



Louisiana Senate Finance Committee



FY24 Recommended Budget

04-165 – Department of Insurance

March 2023

*Sen. Patrick Page Cortez, President
Sen. Bodi White, Chairman*



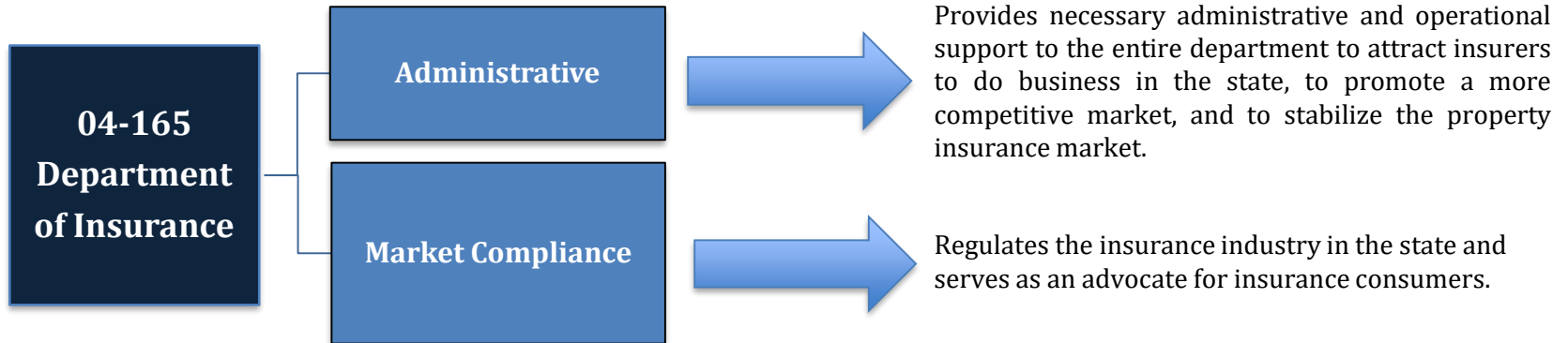
FY24 Recommended Budget

Schedule 04-165 — Department of Insurance

Departmental mission — The mission of the Louisiana Department of Insurance is to regulate the insurance industry in the state (licensing of producers, insurance adjusters, public adjusters, and insurers), and to serve as an advocate for the state’s insurance consumers.



LDI Louisiana
Department of
Insurance



Total Funding — All Means of Finance

Total Funding	FY22 Actual	FY23 Enacted	FY23 EOB as of 12-1-22	FY24 Recommended	Difference FY23 EOB HB1 vs. FY24 Recommended
Administrative	\$ 12,548,788	\$ 15,308,348	\$ 15,473,348	\$ 18,312,352	\$ 2,839,004
Compliance	\$ 18,957,937	\$ 21,496,289	\$ 21,496,289	\$ 21,355,816	\$ (140,473)
TOTAL	\$ 31,506,725	\$ 36,804,637	\$ 36,969,637	\$ 39,668,168	\$ 2,698,531
Total Authorized FTEs	222	222	222	222	-



Department of Insurance

Changes in Funding since FY16

Total Budget by Fiscal Year and Means of Finance
(in \$ millions)

Change from FY16 to FY22 is +11.3%.

Change from FY16 to FY24 is +40.3%.



	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Actual	FY23 Enacted	FY23 as of 12/1/22	FY24 Recommended
■ SGF	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
■ IAT	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
■ FSGR	\$26,043,455	\$26,647,792	\$27,453,815	\$27,231,282	\$27,923,997	\$29,645,730	\$30,021,085	\$35,608,966	\$35,773,966	\$38,472,497
■ STAT DED	\$1,308,734	\$1,381,529	\$1,650,205	\$1,783,762	\$1,798,152	\$857,786	\$910,373	\$-	\$-	\$-
■ FED	\$916,516	\$717,560	\$552,067	\$622,222	\$539,308	\$366,290	\$575,267	\$1,195,671	\$1,195,671	\$1,195,671

Note: In FY22, the Administrative Fund was re-classified to a Self-Generated Dedicated Fund Account. In FY23, the Insurance Fraud Fund and the Auto Theft and Insurance Fraud Prevention Authority Fund were re-classified to a Self-Generated Dedicated Fund Account.



