

Louisiana Citizens Property Insurance Corporation
Depopulation Process Round 19
Assumption Date April 1, 2024

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.

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. Final approval from the Board of Directors is required in order for an insurer to participate in each round.

Timeline and Requirements for Assumption

The assumption date for Round 19 is April 1, 2024. 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. The initial data file will be made available the first week of November 2024. The data will be as of October 31, 2024.

Using this data file, the insurer should submit a list of those policies it wishes to take-out by December 15, 2023. Louisiana Citizens will analyze all requested policies and present to the board in January which policies will be offered.

Insurers should submit all required financial documents by December 15, 2023. Louisiana Citizens will present all applicants to the board in January for approval. Please refer to <https://www.lacitizens.com/depopulation/round-19-2024/duo-company-resources> for list of requirements.

Insurers will be notified of the Board of Directors decision regarding their application and policies approved for take-out.

Insurer Initial _____

LCPIC Initial _____

Step 2. In accordance with LSA-R.S. 22:1474, the insurer must secure approval from the current producer of record to assume the business.

Insurers must submit Coverage Comparison Worksheets for all policy forms selected for potential assumption. Completed forms will be posted to Louisiana Citizens' website as a resource for agents and policyholders to compare coverages.

Between January 15, 2024 and February 29, 2024, the depopulation companies will work with producers to seek final producer approval on individual policies. Producers shall access the authorization portal to approve any requests. Requested policies not authorized shall remain with Louisiana Citizens. 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.

Step 3. Insurers must have their companies' forms and rates approved by the Louisiana Department of Insurance on or before March 31, 2024. 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 March 31, 2024 may result in disqualification to participate in this round of depopulation.

Step 4. Access to the portal to make changes will be terminated on February 29, 2024. Louisiana Citizens 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 March 8, 2024.

Step 5. The assuming insurer shall mail a certificate of assumption to each assumed policyholder confirming the assumption. This certificate shall be mailed between March 18, 2024 and March 31, 2024, 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 March 18, 2024, Louisiana Citizens will issue Assumption Agreements to the depopulation companies covering the take-out policies. The assumption agreement must be reviewed and approved by the Louisiana Department of Insurance.

The Assumption Agreements will be effective April 1, 2024. Depopulation insurers will be responsible for the handling of losses on their assumed policies from April 1, 2024.

Louisiana Citizens will continue to renew any assumed policies on their paper until July 1, 2024 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 May 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 June 30, 2024. This gives the policyholder approximately ninety (90) days after their policy has been assumed. The producer can 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 _____