



Property & Casualty Policy Forms

Rachelle Carter

Director, Policy Forms

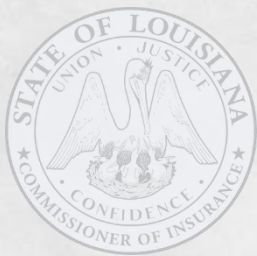
August 4, 2016

LDI Louisiana
Department of
Insurance

LOUISIANA INSURERS' CONFERENCE
ANNUAL LOUISIANA INSURANCE COMPLIANCE SEMINAR &
LEGISLATIVE REVIEW

August 3-5, 2016 | Hotel Monteleone New Orleans

LIC is Charting the Course



P&C Policy Forms Staff

Warren Byrd,
Deputy Commissioner

Charles Hansberry,
Assistant Commissioner

Barbara Blair,
Insurance Technician 2

Rachelle Carter,
Director

Audrey Higginbotham,
Insurance Specialist 3

Geralyn May,
Insurance Specialist 2

Joycelyn Spriggs,
Insurance Specialist 2

Stephen Thibodeaux,
Insurance Specialist 2

Shawanda Smith,
Insurance Specialist 2

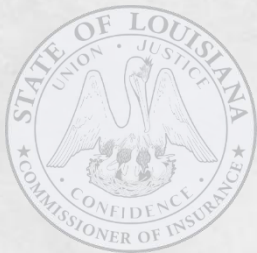
Jake Riviere,
Insurance Specialist 2

Kim Henderson
Richardson,
Insurance Specialist 2

Bernadette Williams,
Insurance Specialist 2

John Lala,
Insurance Specialist 2





Topics of Discussion

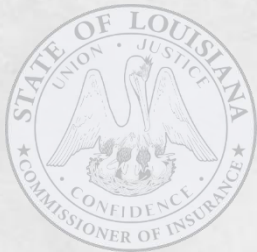
- **Legislative Changes**
- **Frequent Submission Errors**
- **Most Common Compliance Issues**



2016 Legislation



LDI Louisiana
Department of
Insurance

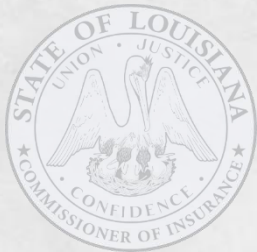


2016 Legislation

ACT 274 (HB 184) Effective 8-1-2016

- Adds a requirement to the Homeowners Insurance Policy Coverage Disclosure Summary
- Claims that fall within the deductible and do not result in a payment to the insured or on behalf of the insured may be used by the insurer to increase policy premium or as part of the basis for cancellation

➤ **La. R.S. 22:1332(B)(7)**

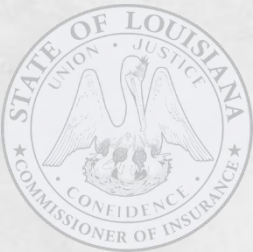


2016 Legislation

ACT 278 (HB 476) Effective 8-1-2016

- Changes the Certificate of Insurance (COI) approval process
- COI forms promulgated by insurers, ACORD, ISO and AAIS may be used
- Insurers no longer file COIs for approval and the LDI approval number is no longer required
- Previous requirements for COIs remain the same

➤ **La. R.S. 22:890**



2016 Legislation

ACT 596 (HB 935) Effective 1-1-2017

- Requires insurers to provide written notice to policyholders of policy coverage reductions at renewal
- Policyholder notices that are not made part of the policy are not required to be filed for approval