Department of Insurance

Significant Budget Adjustments Recommended for FY24

Statewide Adjustments to Department of Insurance Budget

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$35,773,966	\$0	\$1,195,671	\$36,969,637	222	FY23 Existing Operating Budget as of 12-1-22
\$0	\$0	\$52,000	\$0	\$0	\$52,000	0	Acquisitions & Major Repairs
\$0	\$0	\$123,963	\$0	\$0	\$123,963	0	Administrative Law Judges
\$0	\$0	(\$492,005)	\$0	\$0	(\$492,005)	0	Attrition Adjustment
\$0	\$0	\$10,742	\$0	\$0	\$10,742	0	Capitol Park Security
\$0	\$0	(\$5,162)	\$0	\$0	(\$5,162)	0	Civil Service Fees
\$0	\$0	\$70,238	\$0	\$0	\$70,238	0	Civil Service Pay Scale Adjustment
\$0	\$0	\$46,872	\$0	\$0	\$46,872	0	Civil Service Training Series
\$0	\$0	\$53,117	\$0	\$0	\$53,117	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$40,418	\$0	\$0	\$40,418	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	(\$7,824)	\$0	\$0	(\$7,824)	0	Legislative Auditor Fees
\$0	\$0	\$14,918	\$0	\$0	\$14,918	0	Maintenance in State-owned Buildings
\$0	\$0	\$537,826	\$0	\$0	\$537,826	0	Market Rate Adjustment
\$0	\$0	(\$865,883)	\$0	\$0	(\$865,883)	0	Non-recurring 27th Pay Period
\$0	\$0	(\$647,692)	\$0	\$0	(\$647,692)	0	Non-recurring Acquisitions & Major Repairs
\$0	\$0	(\$8,691)	\$0	\$0	(\$8,691)	0	Office of State Procurement
\$0	\$0	\$5,599	\$0	\$0	\$5,599	0	Office of Technology Services (OTS)
\$0	\$0	\$195,640	\$0	\$0	\$195,640	0	Related Benefits Base Adjustment
\$0	\$0	\$129,270	\$0	\$0	\$129,270	0	Retirement Rate Adjustment
\$0	\$0	\$22,299	\$0	\$0	\$22,299	0	Risk Management
\$0	\$0	\$5,565	\$0	\$0	\$5,565	0	Salary Base Adjustment
\$0	\$0	(\$241)	\$0	\$0	(\$241)	0	State Treasury Fees
\$0	\$0	\$870	\$0	\$0	\$870	0	UPS Fees
\$0	\$0	(\$718,161)	\$0	\$0	(\$718,161)	0	Total Statewide Adjustments
\$0	\$0	\$2,750,000	\$0	\$0	\$2,750,000	0	Total New and Expanded Adjustments
\$0	\$0	\$666,692	\$0	\$0	\$666,692	0	Total Other Adjustments
\$0	\$0	\$38,472,497	\$0	\$1,195,671	\$39,668,168	222	Total FY24 Recommended Budget
\$0	\$0	\$2,698,531	\$0	\$0	\$2,698,531	0	Total Adjustments (Statewide and Agency-Specific)



Department of Insurance

Non-Statewide Adjustments for FY24

New and Expanded Adjustments

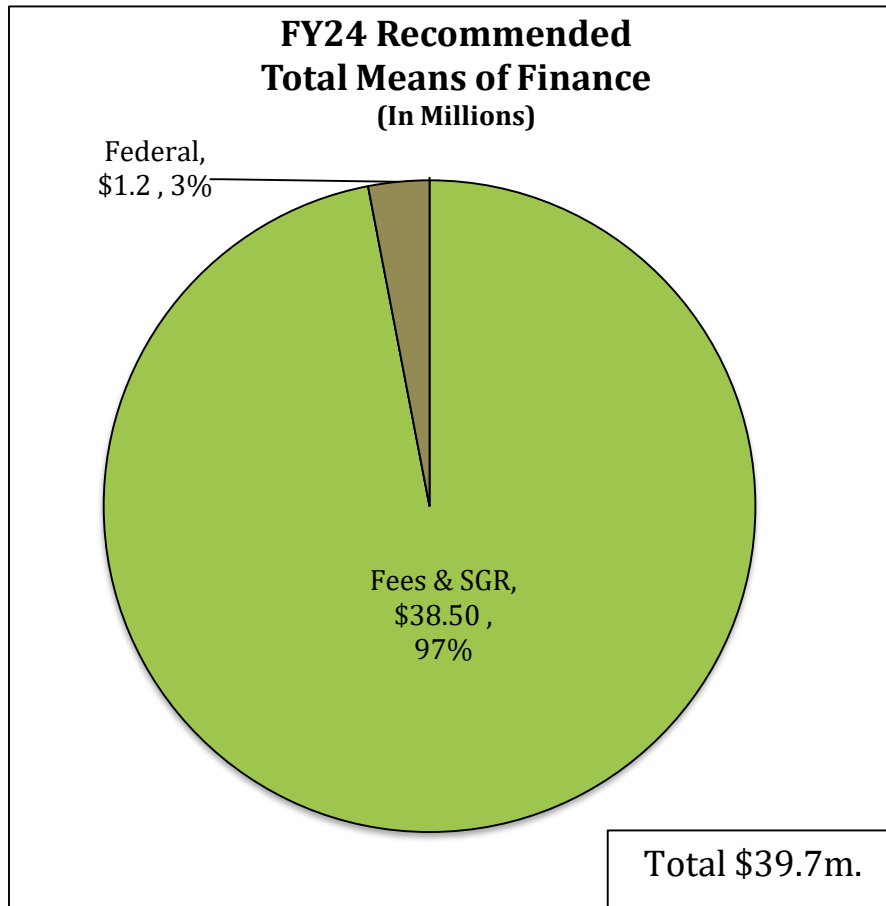
State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$2,750,000	\$0	\$0	\$2,750,000	0	Increase in funding for exterior waterproofing and reroofing of the Poydras Building.
\$0	\$0	\$0	\$0	\$0	\$2,750,000	0	Total New and Expanded Adjustments Adjustments

Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	(\$80,000)	\$0	\$0	(\$80,000)	0	Adjustment to match the amount to be received in Fiscal Year 2023-2024 from the Robert Wood Johnson Grant. The grant funds are being disbursed in two parts with \$165,000 being disbursed in Fiscal Year 2022-2023 and \$85,000 in Fiscal Year 2023-2024.
\$0	\$0	\$99,000	\$0	\$0	\$99,000	0	Increase in funding for information technology maintenance contract costs. The current contract expires June 30, 2023 and the costs are increasing due to required functionality and enhancements.
\$0	\$0	\$647,692	\$0	\$0	\$647,692	0	Increase in funding for replacement acquisitions of computers, servers, printers, and network hardware. The department is maintaining a five year replacement cycle for these types of equipment.
\$0	\$0	\$666,692	\$0	\$0	\$666,692	0	Total Other Adjustments



Department of Insurance FY24 Recommended Means of Finance



Non-SGF Sources of Funding:

Non-SGF means of finance in the department include **Fees and Self-generated Revenues and Federal Funds**.

Fees and Self-generated Revenues are derived from various fees and licenses authorized by R.S. 22:821; Assessments on various insurance policies written in Louisiana; **Funds re-classified as Fees and Self-generated Revenues:** Insurance Fraud Investigation Dedicated Fund Account (Per R.S. 40:1428); Administrative Dedicated Fund Account (Per R.S. 22:1071(D)(3)(b)); Automobile Theft and Insurance Fraud Prevention Authority Dedicated Fund Account (Per R.S. 22:2134).

Federal Funds are derived from the CFDA 93.324 Department of Health & Human Services Administration for Community Living CDAP State Health Insurance Assistance Program.



Department of Insurance

FY23 Enacted vs. FY24 Recommended Means of Finance by Agency

Changes in funding by Means of Finance.

FY23 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$14,112,677	\$0	\$1,195,671	\$15,308,348
Market Compliance	\$0	\$0	\$21,496,289	\$0	\$0	\$21,496,289
TOTALS	\$0	\$0	\$35,608,966	\$0	\$1,195,671	\$36,804,637
FY24 Recommended Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Administrative	\$0	\$0	\$17,116,681	\$0	\$1,195,671	\$18,312,352
Market Compliance	\$0	\$0	\$21,355,816	\$0	\$0	\$21,355,816
TOTALS	\$0	\$0	\$38,472,497	\$0	\$1,195,671	\$39,668,168
<i>Difference FY23 Enacted to FY24 Recommended</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,863,531</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,863,531</i>

The FY24 Recommended Budget for the Department of Insurance is an increase of **\$2.9 million** over the FY23 Enacted budget. This equates to a percentage increase of 7.9%.

Fees and Self-generated Revenues increased by **\$2.9 million** in FY24. Federal Funds showed no change.



Categorical Expenditures

Examples of Categories

Departments expend funding in the five major categories listed below.

Personal Services

- Salaries – Regular, overtime, and termination pay for Classified and Unclassified personnel.
- Other Compensation – Wages, student labor, compensation for board members and/or board of trustees, evening instruction, university instructors, etc.
- Related Benefits – Retirement contributions, post-retirement contributions/benefits, FICA tax, Medicare tax, group insurance contributions, compensated absences, other related benefits, taxable fringe benefits, etc.

Total Operating Expenses

- Travel – In-state and Out-of-state, including meal reimbursement.
- Operating Services – Advertising, printing, insurance, maintenance, rentals, data processing, internet costs, dues and subscriptions, mail delivery, telephones, data lines, vehicle tracking and telematics, utilities, depreciation, amortization, banking services, credit card fees, etc.
- Supplies – office supplies and equipment, computers, clothing and uniforms, medical, pharmaceutical, food, automotive, repair and maintenance, software, etc.

Professional Services – Accounting, auditing, management consulting, engineering, architectural, legal, medical and dental, veterinary, information technology, etc.

Total Other Charges

- Other Charges – Aid to school boards, local government, etc.; public assistance; miscellaneous charges; judgments, fines, and penalties; interest on judgments; punitive/compensatory damages; OC personal services, operating expenses, professional services; contract attorney expenses; recoupments; furlough; contractual services; interest expense; claim payments; commercial group insurance; reinsurance; loans issued; disbursements; etc.
- Debt Service – Principal, interest, related charges, reserve requirement, amortization, and bond premiums.
- Interagency Transfer Line-Item Expenditure – Any expenses paid for with Interagency Transfers – from commodities and services to equipment.

Acquisitions and Major Repairs

- Acquisitions – Land; buildings; automobiles; aircraft; accessories; equipment; software; hardware; farm and heavy equipment; boats; capital outlay expenditures; construction; etc.
- Major Repairs – Land improvement; buildings; automotive; grounds; boats; aircraft; movable equipment; farm equipment; medical; office; library; education; recreation; communication; other equipment; pollution remediation; etc.



