



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

**Louisiana Property and Casualty Insurance Commission
Poydras Building Hearing Room
1702 North Third Street, Baton Rouge, Louisiana**

**Minutes of the January 24, 2023
Homeowners Ad Hoc Committee Meeting**

Members present: Jeff Albright, Ray Aleman, Noel Bunol, Lou Fey (on phone) Representative Edmond Jordan, and Chris Haik

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

Crystal Stutes called the meeting to order at 10:10am.

Reverse Bad Faith and One-Way Legal Fees

All agreed that bad faith can exist with both insurer and policyholder. Some wording changes are needed to keep the tone equal and fair. All agreed we are asking to ‘reform’ the statute.

After lengthy discussion, Jeff Albright proposed we recommend to the full commission that, “The LPCIC recommends that the Louisiana Legislature reform the bad faith statute to provide a structured claims process to resolve disputes between insurers and policyholders and provides a clear threshold for bad faith penalties against insurers”.

All members agreed to promote this to the full commission.

Proof of Loss

Another difficult agenda item. All agreed this is an issue that must be addressed. The difficulty is that during a catastrophe, time is critical. The members are mindful of the critical time element involved in the restoration and recovery process.

Timing, or the ‘triggers’ that start the compliance clock must be addressed for both the initial claim (undisputed damages) and supplemental claims. Current language can penalize insurers making their best effort when paying supplemental claims. Penalties are reported to be as much as 83%.

All members agreed to promote this to the full commission.

Fortified

Funding the Louisiana Fortify Home Program, sunseting the Wind Mitigation discounts, and the Fortified Roof Endorsement were all discussed with unanimous agreement to request legislative action.

All members agreed to promote this to the full commission.

License, Permit, and Regulate Roofers, Appraisers, and Building Consultants

The group agreed that ‘licensing’ brings a greater and more time-consuming burden. In a catastrophe, time is of the essence. A potential solution is to have all contractors who work in the state ‘register’ with the LA Contractors Board and provide corporate and/or personal information, proof of workers compensation and general liability insurance, and a bond sufficient to cover their projects be required.

It was also agreed that further study should be initiated to evaluate the approach of having all home repair or improvement projects require building permits and have inspections to ensure all work was done properly. It was noted that for Fortified roofs, the IBHS Certified Evaluator does perform inspections to ensure the work is done properly.

All members agreed to promote this to the full commission.

Assignment of Benefits

The purpose of this item is to protect the homeowner from predatory contractors by enforcing wording already in the policy and make it statutory, including penalties. Representative Jordan recognized this as an important issue with implications beyond homeowners’ insurance. He recommended it be forwarded to the Law Institute for review.

All members agreed to promote this to the full commission.

Licensing Alien Cat-Adjusters

It was unanimously agreed that this was something not likely to pass but should be recommended as a study topic.

All members agreed to recommend to the full commission that this is a valid study item.

Claims Mediation Program

Sample wording from the Florida statute was provided and reviewed.

All members agreed to recommend to the full commission that this is a valid study item.

Feasibility of a Louisiana Reinsurance Catastrophe Fund

Florida has a program in place that is showing signs of being successful. However, it was mentioned that Louisiana's population pales in comparison to Florida. Without such a revenue base, restoring the fund's value could take far too long to be effective.

Representative Jordan referenced his appointment to the Federal Advisory Committee for Insurance and suggested this may be a good topic for that group to address.

Other Matters and Public Comments: None

There being no further discussion and without objection, the meeting was adjourned.