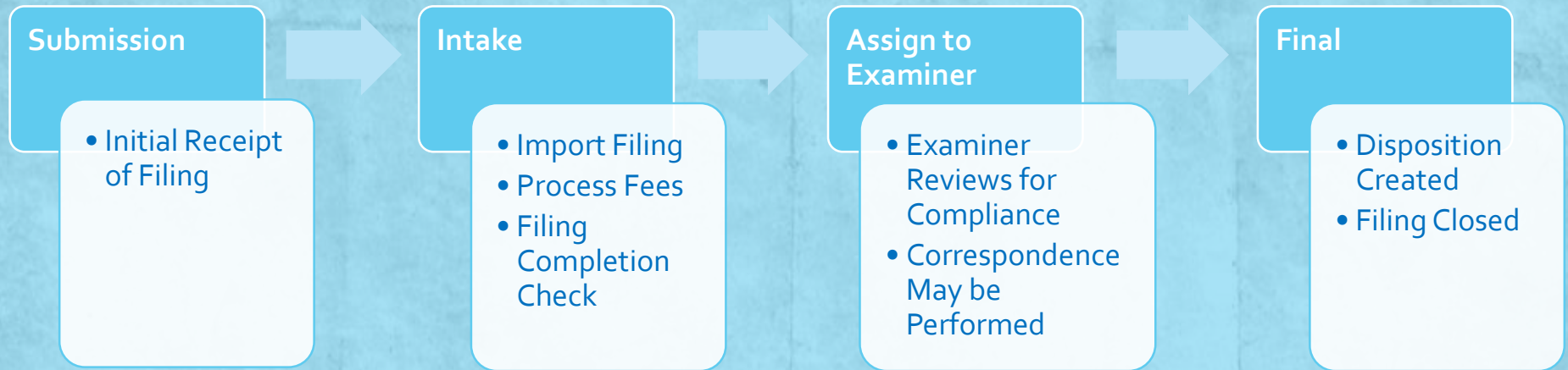
➤ **La. R.S. 22:41.1**

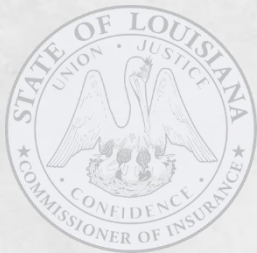
Frequent Submission Errors





Filing Process

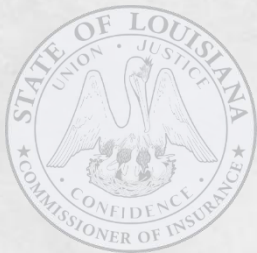




Frequent Submission Errors

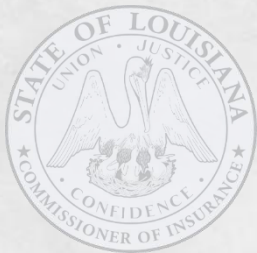
- Filing Fees
- Statement of Compliance
- New programs
- Adoptions





Frequent Submission Errors Filing Fees

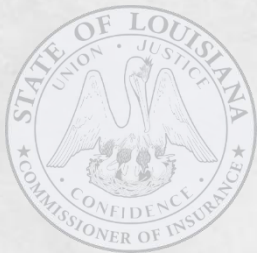
- \$100 per product, per insurance company
- \$25 per endorsement filing, per insurance company
- \$20 per filing adoption of each advisory organization's reference or item filing (designation number), per company



Frequent Submission Errors Filing Fees

PRODUCT

- Fees are \$100 for each stand alone policy and/or coverage part within the same program, per company
- Any endorsements, applications and declaration pages submitted in conjunction with the product are included in the \$100 per product fee



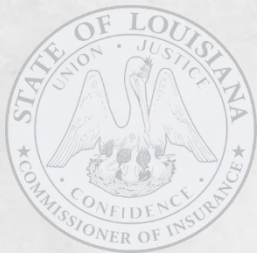
Frequent Submission Errors Filing Fees

PRODUCT

- If you are submitting policies and/or coverage parts that are not stand alone (cannot be sold separately), note this in the Filing Fee Tab or the General Information Tab

ENDORSEMENT FILINGS

- The fees are \$25 per filing (not per endorsement) per company



Frequent Submission Errors Filing Fees

Product Filing Matrix

Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

Home Search Fee Wizard FAQ Help What's New

PRODUCT FILING MATRIX

Welcome to the Louisiana Department of Insurance's Product Filing Matrix (PFM). Designed to simplify the filing process for insurers, the PFM will allow you to search filing requirements per product line and generate a Statement of Compliance that displays the legal references related to the insurance product selected.