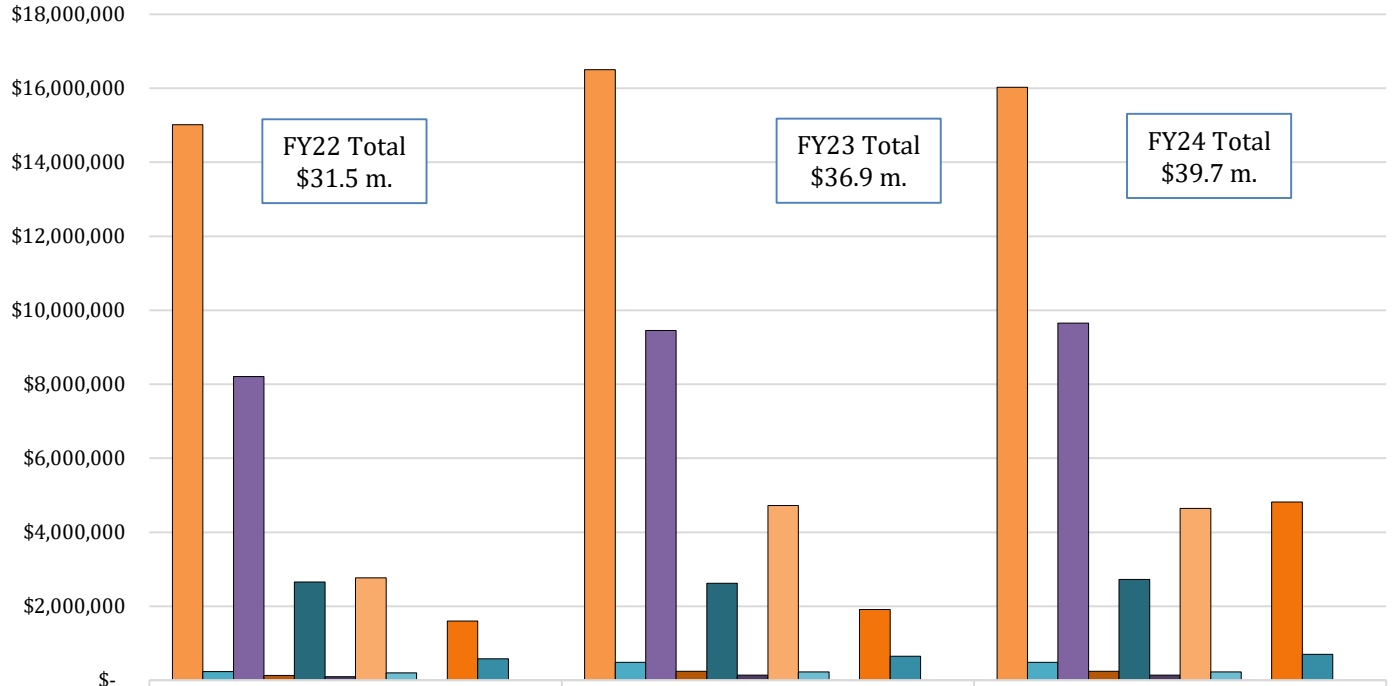
Dept. of Insurance Categorical Expenditures

FY22, FY23, and FY24

For FY24 Recommended, the largest Expenditure Category is Personal Services, which makes up 65.9 percent of Total Expenditures.

The Professional Services category, which makes up 11.7 percent of Total Expenditures, includes expenditures for legal, accounting, auditing, and other projects.

Operating Expenses contributes roughly 7.8 percent.



	FY22 ACTUAL	FY23 EOB as of 12-1-22	FY24 RECOMMENDED
Personal Services			
Salaries	\$15,018,184	\$16,502,184	\$16,029,642
Other Compensation	\$239,726	\$484,702	\$484,702
Related Benefits	\$8,205,839	\$9,457,816	\$9,651,416
Operating Expenses			
Travel	\$130,304	\$242,313	\$242,313
Operating Services	\$2,658,145	\$2,625,245	\$2,724,245
Supplies	\$97,507	\$143,424	\$143,424
Professional Services			
Professional Services	\$2,771,718	\$4,728,446	\$4,648,446
Other Charges	\$201,639	\$227,000	\$227,000
Other Charges			
Debt Service	\$-	\$-	\$-
Interagency Transfers	\$1,604,267	\$1,910,815	\$4,817,288
Acquisitions and Major Repairs			
Acquisitions	\$579,396	\$647,692	\$699,692
Major Repairs	\$-	\$-	\$-

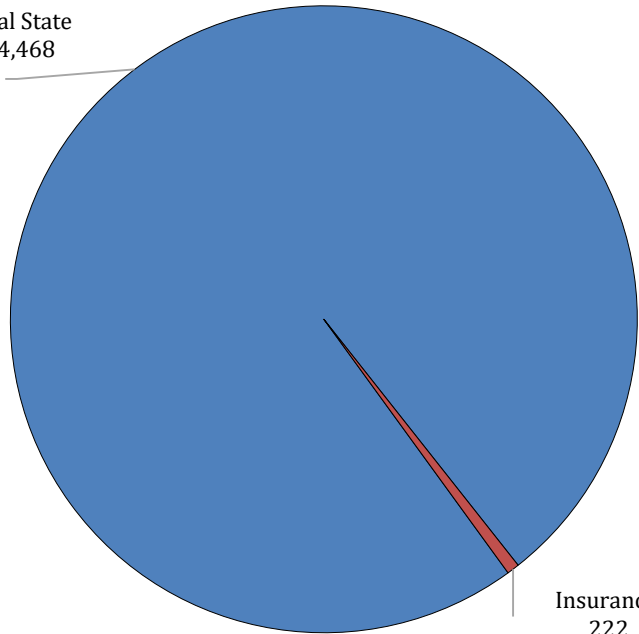


Commissioner of Insurance

FTEs, Authorized T.O., and Other Charges Positions

FY24 Recommended Department Employees as a portion of FY24 Recommended Total State Employees

