

# LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

## DEPOPULATION PROGRAM

### FREQUENTLY ASKED QUESTIONS

1. What are the key points for a producer to consider?

Producers should have discussions with depopulation companies regarding the following:

- Financial stability of the depopulation insurers
- How coverage forms and rates will compare with Louisiana Citizens. Note that some take out companies' policies will have coverage limitations not found in Louisiana Citizens policies.
- A key issue in handling renewals will be insurance to value – producers should evaluate any impact of ITV on renewal premiums
- Other products the depopulation insurer will provide or require
- Review of business methods of the depopulation carrier(s)
- Acceptable producer contracts and compensation
- When the depopulation insurer begins to write policies on their paper it is expected they will handle these conversions as renewals; however, this should be confirmed with the depopulation insurer

2. What are the key dates that concern the producer?

Between April 1, 2009 and June 15, 2009, the take out companies will 'request' policies on the new web portal. Effective May 1, 2009, producers can access the web portal (if they have registered with Louisiana Citizens), and authorize each policy to a take out company for assumption. Producers will also have access to the portal till June 15, 2009.

3. Why should a producer register with Louisiana Citizens?

Louisiana Citizens is asking all agency owners/managers to register their contact details on the [www.lacitizens.com](http://www.lacitizens.com) web site. This will enable Citizens to send a secure id and password to the right individual – to log on to the Depopulation web portal in May. This web portal is the only way to authorize a policy to a take out company in Round 3. If an agency has registered for Round 2, the same id and password will be effective for Round 3. There is no need to register again.

4. How does a producer register with Louisiana Citizens?

To register, go to:

- [www.lacitizens.com](http://www.lacitizens.com)

- Under the Sub Menu, click on the Register for Depopulation tab
- Follow the instructions and proceed with registration

5. How does a producer authorize a policy on the web portal?

A secure id and password will be sent, with instructions, to agents who register on the Citizens web site. Producers can log on to the web portal using this id and password. The Agency portal will exhibit all the producer's policies, and indicate all the take out companies that have requested each policy. The producer can only pick one company for each policy. If only one company has requested a policy, the producer needs to pick the company in the appropriate field, authorizing the assumption. If no company is picked, the policy will stay with Citizens.

6. What is the difference between Round 2 and Round 3 of depopulation?

Round 2 of depopulation had an assumption date of December 1, 2008. We are now in the process of implementing Round 3 of depopulation, with a file transfer date of July 1, 2009. However, the assumption will be backdated to April 1, 2009.

7. What happens if a producer does not authorize assumption of a policy?

If a producer does not approve a policy for assumption, it will remain with Citizens.

8. Will the take out company provide the same coverage as Citizens?

Coverage should generally be the same as Louisiana Citizens, but individual companies may have some limitations in coverage not found in the Citizens policies. Producers should review the take out companies' forms approved by the Louisiana Department of Insurance and make sure that coverage is appropriate for policyholders.

9. How will the take out companies' rates differ from those of Citizens?

The companies involved in the take out process have generally agreed to provide the same or better rates as Citizens. However, this may vary by company and by policy, and should be confirmed with the company. Producers should review the take out companies' rate structure as approved by the Louisiana Department of Insurance.

10. Will the producer be affected if a policy is assumed?

The current producer will remain the agent of record on all policies assumed by a depopulation company.

11. How will policy changes be handled?

Citizens will continue to maintain the policy until expiration. Citizens will also renew policies until September 30, 2009. The take out company will renew the policy on their paper starting October 1, 2009.

12. How will losses be handled?

All losses on assumed policies will be handled by the take out companies from July 1, 2009. Depopulation carriers will have access to their policies (via ImageRight) from July 1, 2009. Losses occurring between April 1, 2009 and June 30, 2009 will be handled by Citizens to completion.

13. Will there be additional depopulations after this round?

Future depopulation rounds are planned to occur at least once every year.

14. Will the take out companies be writing policies in the voluntary market?

Several depopulation companies will be writing in the voluntary market. The Louisiana Department of Insurance requirements of take out companies in the bonus program should be met within 24 months after the effective date of the assumption.

15. Will policyholders be notified?

Prior to July 1, 2009 producers and policyholders will be formally notified of the assumption and subsequent non renewal by both the depopulation insurer and Louisiana Citizens.

16. Can a policyholder opt out of the assumption?

Yes, the policyholder can opt out of the assumption, till July 31, 2009. The form (Request to Continue Coverage) is available on the Citizens website.

If a policyholder opts out of the assumption and chooses to continue their coverage with Citizens, the policy will be 'unassumed' and Citizens will take the policy back effective April 1, 2009.