

# Louisiana Department of Insurance Citizens, Tax and Insurance Savings Q&A and Radio Spot

## Summary of three opportunities

1. Property owners are entitled to a rebate whether you file taxes or not – for the Louisiana Citizens assessment on your property and casualty insurance policy dating from 2008 - 2012. If you have not submitted a claim for assessments paid in prior years, it's not too late to do so.
2. You can apply for a state tax deduction for voluntarily retrofitting your home to comply with the Louisiana State Uniform Construction Code.
3. You can also apply for insurance premium discounts for voluntarily building or retrofitting your home to comply with the Louisiana State Uniform Construction Code.

Information on these savings opportunities are available on the LDI Web site at [www.lidi.la.gov](http://www.lidi.la.gov). Click on the *Louisiana Citizens Insurance Rebate* link on the home page.

## Louisiana Citizens Property Insurance Rebate

### **1. What is the Citizens rebate?**

The Louisiana Citizens Property Insurance Corporation assessment is paid as part of the property insurance bill each year by property owners. The dollar amount of the assessment is found on the declaration page of the policy. This amount is payment for a bond issued by the Louisiana Citizens to cover the large amount of damages caused by Hurricane Katrina. The assessment was passed on to property and casualty policyholders by insurance companies who are responsible for paying the cost of the bond. This amount is refundable to those who paid the assessment with their property and casualty insurance premium once it is paid.

### **2. How much money has not yet claimed the rebate?**

\$260 million or 65 percent of all available money (2008 - 2011) had not been claimed as of December 31, 2011. Fifty-four percent of those who were eligible for the 2006 and 2007 Citizens rebate failed to do so, leaving \$143 million unclaimed. The opportunity for people to claim those funds expired on December 31, 2010 and 2011 respectively.

### **3. Who pays the rebate to me?**

The Louisiana Department of Revenue (LDR) pays the rebate.

### **4. What is the average rebate amount?**

The average rebate amount for all claims paid was \$128.33 on December 31, 2011.

### **5. How do I get my rebate?**

If you paid a Citizens Assessment in 2011 and haven't filed a claim form with LDR to recoup the amount paid, you can claim the rebate as soon as you pay the insurance premium that includes the Citizens Assessment or when filing the *Louisiana Individual Income Tax Return* due in May. Fill out the LDR *Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment* form for the year in which you paid the assessment. This is *Form R-540INS* for residential or form *R-620INS* for corporations and other nontaxable entities.

Include with the tax form the declaration page of your insurance policy that contains the assessment amount. Also, attach evidence that you paid your insurance premium and mail these documents to LDR.

Citizens assessment rebate forms can be found on the Department of Insurance Web site at [www.lidi.la.gov](http://www.lidi.la.gov). Click on the *Louisiana Citizens Insurance Rebate* link on the home page. Or go to the Department of Revenue Web site at [www.revenue.louisiana.gov/citizens](http://www.revenue.louisiana.gov/citizens).

## **6. How long have I been paying this additional assessment?**

This assessment has been charged on the property insurance policies since 2005.

## **7. Can I get a rebate for prior years' assessments?**

Yes, you can still obtain a rebate going back as far as assessments paid with your insurance premiums in 2008. The best plan is to obtain the rebate as soon as you pay the assessment or plan to claim it on your state tax filing each year.

## **8. How do I obtain the rebate for the prior years' assessments?**

You can also claim assessments paid with insurance premiums in prior years by filling out the proper form for the year in which the assessment was paid. Assessments paid in 2008 can be claimed on a [2008 Form R-540INS](#) by the end of 2012. Assessments paid in 2009 must be claimed by the end of 2013 on the [2009 Form R-540INS](#). Assessments paid in 2010 must be claimed by the end of 2014 on the [2010 Form R-540INS](#). Assessments paid in 2011 must be claimed by the end of 2015 on the [2011 Form R-540INS](#). Assessments paid in 2012 must be claimed by the end of 2016 on the [2012 Form R-540INS](#). If you have more than one property, complete the LDR Supplement Schedule for Refund of Louisiana Citizens Property Insurance Assessment Form [R-INS Supplement](#) and submit it as an attachment to the primary form. Businesses should complete *Form R-620INS* for the appropriate year to claim the rebate and attach the [R-INS Supplement](#) form for multiple properties. Or you can amend the tax return for the prior year, but filling out the INS form will be a simpler process.

## **9. Is there a deadline for claiming my rebate?**

Yes, Assessments paid in 2008 must be claimed by the end of 2012. Assessments paid in 2009 must be claimed by the end of 2013. Assessments paid in 2010 must be claimed by the end of 2014. Assessments paid in 2011 must be claimed by the end of 2015. Assessments paid in 2012 must be claimed by the end of 2016.

## **10. Are there any special rules I should know about claiming the rebate?**

Yes, be sure not to claim the rebate on both the INS form and the tax return since this will delay your refund. Do not claim the total insurance premium, only the Citizens Assessment. This will delay the refund as well.

LDR recommends that those who pay the Citizens Assessment on more than one property should send in a single INS form along with the R-INS Supplement form on which additional properties are listed rather than a separate INS form for each property. Otherwise the second claim will automatically be delayed for review.