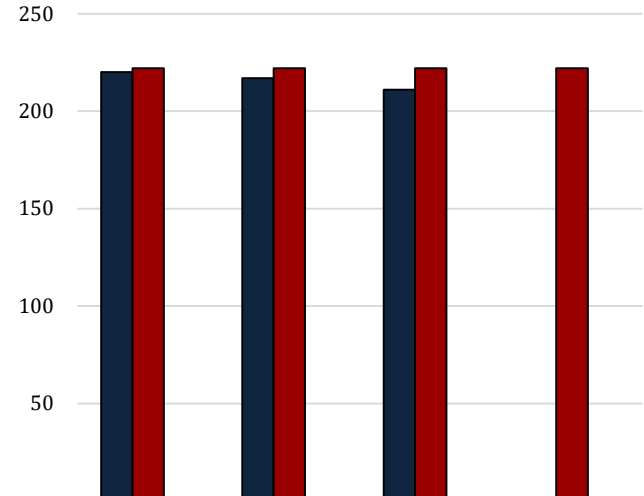
Total State
34,468



Insurance
222
1%

FY23 number of funded, but not filled,
positions as of February 27th = 11

Number and Types of Positions



	2021	2022	2023	2024 REC
■ Total FTEs (1st July Report)	220	217	211	-
■ Authorized T.O. Positions	222	222	222	222
■ Other Charges Positions	-	-	-	-

The full-time equivalent or **FTE** definition refers to the number of hours considered full-time. For example, if an agency considers 40 hours full time, and there are two employees working 20 hours per week, those two employees would be 1.0 FTE.

Authorized Positions are those referred to in the Table of Organization (or T.O.) for each department. This count includes only those positions paid for from the Salaries expenditure category for the organization units and agencies include in each department's appropriation. This excludes positions paid for from other expenditure categories, such as wages or per diem.

Other Charges positions are authorized under R.S. 39:2(5)(b) ...

(5)(b) "Authorized other charges positions" means the number of positions in an appropriation bill to be funded by the other charges continuing category of the accounting system for the state. The number may be adjusted during a fiscal year in accordance with law.

- [Act 377 of 2013 by Rep. Burrell]
- Positions coded in the Other Charges expenditure category
- These positions are usually associated with federal grants



Commissioner of Insurance

Related Employment Information

Salaries and Related Benefits for the 222 Authorized Positions are listed below in Chart 1.
 In Chart 2, benefits are broken out to show the portion paid for active versus retired employees.
 This is where payments for the Unfunded Accrued Liability (UAL) can be found.

1.

Personal Services	2021 Actual	2022 Actual	2023 Enacted	2024 Recommended
Salaries	\$14,980,741	\$15,018,184	\$16,502,184	\$16,029,642
Other Compensation	\$133,225	\$239,726	\$484,702	\$484,702
Related Benefits	\$8,377,786	\$8,205,839	\$9,457,816	\$9,651,416
Total Personal Services	\$23,491,752	\$23,463,750	\$26,444,702	\$26,165,760

Average T.O. Salary = \$68,701

Examples of Other Compensation include pay for WAE employees, part-time employees, student workers, etc.

2.

Related Benefits FY23 Recommended	Total Funding	%
Total Related Benefits	\$9,651,416	
UAL payments	\$5,647,903	59%
Retiree Health Benefits	\$1,314,393	
Remaining Benefits*	\$2,689,120	
Means of Finance	General Fund = 0%	Other = 100%

Department Demographics	Total	%
Gender		
Female	133	62.7
Male	79	37.3
Race/Ethnicity		
White	129	60.8
Black	81	38.2
Other	2	1
Currently in DROP or Eligible to Retire	49	23.1

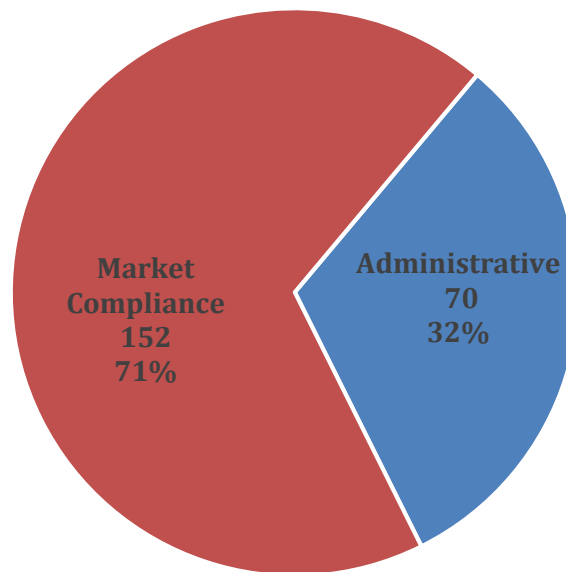
** Remaining Benefits include employer contribution to authorized positions' retirement, health, Medicare, FICA, Emoluments etc. The authorized positions include authorized T.O. positions and authorized other charges positions, both filled and vacant.*

Other Charges Benefits
\$0



Department of Insurance

FY24 Recommended Total Authorized Positions by Agency



Market Compliance - These positions include the Office of Financial Solvency, Consumer Services, Licensing, Health, Life & Annuity, and Property & Casualty. The remaining positions are in Legal Services and the Division of Insurance Fraud.

