



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

BULLETIN NO. 09-08

TO: ALL PROPERTY AND CASUALTY INSURERS

FROM: JAMES J. DONELON, COMMISSIONER

**RE: HOMEOWNERS AND FIRE/COMMERCIAL INSURANCE
POLICY DISCLOSURE FORMS**

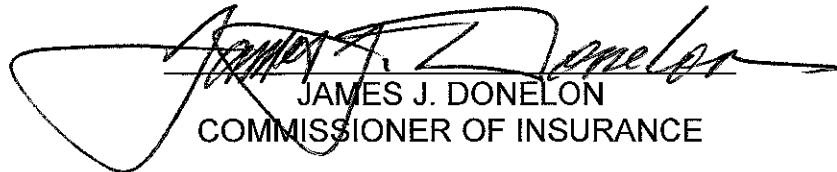
DATE: NOVEMBER 4, 2009

In accordance with LSA-R.S. 22:1319 and 22:1332, the Louisiana Department of Insurance hereby amends and re-promulgates the attached disclosure forms to be used by all property and casualty insurance companies issuing, delivering or renewing homeowners or fire/commercial insurance policies that provide coverage for damage to property in Louisiana.

These disclosure forms shall supersede the disclosure forms issued in Bulletin 06-06 and published in the Potpourri section of the *Louisiana Register* on December 20, 2006. The appropriate disclosure form shall be presented to the insured as an insert in the front of the policy upon issuance, delivery or renewal. Compliance with LSA - R.S. 22:1319 and 22:1332 shall begin January 1, 2010.

Any questions or clarifications regarding Bulletin 09-08 should be directed to the Director of Policy Forms, Office of Property and Casualty, or by telephone at (225) 342-1258.

Baton Rouge, Louisiana this 4th day of November 2009.


JAMES J. DONELON
COMMISSIONER OF INSURANCE

**IMPORTANT INFORMATION REQUIRED BY
THE LOUISIANA DEPARTMENT OF INSURANCE**

Homeowners Insurance Policy Coverage Disclosure Summary

This form is promulgated pursuant to LSA-R.S. 22:1332

THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.

****READ YOUR INSURANCE POLICY
FOR COMPLETE POLICY TERMS AND CONDITIONS****

COVERAGE(S) FOR WHICH PREMIUM WAS PAID

[INSERT PERSONAL PROPERTY COVERAGES]

Example:

<i>Coverage A</i>	-	<i>Dwelling</i>
<i>Coverage B</i>	-	<i>Other Structures</i>
<i>Coverage C</i>	-	<i>Personal Property</i>
<i>Coverage D</i>	-	<i>Loss of Use</i>
<i>Coverage E</i>	-	<i>Personal Liability</i>
<i>Coverage F</i>	-	<i>Medical Payments</i>

Deductibles

This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.

- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.**

NOTICE: This policy [does/does not] set forth a separate deductible for covered losses caused by [hurricane; wind; named storm] as defined in the policy.

Separate Deductible Example—Hurricane, Wind or Named Storm Damage.

If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:

[The insurer shall comply with LSA-R.S. 22:1332.B(6) by selecting and inserting either option A or B below:

- A. Developing its own standardized example to reflect how a hurricane, wind, or named storm damage loss will be adjusted under the policy. The standardized example shall set forth a separate loss under each of Coverage A, B, C and D and the total of all losses combined shall exceed by at least ten percent (10%) the applicable deductible so that there shall be a net payment to the insured.
- B. Utilizing the standardized example prepared by the LDOI if this standardized example properly reflects how a separate deductible is applied to a hurricane, wind, or named storm damage loss under the policy:

If the total insured value of the dwelling or Coverage A is \$200,000.00 and you have a 2% hurricane, wind, or named storm deductible, then your hurricane, wind or named storm deductible would be $\$200,000.00 \times .02\% = \$4,000.00$.

Losses:

Coverage A – Dwelling	\$15,000.00
Coverage B – Other Structures	\$ 2,500.00
Coverage C – Personal Property	\$ 3,000.00
Coverage D – Loss of Use	\$ 2,000.00
Total amount of all losses	\$22,500.00
Less 2% hurricane, wind or named storm deductible	<u>\$ 4,000.00</u>
Net payment to insured	\$18,500.00]

TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.

