



LOUISIANA DEPARTMENT OF INSURANCE
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BULLETIN NO. 07-01

TO: All Property and Casualty, Domestic Insurers and Other Insurers and Entities Regulated by the Louisiana Department of Insurance

FROM: James J. Donelon, Commissioner

RE: Written Catastrophe Response Plans

DATE: February 8, 2007

Hurricane Katrina and Hurricane Rita caused massive destruction to the lives, livelihoods, and property of many citizens of this state. The impact of these storms was so great that many Louisiana citizens are now displaced in various parts of this country. As a result of the devastation caused by Hurricane Katrina and Hurricane Rita and their effect upon this state and nation, the Louisiana Legislature recognized that the interest of the public demands that certain insurers have a catastrophe plan in place should a similar emergency arise again. It has come to the attention of the Commissioner of Insurance ("Commissioner") that regulated insurers need guidance with regard to the statutorily required catastrophe plans.

Property and Casualty and Domestic Insurers

Recently in its 2006 Regular Session, the Louisiana Legislature enacted Acts 2006, No. 429 (H.B. 1262)¹ which pertains to written catastrophe response plans ("plan"). This law became effective August 15, 2006 and requires insurers issuing property and casualty policies to maintain a catastrophe plan for the benefit of its policyholders in the event of a disaster or emergency. It has been brought to the attention of the Commissioner that some insurers may not be aware of this new law. Therefore, the purpose of Bulletin 07-01 is to advise property and casualty and domestic insurers of their responsibilities as it relates to catastrophe plans.

¹ Originally codified at La. R.S. 22:1478 but redesignated as La. R.S. 22:1479.

Under Act No. 429, any insurer writing any commercial or residential property, automobile, marine, or inland marine insurance must maintain a written catastrophe plan or plan that describes how it will respond to a catastrophe affecting its policyholders in this state. Although this Act does not specify what particular elements are to be included in the plan, the Commissioner is of the opinion that for proper continuity of the insurer's business operations that the plan contains, at a minimum, provisions to ensure that the insurer is prepared for and can respond to emergencies and disasters that may affect its policyholders such as:

- emergency contact information of the insurer (i.e., electronic mail address, phone number(s), etc.) to be provided to the general public and the Department of Insurance ("Department");
- emergency contact information of key or essential personnel of the insurer;
- alternative office location(s) or worksite(s);
- procedures for back-up, storage, and retrieval of records and data, including accessibility to and security of such records and data;
- procedures for communications with policyholders;
- procedures for the distribution of catastrophe claims information;
- procedures for the handling and processing of existing claims and potential claims that may arise or accrue to any person under any insurance contract issued by the insurer;
- procedures for training staff; and
- any other information that may be useful to the policyholder and the Department.

The language in Act No. 429 specifically addresses property and casualty insurers. However, in accordance with La. R.S. 22:1301 *et seq.*, all domestic insurers issuing, delivering, or renewing policies in this state are required to file a copy of its plan with the Office of Financial Solvency of the Department of Insurance as a part of the examination process. This plan shall be produced to and will be reviewed by the Office of Financial Solvency during the examination or at any time at the discretion of the Commissioner. The plan will be maintained by the Office of Financial Solvency and shall be given confidential treatment along with all other analysis and examination working papers, documents, and reports. Moreover, it will not be subject to public records disclosure, nor shall it be made public by the Commissioner. Failure to maintain a plan will be deemed a "violation" of this Act for property and casualty insurers and a "finding" for all domestic insurers on their respective examination report and may further subject the insurer to legal action.


Other Insurers and Entities Regulated by the Department

Pursuant to 22:2 *et seq.*, the Commissioner is vested with the authority to regulate the insurance industry in all its phases, and it is the intent of the Commissioner to ensure that policyholders in this state are receiving prompt and effective services from their respective insurance company, particularly in response to a disaster. Therefore, the Commissioner hereby directs that insurers writing other lines of business, excluding those mentioned above, and other entities regulated by the Department shall develop and file a copy of its plan with the Office of Financial Solvency. This measure is to ensure that a mechanism is in place when a catastrophe occurs and those policyholders suffering any type of losses will have access to emergency information and services provided by the insurer. This information shall be considered proprietary and treated as confidential. It shall not be subject to public records disclosure or made public by the Commissioner.

As a result of these recent changes, the Commissioner urges all property and casualty and domestic insurers to initiate and complete the development of a plan to ensure full compliance with Act No. 429 and La. R.S. 22:1301 *et seq.* Other insurers and entities regulated by the Commissioner are also encouraged to develop a plan in order to respond to the needs of their policyholders. Additionally, all insurers and entities should do or take whatever action that is necessary, incidental or appropriate for the implementation of such plan.

Questions regarding this bulletin or the application of Act No. 429 and La. R.S. 22:1301 *et seq.* should be directed to Deputy Commissioner Denise Brignac, Office of Financial Solvency, at (225) 342-1631 and/or by e-mail at dbrignac@ldi.state.la.us.

Baton Rouge, Louisiana this 8th day of February 2007.


JAMES J. DONELON
COMMISSIONER OF INSURANCE