Administrative - This includes positions for the Office of Management & Finance which administers the entire department. The remaining positions work in the Office of the Commissioner and participate in overall support and regulatory oversight.

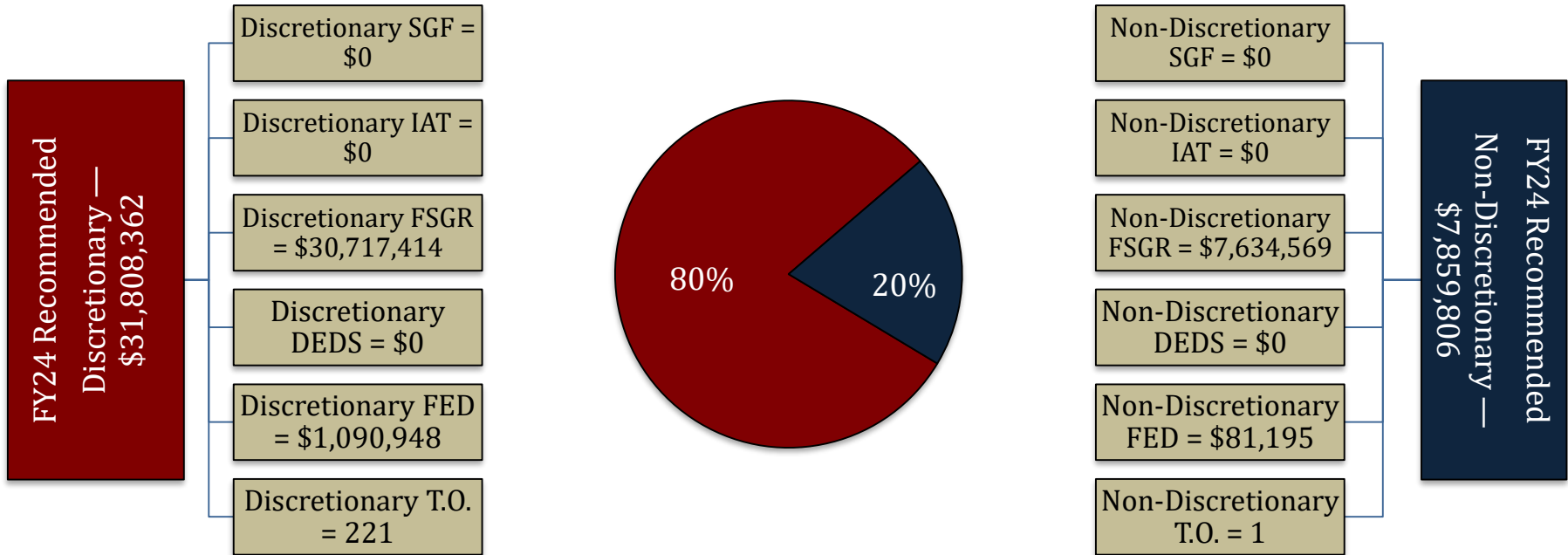
■ Administrative ■ Market Compliance

Dept. of Insurance	
Administrative	70
Market Compliance	152
TOTAL	222



Department of Insurance

FY24 Discretionary/Non-Discretionary Comparison



Total Discretionary Funding by Office		
Administrative	\$ 15,199,373	48%
Market Compliance	\$ 16,608,989	52%
Total Discretionary	\$ 31,808,362	100%

Total Non-Discretionary Funding by Type		
Required by the Constitution	\$ 5,764,692	73%
Unavoidable Obligations	\$ 2,095,114	27%
Total Non-Discretionary	\$ 7,859,806	100%

Required by the Constitution = State Retirement Systems UAL;

Commissioner's salary

Unavoidable Obligations = Retirees Group Insurance;

