

LOUISIANA PROPERTY INSURANCE CORPORATION
REGULAR ASSESSMENT AND EMERGENCY ASSESSMENT
COLLECTION AND REMITTANCE
FAQ's or GUIDELINES AND PROCEDURES

These FAQ's are intended to provide guidance and interpretation of the procedures Louisiana Property Insurance Corporation will employ with regard to any Regular Assessment and any Emergency Assessment levied in both the Coastal Plan and the FAIR Plan pursuant to LSA R.S. 22: 2307 and its Plan of Operations.

1. All insurers authorized to write one or more subject lines of business in Louisiana are directed that a Regular Assessment and an Emergency Assessment levied by LCPIC in either or both the Coastal Plan and the FAIR Plan pursuant to LSA R.S. 22:2291, et seq., are to be applied in compliance with the underlying statutory law and in compliance with the guidance and interpretation set forth herein.
2. In accordance with LSA R.S. 22:2307, LCPIC has the authority to levy a Regular Assessment and an Emergency Assessment in either or both the Coastal Plan and the FAIR Plan.
3. Each assessable insurer's participation shall be based on the prior calendar year's net direct written premium, which shall be certified by the Louisiana Department of Insurance and shall be calculated in accordance with LSA R.S. 22:2299, ~~2300~~, and 2307.
4. LCPIC will publish on its web site (www.lacitizens.com) the calculated participation ratios of assessable insurers within 30 days of the Louisiana Department of Insurance's certification of a calendar year's net direct written premiums.
5. It is mandatory that all assessable insurers remit the full amount of a Regular Assessment levied by LCPIC within the 30-day time-frame specified by LCPIC.
6. LCPIC may levy more than one Regular Assessment in a calendar year for either the Coastal Plan or the FAIR Plan up to the aggregate maximum amount authorized pursuant to LSA R.S. 22: 2307(B).
7. By statute, it is mandatory that all assessable insurers participate in the collection and remittance of an Emergency Assessment levied by LCPIC.

8. An Emergency Assessment may be levied by LCPIC and collected by assessable insurers on behalf of either or both the Coastal Plan and the FAIR Plan to cover losses in excess of all profits, excess reserves, reinsurance proceeds, and Regular Assessments. An Emergency Assessment shall be levied directly upon all policyholders in the subject lines of business. Assessable insurers shall collect the full monetary amount of an Emergency Assessment from all the insurer's assessable policyholders. Assessable insurers shall remit all monetary sums collected pursuant to an Emergency Assessment to LCPIC in accordance with the procedures outlined herein below.
9. LCPIC may levy only one Emergency Assessment in a calendar year for the Coastal Plan. LCPIC may levy only one Emergency Assessment in a calendar year for the FAIR Plan.
- 10 General Provisions Applicable to Both the Recoupment of a Regular Assessment and the Collection of an Emergency Assessment:
 - A The surcharge percentage for recoupment of a Regular Assessment and the collection percentage for an Emergency Assessment shall be applied to the assessable policyholder's premium for the following subject lines of business:
 - 1) Fire and allied lines (including mobile homes);
 - 2) Homeowners multi-peril; and
 - 3) Property insurance portion of the commercial multi-peril policy.
 - B. To the extent that an assessable insurer requires guidance as to whether an insurance program is to be included as a subject line of business, the assessable insurer is directed to be guided by the instructions for allocating the program's premium to the lines of business delineated on Statutory Page 14 of the Annual Statement. Specifically, the following insurance programs, as delineated on the Statutory Page 14, shall be considered subject lines of business that are assessable by LCPIC:
 - 1) Line 1 (Fire);
 - 2) Line 2.1 (Allied Lines);
 - 3) Line 4 (Homeowners);
 - 4) Line 5.1 (Commercial Multi-Peril - Non-Liability Portion); and
 - 5) All mobile home programs regardless of which line the mobile home business is allocated on Statutory Page 14.
 - C. Certain programs shall not be considered assessable even if allocated to the above annual statement lines of business. These programs include:

- 1) Debit fire programs (statutorily referred to as "industrial fire") which utilize debit agents and are policies of no more than a one month term;
 - 2) Flood insurance (federal or other types);
 - 3) Crop insurance (federal or other types); and
 - 4) Livestock insurance.
 - 5) Earthquake insurance
 - 6) Surplus Lines insurance
- D. If a subject line of business is part of an inseparable package premium (e.g., a commercial multi-peril policy or business owner's policy), the insurer shall make a reasonable estimate as to the portion of the package premium that should be allocated to the subject lines of business and then apply the appropriate surcharge percentage and collection percentage of the respective Regular Assessment and Emergency Assessment.
- E. Assessable Insurers should refer to the Louisiana Department of Insurance for guidance on issues regarding the recoupment of a Regular Assessment.
- F. An Emergency Assessment collection amount owed on a policy shall be adjusted for all policy coverage additions, deletions, and endorsements on a pro-rata basis, pursuant to Acts 2007, No. 235, LSA R.S. 22: 2301.
- G. Failure to pay an Emergency Assessment collection amount shall be treated as a non-payment of premium by the assessable policyholder and shall be sufficient cause to cancel the policy.
- H. LCPIC is vested with the right to enforce against assessable insurers any provision set forth in these guidelines and/or LCPIC Plan of Operation that has been approved in accordance with LSA R.S. 22: 2298.
11. Regular Assessment Recoupment and Remittance:
- A. LCPIC will determine if a Regular Assessment is warranted, and LCPIC will notify assessable insurers as to the insurer's assessed amount and the percentage of the subject premium used to calculate the assessed amounts. LCPIC will file the amount and percentage of a Regular Assessment with the Louisiana Commissioner of Insurance, as applicable. If LCPIC does not declare a Regular Assessment in a given year, there will be no such notification.

- B. An assessable insurer shall remit the Regular Assessment to LCPIIC within 30 days of the date of notification of the Regular Assessment.
- C. The date of notification shall be the date stated on the invoice issued by LCPIIC to the assessable insurer.
- D. An assessable insurer shall not be entitled to recoup a Regular Assessment until the Regular Assessment has been paid in full to LCPIIC.
- E. If an assessable insurer objects to all or any portion of a Regular Assessment, the assessable insurer shall, within 30 days of the date of the notification by LCPIIC:
 - 1) Pay the full amount of the Regular Assessment with a full reservation of rights; and
 - 2) File a written appeal with LCPIIC as per LCPIIC' Plan of Operation.
 - 3) In the event any outstanding amount is not appealed within the 30 day time-frame, LCPIIC is vested with the right to apply a penalty to the outstanding balance equal to the judicial interest rate, as set by the Louisiana Legislature, and in effect at the time of the failure to timely remit payment.
- F. If the assessable insurer is not able to resolve the dispute with LCPIIC, the assessable insurer may file a written appeal with the Louisiana Commissioner of Insurance setting forth each and every factual and legal basis for the assessable insurer's objection to the payment of the Regular Assessment to LCPIIC. The Louisiana Commissioner of Insurance shall take appropriate action as set forth in the Louisiana Insurance Code.
- G. Before an assessable insurer proceeds with the implementation of a recoupment of a Regular Assessment, it is recommended that the insurer determine whether a Louisiana Department of Revenue (Revenue) program will reimburse the insurer in lieu of the insurer implementing a process to recoup against the insurer's assessable policyholders. If Revenue has a Regular Assessment reimbursement program, this program must be accessed before the insurer proceeds with a recoupment surcharge against its assessable policyholders. To determine if a Revenue program exists, contact the Louisiana Department of Insurance or the Louisiana Department of Revenue.
- H. RECOUPMENT IS NOT MANDATORY. An assessable insurer has the option to surcharge or not to surcharge its subject policyholders to recoup the amount of a Regular Assessment. Furthermore, an assessable insurer may recoup all, none, or only a portion of a Regular Assessment levied against it by LCPIIC.
- I. However, once an assessable insurer has determined the uniform recoupment surcharge percentage to be applied to its assessable policyholder base, the uniform recoupment surcharge percentage shall remain constant and in effect for the duration of the 12-month recoupment collection period and cannot be altered by the assessable insurer.

- J. In the event an assessable insurer recoups a Regular Assessment and the amount of the recoupment exceeds the amount of money remitted by the assessable insurer to LCPIC for the Regular Assessment, the excess amount recouped shall be remitted by the assessable insurer to LCPIC to defray future deficits. LCPIC shall establish a procedure to collect the excess amount that shall include appropriate written notification to the assessable insurer of the excess amount due LCPIC and which shall be published by LCPIC on its web site at www.lacitizens.com.
- K. Each assessable insurer shall submit a written report to LCPIC reflecting the monetary amount actually recouped from its assessable policyholders. Reporting instructions shall be published by LCPIC on its web site which can be accessed at www.lacitizens.com.