Additionally, LDI Regulation 78 provides insurers with the ability to certify compliance for certain products as designated in LDI Directive 174. Insurers will certify that a filing complies with all state and federal laws, rules and regulations, and in return, receive expedited approval.

[Begin Your Search](#)

FEE WIZARD

Use the wizard to calculate your fees

[Calculate Fee](#)

FAQ

Get answers to your questions or contact us

[Read FAQs](#)

HELP

Read instructions or access the help manual

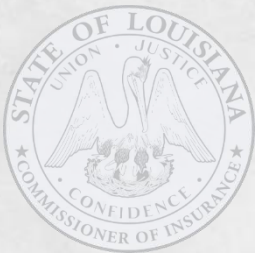
[Get Instructions](#)

WHAT'S NEW

See what has been recently added or updated in the PFM

[See What's New](#)

100%



Frequent Submission Errors Statement of Compliance (SOC)


- Incorrect SOC
- Blank SOC



http://ia.la.state.la.us/ProductMatrix/product/StatementOfCompliance?productId=14395 - Windows Internet Explorer

http://ia.la.state.la.us/ProductMatrix/product/State... state.la.us

Convert Select



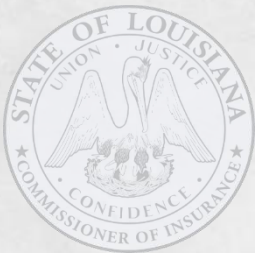
LOUISIANA DEPARTMENT OF INSURANCE
STATEMENT OF COMPLIANCE
POLICY FORM / RATE / ADVERTISING FILING

Insurer Name: Product Code: P0204-010000
 NAIC #: Product Name: Homeowners
 Company Tracking #: Policy Holder Type:
 Filing Submission Date:

The Certification of Compliance Form CANNOT BE FILED for this product type.

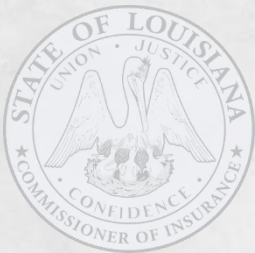
Form Filing Requirements	Description	Form - Section / Page #
La. R.S. 22:§860 A	Warranties and misrepresentations by the insured made in the negotiation of a contract cannot be deemed material or void the contract unless such is made with the intent to deceive.	
La. R.S. 22:§864 B(1)	A policy shall specify the names of the parties to the contract. The insurer's name and if not a life insurer, the type of organization shall be clearly shown in the policy.	
La. R.S. 22:§864 B(2)	A policy shall specify the subject of the insurance.	
La. R.S. 22:§864 B(3)	A policy shall specify the risks insured against.	
La. R.S. 22:§864 B(4)	A policy shall specify the time at which the insurance thereunder takes effect and the period during which the insurance is to continue.	
La. R.S. 22:§864 B(5)	A policy shall include a statement of the premium. If other than life, accident or health, or title insurance, the premium rate should also be specified.	

7/7/2014 page 1 of 10



Frequent Submission Errors New Programs

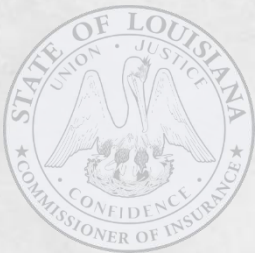
- Initial/New Program filings should also include declaration pages, applications (if made part of policy), and any policy jackets or any signature page
- New Programs must have a new rate filing that corresponds