Legislative Auditor Fees; Maintenance in State-owned Buildings

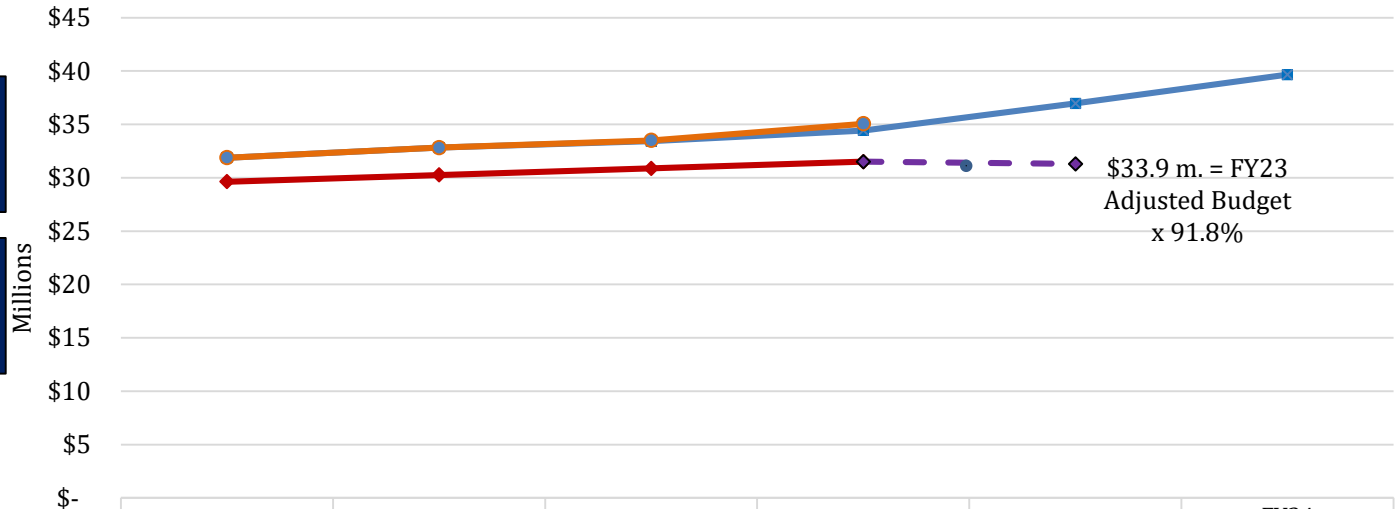


04-165 Commissioner of Insurance Enacted & FYE Budget vs. Actual Expenditures FY19 to FY22

FYE Budget = "Fiscal Year End" Budget includes all in-house and regular BA-7s through June 30 of the fiscal year. For FY23, it is as of January.

FY23 Known Supplemental Needs:
\$0

FY22 General Fund Reversions:
\$ 22,651,671



	FY19	FY20	FY21	FY22	FY23 EOB	FY24 Recommended
Enacted Budget	\$31,878,205	\$32,829,836	\$33,422,842	\$34,424,047	\$36,969,637	\$39,668,168
FYE Budget	\$31,878,205	\$32,829,836	\$33,497,842	\$35,051,771		
Actual Expenditures	\$29,637,266	\$30,261,457	\$30,869,806	\$31,506,725		
FY23 Expenditure Trend				\$31,506,725	\$31,294,393	

Monthly Budget Activity				
	FY23 Adjusted Budget	FY23 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
Jul-22	\$ 36,804,637	\$ 2,822,215	\$ 33,982,422	7.7%
Aug-22	\$ 36,804,637	\$ 5,820,242	\$ 30,984,395	15.8%
Sep-22	\$ 36,804,637	\$ 8,332,553	\$ 28,472,084	22.6%
Oct-22	\$ 36,969,637	\$ 10,535,214	\$ 26,434,423	28.5%
Nov-22	\$ 36,969,637	\$ 13,813,579	\$ 23,156,058	37.4%
Dec-22	\$ 36,969,637	\$ 16,033,772	\$ 20,935,865	43.4%
Jan-23	\$ 36,969,637	\$ 18,255,062	\$ 18,714,575	49.4%

Monthly Budget Activity				
	FY23 Adjusted Budget	FY23 Aggregate Expenditures	Remaining Budget Authority	Percent Expended To Date
<i>(Trend based on average monthly expenditures to date)</i>				
Feb-23	\$ 36,969,637	\$ 20,862,928	\$ 16,106,709	56.4%
Mar-23	\$ 36,969,637	\$ 23,470,794	\$ 13,498,843	63.5%
Apr-23	\$ 36,969,637	\$ 26,078,661	\$ 10,890,976	70.5%
May-23	\$ 36,969,637	\$ 28,686,527	\$ 8,283,110	77.6%
Jun-23	\$ 36,969,637	\$ 31,294,393	\$ 5,675,244	84.6%

Historical Year End Average

91.8%



Department of Insurance

Insure Louisiana Incentive Program

Insure Louisiana Incentive Program

The Insure Louisiana Incentive Program (“Incentive Program”) was enacted through the passage of Act 754 of the 2022 Regular Session of the Louisiana Legislature for the purpose of cooperative economic development and stability in Louisiana by encouraging additional property insurers to participate in the voluntary property insurance market to increase the availability of property insurance, increase competitive pressure on insurance rates, and reduce the volume of business written by the Louisiana Citizens Property Insurance Corporation. The commissioner of insurance may grant matching capital funds to qualified property insurers through public-private partnerships executed through cooperative endeavor agreements.

The program requires a grantee to write new property insurance in Louisiana with net written premiums of at least a ratio of \$2 of premium for each \$1 of the total of newly allocated property insurer capital combined with \$1 of the grant from the Incentive Program Fund.

For example, a grantee is awarded a \$2,000,000 grant. In the first 24 months after receipt of the grant, the grantee must write property insurance in Louisiana with net written premiums of at least \$8,000,000. The grantee must write at least \$4,000,000, or 50%, of the net written premiums for policyholders whose insured property is located in the federal Gulf Opportunity Zone Act of 2005 in Louisiana. Grantees shall maintain this net written premium ratio over five years to fully earn the matching capital fund grant in accordance with R.S. 22:2370 unless an extension has been granted by the commissioner. New property insurance written by a grantee shall be residential, commercial, mono-line, or package property insurance policies in this state and shall include coverage for wind and hail with limits equal to the limits provided for other perils insured under such policies.



