

Louisiana Citizens Property Insurance Corporation
Depopulation Process Round 13
May 1, 2019

Introduction

New or existing private insurance companies are encouraged to assume policies currently covered by Louisiana Citizens Property Insurance Corporation (Louisiana Citizens) from a data file of policies approved for depopulation in accordance with LSA-R.S. 22:2314(B)(1).

Through this process, Louisiana Citizens can transfer selected policies back to the private insurance market. An insurer must be an admitted carrier, and have a Certificate of Authority from the Louisiana Department of Insurance to qualify for depopulation participation. Additionally, the insurer must be rated at least a B+ by AM Best or have an equivalent rating to qualify.

Timeline and Requirements for Assumption

The assumption date for Round 13 is December 1, 2019. This is the date when the insurers will assume the approved policies from Louisiana Citizens Property Insurance Corporation. The procedures and dates to effect this assumption are incorporated into the steps below:

Step 1. An insurer may request, for purposes of depopulation and subject to an appropriate non-disclosure agreement, an initial data file of approved policies currently in force and eligible for assumption through Louisiana Citizens. Those policies currently pending cancellation, or set for non-renewal will not be included for consideration in the data file. Using this data file, the insurer should identify those policies it wishes to take out.

The initial data file will be made available in Microsoft Access format by August 2, 2019. The data will be as of July 31, 2019.

Step 2. After selection of the “take out” policies, in accordance with LSA-R.S. 22:1474, the insurer must secure approval from the current producer of record to assume the business.

Between September 2, 2019 and October 31, 2019, the depopulation companies will work with producers to seek final producer approval on individual policies.

To facilitate the insurer selection and the producer authorization process, Citizens’ web portal should be used. The web portal can be accessed through the Louisiana Citizens’ website, www.lacitizens.com.

Insurer Initial _____

LCPIC Initial _____

Insurers shall access the portal through a secure log in and ‘request’ the policies they wish to assume. An insurer will not be able to view another insurer’s request. The portal will be made available to insurers on September 2, 2019.

This portal will be available to producers on October 1, 2019. Producers shall access the portal and authorize one company to assume each of their policies. While producers may represent multiple depopulation insurers they should not authorize an individual policy to more than one depopulation company. Producers should not authorize any policies which do not meet the insurer’s underwriting standards and should remain with Citizens.

Insurers will have access to the portal to select policies from September 2, 2019 till October 31, 2019, while producers will have access to the portal to authorize policies to insurers from October 1, 2019 till October 31, 2019.

Step 3. Insurers must have their companies’ forms and rates approved by the Louisiana Department of Insurance on or before October 1, 2019. In accordance with LSA-R.S. 22:2314, insurers must provide proof to Louisiana Citizens that rates have been approved and are adequate under LSA-R.S. 22:1451 et seq. and comply with LSA-R.S. 22:2303. Failure to provide such proof related to rates and forms by October 1, 2019 will result in disqualification to participate in this year’s round of depopulation.

Step 4. Access to the portal to make changes will be terminated on October 31, 2019. LCPIC will examine the data, check to remove any policies that are not in force, and mark the producer approved policies for take out with the appropriate depopulation company. This list will be sent to the companies on or around November 15, 2019.

Step 5. The assuming insurer shall mail a certificate of assumption to each assumed policyholder confirming the assumption. This certificate shall be mailed between November 20, 2019 and November 30, 2019, and the agent should be copied. The certificate needs prior approval of both the Louisiana Department of Insurance and Louisiana Citizens. A separate letter to the insured and producer will also be mailed from Louisiana Citizens, informing them of the assumption.

On November 20, 2019, Louisiana Citizens will issue Assumption Agreements to the depopulation companies covering the selected policies. The assumption agreement must be reviewed and approved by the Louisiana Department of Insurance.

The Assumption Agreements will be effective December 1, 2019. Depopulation insurers will be responsible for the handling of losses on their assumed policies from December 1, 2019.

Louisiana Citizens will continue to renew any assumed policies on their paper until March 1, 2020 when depopulation carriers will provide replacement policies on their paper.

Insurer Initial _____

LCPIC Initial _____

Louisiana Citizens will transfer the unearned premium less our ceding commission (16%) and a retention of 5% of the unearned premium to the company no later than January 20th.

A monthly bordereau is prepared by Louisiana Citizens for each company and any necessary exchange of funds is effected monthly. Late payments for money due to Louisiana Citizens will be subject to penalty per the Assumption Agreement.

Step 6. Any policyholder wishing to ‘opt out’ of the assumption and remain with Louisiana Citizens can do so through February 29, 2020. This gives the policyholder approximately ninety (90) days after their policy has been assumed. The producer shall complete and sign the Request to Continue Coverage Form available on our website to effect a policyholder opt out. The policyholder can also send in an opt-out form that will be sent out with the assumption letter. Companies are not to send out renewals for policies once notification to the company of opt-out has been received.

Insurers and producers will be notified of future depopulation rounds in this manner.

Insurer Initial _____

LCPIC Initial _____