Frequent Submission Errors Adoptions

ADOPTION FILINGS – WITH FILING AUTHORITY

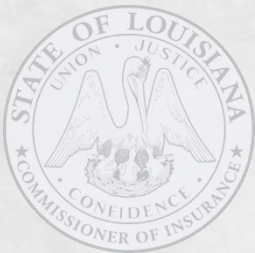
- Companies that have granted the Rating Organization filing authority, using same effective date, or for an initial/new program, do NOT require adoption filing fees
- Filing fees for declaration pages, applications, or other independent forms still apply



Frequent Submission Errors Adoptions

WITH FILING AUTHORITY - DELAYED

- Companies that have granted the Rating Organization filing authority, but using a later effective date, adoption filing fees DO apply
- \$20 per advisory organization's reference or item filing (designation number), per company
- Filing fees for declaration pages, applications, or other independent forms apply separately



Frequent Submission Errors Adoptions

ADOPTION FILINGS – W/OUT FILING AUTHORITY

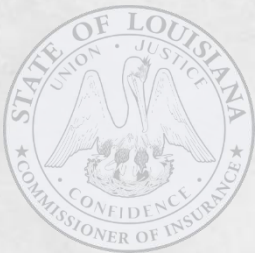
- Companies that have NOT granted the Rating Organization filing authority, adoption filing fees DO apply
- \$20 per each advisory organization's reference or item filing (designation number), per company
- Filing fees for declaration pages, applications, or other independent forms apply separately

Most Common Compliance Issues



RUH-ROH!

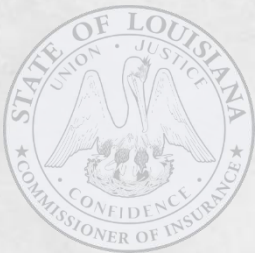




Most Common Compliance Issues

- **Arbitration**
- **Misrepresentations & Warranties**
- **Pollution/Pollutants**
- **Duty to Defend**
- **UM/UIM Exclusions in Umbrella/Excess Filings**

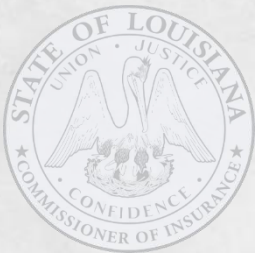




Most Common Compliance Issues

Arbitration

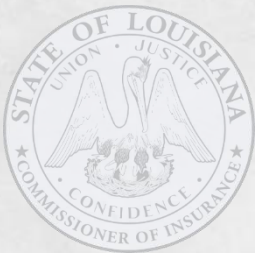
- Binding mandatory arbitration clauses are not allowed
 - Language that deprives the Louisiana courts of the jurisdiction of action against an insurer is prohibited
 - Policy language should state voluntary and non-binding
-
- LDI Directive 173 and La. R.S. 22:868A
 - For UM coverage see La. R.S. 22:1295(5)



Most Common Compliance Issues

Misrepresentations & Warranties

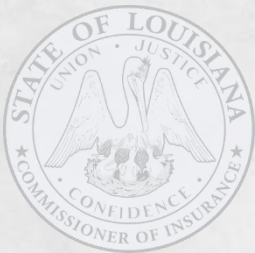
- Representations and warranties cannot be deemed material, and misrepresentations cannot void the policy or defeat coverage unless:
 - (1) the statement is false
 - (2) it was made with the intent to deceive and
 - (3) it is material to the risk



Most Common Compliance Issues

Misrepresentations & Warranties

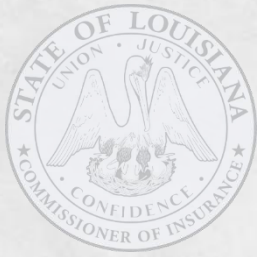
- For a policy to be void, the misrepresentation must be made with the intent to deceive when applying for coverage
- After the contract is formed, misrepresentations are grounds to deny coverage and reasons for cancellation, but until cancellation is effective, the insurer must supply coverage and pay legitimate claims
- **La. R.S. 22:887, La. R.S. 22:1266, and La. R.S. 22:1267**



Most Common Compliance Issues

Pollution/Pollutants

- LDI Advisory Letter 97-01, LDI Advisory Letter 01-01 and Addendum, and LDI Directive 137
- This Department views pollutants as substances that damage the natural environment when accidentally spilled, leaked, or discharged.



