

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA-90

September 25, 1995

SUBJECT:

Commercial Property Windstorm Program
Louisiana Insurance Underwriting Plan (Coastal Plan)
Louisiana Joint Reinsurance Plan (FAIR Plan)
Windstorm and Hail Policy Rating Factors
Filing FP-CP No. 95-1
Requested Effective Date: 12/1/95

BACKGROUND:

The Louisiana Insurance Rating Commission (LIRC) has approved an amendment to the operation of the Louisiana Insurance Underwriting Plan (Coastal Plan) and the Louisiana Joint Reinsurance Plan (FAIR Plan) to alleviate some of the problems which have produced severe restrictions in the coastal Louisiana commercial property insurance market following Hurricane Andrew. This change is made possible by the enactment of Act 107 during the 1995 regular session of the Louisiana Legislature.

MAIN POINTS:

This proposed change will permit the Plans to issue policies which cover only the perils of windstorm and hail. Coverage for other perils may be provided by policies written in the voluntary market. The following has been approved by LIRC:

Policy rating factors to develop premiums for windstorm and hail policies written in the FAIR and Coastal Plans. The factors, which are applied to basic Group II rates approved for the Property Insurance Association of Louisiana, are as follows:

Construction	Zone 1-3	Zone 1-4	Zone 5
Frame	1.10	1.15	1.20
All Other	1.05	1.10	1.15

A new Commercial Windstorm and Hail Policy Endorsement is being filed with the Department of Insurance in Companion Filing Designated FP-CP No. 95-2.

NECESSARY ACTION:

Review this Technical Advisory with all commercial lines staff. Discuss the PIAL windstorm program with insurance companies as a possible option to open property markets in coastal Louisiana.