of the insured property expressed as a ratio.

Insured - party(ies) covered by an insurance policy.

Insurer - an insurer or reinsurer authorized to write property and/or casualty insurance under the laws of any state.

Intermediary - a person, corporation or other business entity (not licensed as a medical provider) that arranges, by contracts with physicians and other licensed medical providers, to deliver health services for a health insurer and its enrollees via a separate contract between the intermediary and the insurer.

J

K

L

Liability - An actual or potential financial loss caused by contract or imposed by law.

Limits - maximum value to be derived from a policy.

Line of Business - classification of business written by insurers.

Loss - physical damage to property or bodily injury, Including loss of use or loss of income

Loss Adjustment Expense (LAE) - expected payments for costs to be incurred in connection with the adjustment and recording of losses. Can be classified into two broad categories: Defense and Cost Containment (DCC) and Adjusting and Other (AO). Can also be separated into (Allocated Loss Adjustment Expense) and (Unallocated Loss Adjustment Expense).

Loss Frequency - incidence of claims on a policy during a premium period.

Loss Ratio - the percentage of incurred losses to earned premiums.

Loss Reserve - the amount that insurers set aside to cover claims incurred but not yet paid.

Loss Reserves - an estimate of liability or provision in an insurer's financial statement, indicating the amount the insurer expects to pay for losses incurred but not yet reported or reported claims that haven't been paid.

Losses Incurred - Includes claims that have been paid and/or have amounts held in reserve for future payment.

Losses Incurred But Not Reported (IBNR) - An estimated amount set aside by an insurer to pay claims that may have occurred, but for some reason have not yet been reported to the insurer.

M

Market Value - fair value or the price that could be derived from current sale of an asset.

Mobile Homes - Homeowners - homeowners insurance sold to owners occupying the described mobile home.

Mobile Homes under Transport - coverage for mobile homes while under transport for personal or commercial use.

Mortgage - a note used to secure a loan for real property.

Mortgage Insurance - a form of life insurance coverage payable to a third party lender/mortgagee upon the death of the insured/mortgagor for loss of loan payments.

Multi-Peril Insurance - personal and business property coverage combining several types of property insurance in one policy.

Mutual Insurance Company - a privately held insurer owned by its policyholders, operated as a non-profit that may or may not be incorporated.

Mutual Insurance Holding Company - a company organized as a mutual and owning a capital stock insurer or insurers for the benefit of pooling risk for many people, typically those in the same industry.

N

Named Insured - the individual defined as the insured in the policy contract. .

Named Peril Coverage - insurance for losses explicitly defined in the policy contract.

O

Occurrence - an accident , including injurious exposure to conditions, which results, during the policy period in bodily injury or property damage neither expected or intended from the standpoint of the insured. (Bickelhaupt and Magee)

Other Liability - coverage protecting the insured against legal liability resulting from negligence, carelessness, or a failure to act resulting in property damage or personal injury to others.

Other Underwriting Expenses - allocable expenses other than loss adjustment expenses and investment expenses.

Owner Occupied - homeowners insurance sold to owners occupying the described property.

P

Package Policy - two or more distinct policies combined into a single contract.

Peril - the cause of property damage or personal injury, origin of desire for insurance. "Cause of Loss."

Personal Auto Policy - coverage designed to insure private passenger automobiles and certain types of trucks owned by an individual or husband and wife.

Personal Flood - separate flood insurance policy sold for personal, family or household purposes.

Personal Injury Liability - liability coverage for those who have been discriminated against, falsely arrested, illegally detained, libeled, maliciously prosecuted, slandered, suffered from identity theft, mental anguish or alienation of affections, or have had their right of privacy violated.

Policy - a written contract ratifying the legality of an insurance agreement.

Policy Period - time period during which insurance coverage is in effect.

Preferred Risk - insured, or applicant for insurance, who presents likelihood of risk lower than that of the standard applicant.

Premium - Money charged for the insurance coverage reflecting expectation of loss.

Premiums Earned - the portion of premium for which the policy protection or coverage has already been given during the now-expired portion of the policy term.

Premiums Net - is the amount calculated on the basis of the interest and mortality table used to calculate the reporting entity's statutory policy reserves.

Premiums Written - total premiums generated from all policies (contracts) written by an insurer within a given period of time.

Private Passenger Auto (PPA) - filings that include singularly or in any combination coverage such as the following: Auto Liability, Personal Injury Protection (PIP), Medical Payments (MP), Uninsured/Underinsured (UM/UIM); Specified Causes of Loss, Comprehensive, and Collision.

Producer - an individual who sells, services, or negotiates insurance policies either on behalf of a company or independently.