Most Common Compliance Issues

Pollution/Pollutants

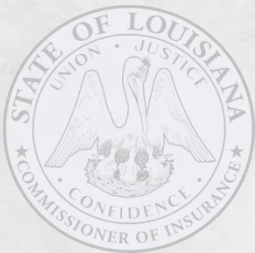
- Pollutants are the wastes or by-products which result from business, industrial or manufacturing operations. It's the stuff left over that you can't do anything with but throw away, either by dumping it into a waterway, discharging it into the air, or putting it in a pit in the ground. Under state and federal law you must have a permit to transport, store or otherwise dispose of pollutants.



Most Common Compliance Issues

Pollution/Pollutants

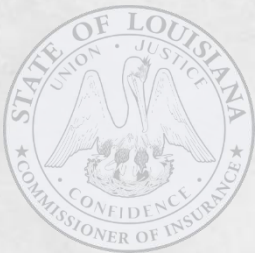
- If the damage is due to a covered cause of loss, the presence of pollutants on the premises does not convert the covered claim to a non-covered claim. The insurer should pay to replace or repair the area damaged by a covered cause of loss.



Most Common Compliance Issues

Pollution/Pollutants

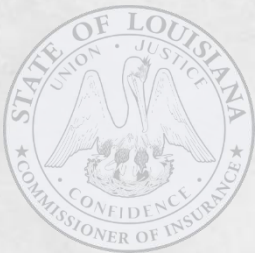
- The pollution exclusion is applicable when damage is due to the presence of “pollutants” but not just because something escapes and makes a big mess.
- **For example:** A milk truck could tip over and leak milk into a catfish pond and all the fish could die, but that doesn’t trigger the pollution exclusion because milk is a “product” and not a by-product.



Most Common Compliance Issues

Pollution/Pollutants

- Products (as opposed to by-products) that get into floodwaters, even if harmful (i.e., household cleaning products, such as bleach), are **not** “pollutants” for purposes of triggering the pollution exclusion.
- For example, oil is not considered a pollutant. The general rule is that “floodwater” is not a “pollutant” notwithstanding the fact that floodwater is usually full of unhealthy matter.



Most Common Compliance Issues

Pollution/Pollutants

- In general, issue separate pollution exclusions with exceptions to policies to comply with advisory letters.
- Only issue separate total pollution exclusions to those insureds who meet the underwriting justification as indicated in the advisory letters.
- Provide an explanation regarding the above with submission of pollution exclusions.

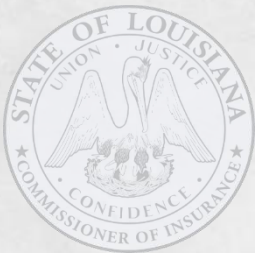


Most Common Compliance Issues

Duty to Defend

➤ La. R.S. 22:1269D

- An insurer's duty to defend ends when the limit of liability has been exhausted by the payment of a judgment or settlement, not when the insurer's limit of liability has been exhausted.
- Insurers cannot simply tender their limit of liability before a settlement or judgment is reached, and thus, relieve themselves of their duty to defend the insured.



Most Common Compliance Issues

Duty to Defend

- Certain types of policies are allowed to provide for defense costs within the limits of liability or split limits with a separate limit for defense costs. Such policies can state the duty to defend ends upon the exhaustion of the limits.
- If the policy is excess, the insurer does not have a duty to defend, but retains a right to associate in the defense of the insured.