## **Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction**

### **1. What is the Louisiana State Uniform Construction Code Home Retrofit State Tax**

## **Deduction?**

Act 467 of the 2007 Regular Session allows a tax deduction for a taxpayer to voluntarily retrofit an existing residential structure to bring it into compliance with the State Uniform Construction Code. The retrofitting must not be a construction, reconstruction, alteration, or repair of an existing structure. Retrofitting means improvements to a previously constructed structure with regard to the following areas:

- Roof deck attachment
- Secondary water barrier
- Roof Covering
- Gable ends bracing
- Roof-to-wall connections
- Opening protection
- Exterior doors, including garage doors

This construction code home retrofitting deduction is an amount equal to 50 percent of the cost paid or incurred for the retrofit on or after January 1, 2007, less the value of any other state, municipal or federally-sponsored financial incentives for the cost paid, limited to \$5000.

### **2. Who is eligible for this Louisiana tax deduction?**

Any taxpayer who claims a homestead exemption for the home being retrofitted may claim the construction code home retrofitting deduction. The home cannot be rental property.

### **3. What amount may I receive with this tax deduction?**

The tax deduction can be no more than \$5,000 per retrofitted residential structure.

### **4. When do I claim the tax deduction?**

The tax deduction is claimed on the tax return for the year in which the work is completed.

### **5. What proof do I need to qualify for this tax deduction?**

Proof that the retrofit complies with the State Uniform Construction Code and that the improvements were made to those areas noted above (keep receipts for purchased items installed and labor costs for retrofit – no inspection is required), documentation of the cost of the project, and assurance that the project was voluntary as defined by the law, must be retained by the taxpayer.

### **6. When did this tax deduction become effective?**

The tax deduction was effective in the 2007 tax year.

### **7. What if I completed retrofits to my home in 2010 or 2011 – can I claim a tax deduction for qualifying work in those years?**

Yes, just amend your tax return for the year in which the work was completed to include this deduction.

### **8. Where can I find additional information on the Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction?**

A brochure on the state tax deduction is found at the Department of Insurance web site at: [http://www.lidi.state.la.us/consumers/misc\\_pubs/Residential\\_Property\\_Storm\\_Mitigation.pdf](http://www.lidi.state.la.us/consumers/misc_pubs/Residential_Property_Storm_Mitigation.pdf)  
The Department of Revenue Bulletin No. 09-007 Construction Code Voluntary Retrofitting Deduction information is found at: <http://www.rev.state.la.us/forms/lawspolicies/RIB09007.pdf>

## **Insurance Premium Discounts for State Uniform Construction Code Home Retrofit or New Home Construction**

### **1. Who is eligible for insurance premium discounts?**

Any owner who builds or retrofits a one or two-family owner occupied home or modular home to comply with the requirements of the State Uniform Construction Code, and/or any owner who installs damage mitigation improvements or retrofits their one or two-family owner occupied home or modular home utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane.

### **2. What building techniques qualify for an insurance premium discount?**

Discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Your insurance company or agent will have this information. These damage mitigation improvements and /or construction techniques include, but are not limited to:

- \* building design
- \* roof bracing
- \* secondary water barriers
- \* opening protection
- \* roof-to-wall strength
- \* roof deck attachment
- \* roof covering and roof covering performance
- \* wall-to-floor-to-foundation strength
- \* window, door and skylight strength
- \* other mitigation improvements and/or construction techniques that the insurer may determine to reduce the risk of loss due to wind.

### **3. Why are insurance premium discounts now available to me as a homeowner?**

Act 323 of the 2007 Regular Session provides insurance premium discounts for homeowners.

### **4. How much savings can I expect in insurance premium discounts?**

Each insurance company has established savings amounts allowed to homeowners for the various storm mitigation building techniques that are incorporated into a home as either a retrofit or new construction. Contact your homeowners insurance company or agent for these details and any necessary forms.

### **5. Is a home inspection required?**

Yes, Inspection and certification must be performed by a building code enforcement officer, registered architect or engineer, or a registered third-party provider authorized by the Louisiana State Uniform Construction Code Council to perform building inspections. For a list of registered third party providers, visit <http://www.dps.louisiana.gov/lsuccc/> or call (225) 922-0817.

## **6. What documents are needed for proof of eligibility for insurance premium discounts?**

The insurer may require completion of the Louisiana Hurricane Loss Mitigation Form or other documentation to demonstrate compliance with the State Uniform Construction Code such as permits, certificates of occupancy, inspection reports or receipts. If deemed necessary, the insurer may also perform its own independent inspection.

### **2012 Citizens, State Tax and Insurance Savings 60-Second Radio Spot** **February 27 – April 1, 2012**

This is Insurance Commissioner Jim Donelon reminding Louisiana property owners about three important savings for this tax season. Property owners are eligible for a state rebate for the Louisiana Citizens assessment on your property insurance policy for 2008 through 2011. \$260 million or 65% of those funds were unclaimed at the end of last year. If you have not yet submitted your rebate form, it is not too late.

You can also apply for a state tax deduction for retrofitting your home and an insurance premium discount for building or retrofitting your home to comply with the Louisiana State Construction Code, which will make your home more hurricane resistant.

Claim your Citizens State Rebate and apply for the State Uniform Construction Code tax deduction when filing your State Tax Return. For assistance, call us at 1-800-259-5300 or visit [ldi.la.gov](http://ldi.la.gov).

(updated 3.8.12)