12. Emergency Assessment Collection and Remittance:

- A. Subject to verification by the Louisiana Department of Insurance, LCPIC shall annually determine whether an Emergency Assessment will be levied. LCPIC shall notify assessable insurers as to the assessment percentages applicable to an Emergency Assessment. This process will continue for as many years as LCPIC determines is necessary to enable LCPIC to meet its statutory and financial obligations.
- B. An Emergency Assessment shall be a uniform, statewide percentage to be applied against all assessable policyholders in Louisiana for the subject lines of business.
- C. LCPIC shall set an Emergency Assessment implementation date of January 1st for an assessable calendar year and provide assessable insurers three (3) months advanced written notice before the implementation date as to the Emergency Assessment percentage for that calendar year.
- D. All policies issued as new or renewed for the subject lines of business are subject to an Emergency Assessment.
- E. LCPIC shall be remitted the Emergency Assessment from the first dollars collected by assessable insurers from their assessable policyholders.
- F. An Emergency Assessment owed on a policy shall be subject to the pro-rata adjustment.

- G. An Emergency Assessment percentage shall be applied for a full 12-month period. If an assessable insurer issues a policy with a term greater than 12 months, the assessable insurer shall adjust the assessment process so that the Emergency Assessment only impacts the equivalent of a 12-month premium that coincides with LCPIC' assessment notice.
- H. The date that an assessable insurer begins the implementation of the 12-month Emergency Assessment shall be the same date for both new and renewal business. This date shall coincide with the effective date of the policy.
- I. An assessable insurer is not required to give prior notification to LCPIC before initiating collection of an Emergency Assessment.
- J. An assessable insurer shall prepare and provide to LCPIC an aggregate quarterly report showing, at a minimum, the premium written and the amount of the Emergency Assessment collected in the quarter. The aggregate quarterly report required herein shall be submitted to LCPIC along with all Emergency Assessments collected on a calendar quarterly basis. Submission of the aggregate quarterly report and payment of all Emergency Assessments collected are to be made on or before the end of the month following the close of the calendar quarter, i.e., April 30 for the calendar quarter January 1 - March 31, followed by July 31, October 31, and January 31 for the other three (3) respective calendar quarters. The report must be maintained by the assessable insurer in a format that can be retrieved by LCPIC from a password protected file transfer protocol (FTP) site or other acceptable electronic format. LCPIC shall place the procedures for this on the LCPIC web site at www.lacitizens.com.
- K. Receipt of an Emergency Assessment payment during a calendar quarter by the assessable insurer shall trigger the Emergency Assessment to appear on the quarterly report even if receipt occurs prior to the effective date of the policy.
- L. An Emergency Assessment shall be deemed fully earned on the effective date of the policy.
- M. If an assessable insurer objects to all or any portion of an Emergency Assessment collection, the remittance process, and/or fails to remit the collected Emergency Assessments to LCPIC by the last day of the month following the close of each calendar quarter, or within 30 days of being notified by LCPIC of additional amounts due for the Emergency Assessment, the assessable insurer shall, within thirty (30) days of the date of the notification by LCPIC:
 - 1) Remit the full amount of the Emergency Assessment collected with a full reservation of rights; and
 - 2) File a written appeal with LCPIC as per LCPIC' Plan of Operation.
 - 3) In the event any outstanding amount is not appealed within the 30 day

time-frame, LCPIC is vested with the right to apply a penalty to the outstanding balance equal to the judicial interest rate, as set by the Louisiana Legislature, and in effect at the time of the failure to timely remit payment.

- N. If the assessable insurer is not able to resolve the dispute with LCPIC, the assessable insurer may file a written appeal with the Louisiana Commissioner of Insurance setting forth each and every factual and legal basis for the assessable insurer's objection to the collection and/or remittance of an Emergency Assessment levied by LCPIC. The Louisiana Commissioner of Insurance shall take appropriate action as set forth in the Louisiana Insurance Code.
13. In addition to any other legal rights, LCPIC shall have the right to refer any potential violation by an assessable insurer to the Louisiana Commissioner of Insurance for applicable and appropriate legal redress. The right to take independent legal action against an assessable insurer and/or to refer any potential violation by an assessable insurer to the Louisiana Commissioner of Insurance for the potential violation of these guidelines and/or the underlying statutory law applicable to LCPIC relative to a Regular Assessment and/or an Emergency Assessment is vested in LCPIC by the Louisiana Insurance Code. The Louisiana Commissioner of Insurance retains the independent right to take legal action against an assessable insurer for the potential violation of the Assessment process and/or the underlying statutory law applicable to LCPIC relative to a Regular Assessment and/or an Emergency Assessment.