Most Common Compliance Issues

Duty to Defend

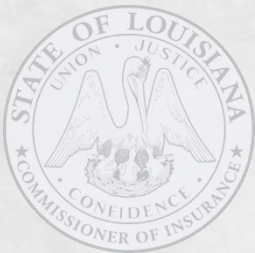
- A provision that states that the duty to defend ends upon the payment of judgments, settlements or medical expenses is not approvable.
- Language stating the insurer has no duty to defend any suit or settle any claim for loss or damage that is not covered under the terms of the policy is not approvable.
- The insured might be forced to defend claims when the extent of coverage is in dispute, or in those instances when a covered claim is coupled with an uncovered claim.



Most Common Compliance Issues

Uninsured Motorists (UM) Exclusions - Umbrella/Excess Policies

- Insurers are required to offer UM coverage under an umbrella or excess policy when that policy covers “liability arising out of the ownership, maintenance, or use of any motor vehicle”
- La. R.S. 22:1295, Southern American ins. Co. v. Dobson, 441 So. 2d 1185 (La. 1983)
- La. R.S. 22:1295 and LDI Bulletin No. 08-02
- Duncan v. U.S.A.A. Ins. Co., 950 So. 2d 544 (La. 2006)



Office Contact Information

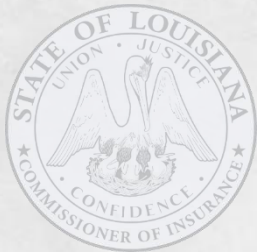


Office of Property & Casualty Policy Forms Division

- **(225) 342-5203**
- **(800) 259-5300**
- **www.lidi.la.gov**

Product Filing Matrix (PFM):

- **<http://ia.lidi.state.la.us/productmatrix/>**



Closing Summary

Rachelle Carter

Director, Policy Forms

August 4, 2016

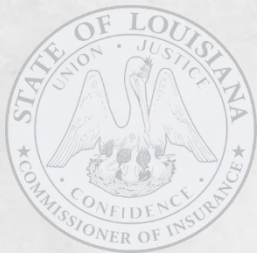
(225) 219-5093

rcarter@ldi.la.gov



Tips

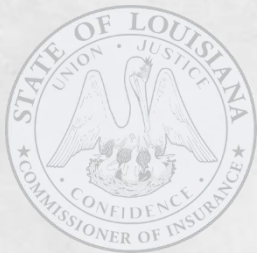




Tips

- Use PFM's Fee Wizard
- Use help documents on PFM
- If endorsement filing, provide approved policy information
- Provide explanations of changes (Red-lined/Marked Copies)
- Provide detailed program information (Who, What, Where, When, Why, How)
- Reference or provide copies of Louisiana Changes endorsements

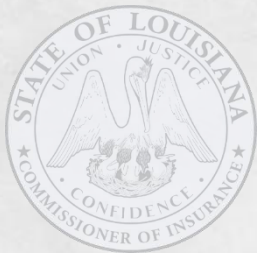




Tips

- Provide rating organization designation/item numbers for all adoptions and initial programs
- If new member to rating organization, provide proof of filing authority
- Reference Louisiana Changes endorsements on SOC
- Reference how policies and/or coverage parts will be sold (monoline or package only)





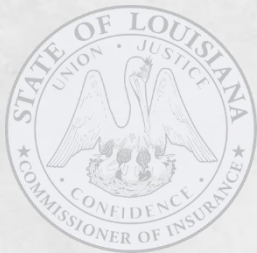
Tips

- Be aware of legislative changes
- If resubmission of disapproval, provide copy of disposition letter with outlined changes
- Ensure data entered in SERFF is correct
- Respond to correspondence
- Check for Notes to Filer in SERFF



Filing Fee Wizard





Filing Fee Wizard

Product Filing Matrix

Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

Home Search Fee Wizard FAQ Help What's New

PRODUCT FILING MATRIX

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[Begin Your Search](#)