Department of Insurance

Insure Louisiana Incentive Program

Insure Louisiana Incentive Program

Insurance Commissioner Jim Donelon announced that nine companies applied to participate in the Insure Louisiana Incentive Program during the application period that closed on March 10, 2023. The nine insurers collectively asked for over \$62 million in grant funding, which is about \$17 million more than the \$45 million allocated to the program.

The nine companies and the grant funding requested by each are listed below:

- Allied Trust Insurance Company - \$6.5 million
- Applied Underwriters - \$10 million
- Cajun Underwriters Reciprocal Exchange (CURE) - \$5 million
- Constitution Insurance Company - \$10 million
- Elevate Reciprocal Exchange - \$5 million
- Gulf States Insurance Company - \$3.6 million
- SafePoint Insurance Company - \$10 million
- SafePort Insurance Company - \$2 million
- SureChoice Underwriters Reciprocal Exchange (SURE) - \$10 million

The Department of Insurance has reviewed the applications to determine each company's eligibility for participating and funding level. These findings were presented to the Joint Legislative Committee on the Budget (JLCB) for final approval.

JLCB approved the plan and the department entered into cooperative endeavor agreements with the program participants and quickly issued funding to the approved companies. The department expects the companies to begin writing as soon as April 2023.



Department of Insurance

2023 1st Extraordinary Session

HB 1 of the 2023 1st Extraordinary Session appropriated \$45 million to the Department of Insurance for the Insure Louisiana Incentive Program. Applicants were required to be licensed in Louisiana and possess a minimum financial strength rating of AM Best “B+” or a Demotech financial stability rating of “A” to receive a grant from the Insure Louisiana Incentive Program from appropriated funds for Fiscal Year 2022-2023. Licensed surplus lines insurer applicants must have a minimum financial strength rating of AM Best “A”. Preference would be given to those that agree to provide wind and hail coverage. HB 1 also required rule promulgation to mandate financial data reporting by grantees including premium to surplus ratio, net of reinsurance, gross premium to surplus ratio, and catastrophe reinsurance program details. The Commissioner of Insurance was required to expedite regulatory approvals of qualified insurers to facilitate the underwriting of new policies pursuant to the program and to monitor the financial solvency of each grant recipient. Monitoring was to include an evaluation of the adequacy of insurer reinsurance programs using catastrophe model stress tests against the insurer's book of business. The Department of Insurance must submit annual and quarterly reports on the program to the legislature.

HB 2 of the 2023 1st Extraordinary Session prohibited the following entities from receiving a grant from the Insure Louisiana Incentive Program from appropriated funds for Fiscal Year 2022-2023:

- Any insurance company with an officer, director, or controlling shareholder who was an officer, director, or controlling shareholder of an insurance company licensed in Louisiana that filed for bankruptcy or was declared insolvent.
- Any insurance company whose parent company controlled all or part of an insurance company licensed in Louisiana that filed for bankruptcy or was declared insolvent.



Department of Insurance

Audit Report

Regulation of Residential Property Insurance

September 22, 2022

The Louisiana Department of Insurance (LDI) has procedures and practices in place to ensure insurance companies comply with the law and handle claims in a fair and timely manner. These include licensing most adjusters, investigating complaints, monitoring insurance companies and individuals for insurance code violations, and issuing regulatory actions for violations of the insurance code. However, LDI could strengthen these activities. For example, most adjusters for the 2020 and 2021 hurricanes were licensed, but catastrophe adjusters are not required to be licensed, and before the 2020 and 2021 hurricanes, no qualification requirements were in place for an individual to act as a catastrophe adjuster. Most complaints LDI received for the 2020 and 2021 hurricanes were a result of claims handling issues, and legislators could consider whether to revise state law to include more timeframe requirements related to claims handling. LDI could further enhance its monitoring activities by conducting additional market conduct investigations focused on claims handling. In addition, LDI issued 25 regulatory actions against homeowners insurance companies and 1,902 regulatory actions against adjusters during calendar years 2017 through 2021.

Financial Condition of the Residential Property Insurance Market

October 13, 2022

Eleven insurance companies became financially insolvent between July 2021 and September 2022. As a result of the insolvencies, the cost of claims and premium refunds paid by the Louisiana Insurance Guaranty Association (LIGA) rose from approximately \$4.8 million in 2020 to about \$268.1 million in the first eight months of 2022, because LIGA had to assume the claims of these insurance companies. In addition, the 11 insolvencies and the departure of other insurance companies increased the number of policies held by the Louisiana Citizens Property Insurance Corporation (Citizens). According to Citizens staff, its total policies and the insured value of those policies rose from 35,670 policies totaling approximately \$6.7 billion in January 2021 to 112,035 policies totaling \$33.3 billion in August 2022. LDI does monitor the financial condition of insurance companies in accordance with state law and best practices. During calendar years 2017 through 2021, LDI conducted 228 financial analyses and 13 examinations of the 13 Louisiana-domiciled homeowners insurance companies.