Property - coverage protecting the insured against loss or damage to real or personal property from a variety of perils, including but not limited to fire, lightening, business interruption, loss of rents, glass breakage, tornado, windstorm, hail, water damage, explosion, riot, civil commotion, rain, or damage from aircraft or vehicles.

Provisions - contingencies outlined in an insurance policy.

Public Adjuster - independent claims adjuster representing policyholders instead of insurers.

Q

R

Rate - value of insured losses expressed as a cost per unit of insurance.

Renters Insurance - liability coverage for contents within a renter's residence. Coverage does not include the structure but does include any affixed items provided or changed by the renter.

Replacement Cost - the cost of replacing property without a reduction for depreciation due to normal wear and tear.

Reported Losses - Includes both expected payments for losses relating to insured events that have occurred and have been reported to the insurance company, but not yet paid.

Residence - the domicile location of a member as shown by his or her determination as a resident.

Rider - an amendment to a policy agreement.

Risk - Uncertainty concerning the possibility of loss by a peril for which insurance is pursued.

S

Salvage - value recoverable after a loss.

Self-Insurance - type of insurance often used for high frequency low severity risks where risk is not transferred to an insurance company but retained and accounted for internally.

Soft Market - a buyer's market characterized by abundant supply of insurance driving premiums down.

Standard Risk - a person who, according to a company's underwriting standards, is considered a normal risk and insurable at standard rates. High or low risk candidates may qualify for extra or discounted rates based on their deviation from the standard.

State of Domicile - the state where a company is incorporated.

Stock Insurance Company - business owned by stockholders.

Subrogation - situation where an insurer, on behalf of the insured, has a legal right to bring a liability suit against a third party who caused losses to the insured. Insurer maintains the right to seek reimbursement for losses incurred by insurer at the fault of a third party.

Subrogation Clause - section of insurance policies giving an insurer the right to take legal action against a third party responsible for a loss to an insured for which a claim has been paid.

Surety Bond - a three-party agreement whereby a guarantor (insurer) assumes an obligation or responsibility to pay a second party (obligee) should the principal debtor (obligor) become in default.

T

Tenants - homeowners insurance sold to tenants occupying the described property.

Term - period of time for which policy is in effect.

Third Party - person other than the insured or insurer who has incurred losses or is entitled to receive payment due to acts or omissions of the insured.

U

Umbrella and Excess (Commercial) - coverage for the liability of a commercial venture above a specific amount set forth in a basic policy issued by the primary insurer; or a self-insurer for losses over a stated amount; or an insured or self-insurer for known or unknown gaps in basic coverages or self-insured retentions.

Umbrella and Excess (Personal) - non-business liability protection for individuals above a specific amount set forth in a basic policy issued by the primary insurer; or a self-insurer for losses over a stated amount; or an insured or self-insurer for known or unknown gaps in basic coverages or self-insured retentions.

Underinsured Motorist Coverage - policy option for bodily injury or property losses caused by a motorist with coverage insufficient to cover total dollar amount of losses. Compensation for the injured party is equal to the difference between the losses incurred and the liability covered by the motorist at fault.

Uninsured Motorist - Uninsured motorist coverage, referred to as UM or UMBI, is a type of auto insurance that pays medical expenses if you or your passengers are injured in an auto accident.

Underwriter - person who identifies, examines and classifies the degree of risk represented by a proposed insured in order to determine whether or not coverage should be provided and, if so, at what rate.

Underwriting - the process by which an insurance company examines risk and determines whether the insurer will accept the risk or not, classifies those accepted and determines the appropriate rate for coverage provided.

Unpaid Losses - claims that are in the settlement process. The term may also include claims that have been incurred but not reported.

V

W

Warrant - an agreement that gives the holder the right to purchase an underlying financial instrument at a given price and time or at a series of prices and times according to a schedule or warrant agreement.

Warranty - coverage that protects against manufacturer's defects past the normal warranty period and for repair after breakdown to return a product to its originally intended use. Warranty insurance generally protects consumers from financial loss caused by the seller's failure to rectify or compensate for defective or incomplete work and cost of parts and labor necessary to restore a product's usefulness. Includes but is not limited to coverage for all obligations and liabilities incurred by a service contract provider, mechanical breakdown insurance and service contracts written by insurers.

Workers' Compensation - insurance that covers an employer's liability for injuries, disability or death to persons in their employment, without regard to fault, as prescribed by state or federal workers' compensation laws and other statutes.

Written Premium - the contractually determined amount charged by the reporting entity to the policyholder for the effective period of the contract based on the expectation of risk, policy benefits, and expenses associated with the coverage provided by the terms of the insurance contract.