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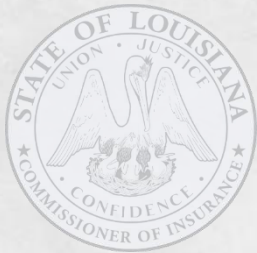
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WHAT'S NEW

See what has been recently added or updated in the PFM

[See What's New](#)

100%



Filing Fee Wizard


Product Filing Matrix Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

[Home](#) [Search](#) [Fee Wizard](#) [FAQ](#) [Help](#) [What's New](#)

Fee Wizard [Learn More](#)

Welcome to the Fee Calculator. Please start the wizard by clicking on a button below.


P&C



Click start below to begin the fee wizard for Property and Casualty Products.

Start


Health



Click start below to begin the fee wizard for Health Products.

Start

Life, Annuity & Long Term Care

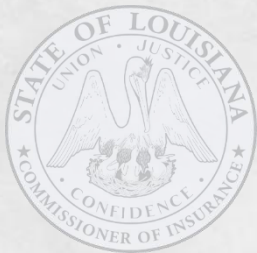


Click start below to begin the fee wizard for Life & Annuity Products.

Start

↑

100%




Filing Fee Wizard

Product Filing Matrix Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

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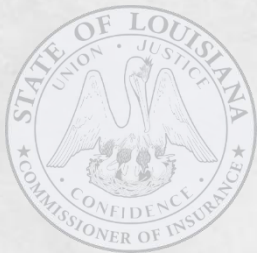
 **Property and Casualty**

Please choose your Filing Type.

- Adoption
- Endorsement, Declarations, Applications or Policy Jackets
- Complete Filing
- Policy Only
- Specialty Insurers
- Other

[Prev](#) [Next](#)

100%



Filing Fee Wizard

Product Filing Matrix Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

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Property and Casualty

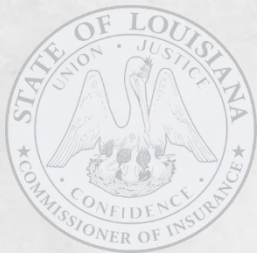
How many companies are included in your filing?

How many policies are in your filing?

Any endorsements, applications and declaration pages submitted in conjunction with the policy and/or coverage part are included in the fee.

[Prev](#) [Next](#)

<http://ia.lidi.state.la.us/ProductMatrix/Assessment/PCFilingTypes> 100%



Filing Fee Wizard

Product Filing Matrix

Louisiana Department of Insurance

1702 North 3rd Street Baton Rouge, LA 70802

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Property and Casualty

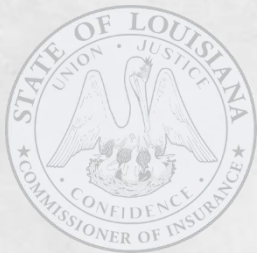
How will the policies be sold?

- Mono-Line (Stand-alone)
- Package

Prev

Next

100%



Filing Fee Wizard

Product Filing Matrix

Louisiana Department of Insurance
1702 North 3rd Street Baton Rouge, LA 70802

- Home
- Search
- Fee Wizard
- FAQ
- Help
- What's New

Fee Wizard [Learn More](#)



Property and Casualty

The total fee for this filing is: \$600.00

Please enter your company name so that we can personalize this summary for you.

Company Name: [Download Summary](#)

Prev

Exit



100%

Filing Fee Wizard



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

FEE ASSESSMENT WIZARD

Company: Rachelle

Date: July 30, 2015

Wizard Type: Property & Casualty

Thank you for using the LDI Product Filing Matrix Fee Assessment Wizard. The wizard used the steps listed below to determine your estimated fee.

Step 1: Please choose your Filing Type.

Complete Filing

Step 2: How many companies are included in your filing?

3

Step 3: How many policies are in your filing?

2

Step 4: How will the policies be sold?

Mono-Line (Stand-alone)

Step 5: **The total fee for this filing is:**

\$600.00