LIMITATIONS OR EXCLUSIONS UNDER THIS POLICY

FLOOD — Flood damage [is/is not] covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes but is not limited to storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy from this or another insurer if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

MOLD — Damage caused solely by mold [is/is not] covered under this policy.

****FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS****

**CLAIM FILING
PROCESS**

There may be time limitations for filing a claim and filing of a satisfactory proof of loss. There may also be time limitations for repairing and replacing damaged property that could cause you to not recover the replacement cost for the insured loss of your property, if applicable.

**PAYMENT OF
CLAIMS**

Depending on the terms of the insurance policy, some losses may be based on actual cash value (ACV) and other losses based on replacement cost (RC).

- **ACV** is the amount needed to repair or replace the damaged or destroyed property, minus the depreciation.
- **RC** involves the initial payment of actual cash value (ACV) of a loss, and the subsequent payment of the additional amount that is actually and necessarily expended to repair or replace the damaged or destroyed property.

****** Refer to your policy for the terms and conditions describing how a particular loss is to be paid.

**PAYMENT AND
ADJUSTMENT
OF CLAIMS**

Pursuant to LSA-R.S. 22:1892 and 22:1973, except in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim and/or a claim for reasonable medical expenses within fourteen (14) days after notification of loss by the claimant.

In the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim within thirty (30) days after notification of loss by the claimant unless the Commissioner of Insurance promulgates a rule to extend the time period for initiating a loss adjustment for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster for up to an additional thirty (30) days. Thereafter, one additional extension of the period of time for initiating a loss adjustment may be allowed by the Commissioner of Insurance if approved by the Senate Committee on Insurance and the House Committee on Insurance.

All insurers shall make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after the receipt of satisfactory proof of loss of that claim.

Failure to make such payment within thirty (30) days after receipt of such satisfactory written proofs and demand thereof or failure to make a written offer to settle any property damage claim, including a third-party claim, within thirty (30) days after receipt of a satisfactory proof of loss of that claim may result in a late penalty against the insurer in addition to the payment of the claim.

If the insurer is found to be arbitrary, capricious, or without probable cause in settling any property damage claim, the insurer must pay the insured, in addition to the amount of the loss, fifty percent (50%) damages on the amount found to be due from the insurer to the insured, or one thousand dollars (\$1,000.00), whichever is greater, as well as attorney fees and costs, if applicable.

EFFECTIVE JANUARY 1, 2010

**IMPORTANT INFORMATION REQUIRED BY
THE LOUISIANA DEPARTMENT OF INSURANCE**

**Fire Insurance Policy Coverage Disclosure Summary
(other than Homeowners)**

Or

Commercial Insurance Policy Coverage Disclosure Summary

This form is promulgated pursuant to LSA-R.S. 22:1319

THIS IS ONLY A SUMMARY OF YOUR COVERAGE AND DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGES OR ANY OTHER PROVISIONS CONTAINED IN YOUR POLICY. INSURANCE IS A CONTRACT. THE LANGUAGE IN YOUR POLICY CONTROLS YOUR LEGAL RIGHTS AND OBLIGATIONS.

****READ YOUR INSURANCE POLICY
FOR COMPLETE POLICY TERMS AND CONDITIONS****

COVERAGE(S) FOR WHICH PREMIUM WAS PAID

[INSERT PROPERTY COVERAGES]

Deductibles

This policy sets forth certain deductibles that will be applied to claims for damages. When applicable, a deductible will be subtracted from your total claim and you will be paid the balance subject to applicable coverage limits.

- You may be able to reduce your premium by increasing your deductible. Contact your producer (agent) or insurer for details.**

NOTICE: This policy [does/does not] set forth a separate deductible for covered losses caused by [hurricane; wind; named storm] as defined in the policy.

Separate Deductible Examples—Hurricane, Wind or Named Storm Damage.

If applicable, the following illustrates how a separate deductible applying to hurricane, wind or named storm damage is applied under your policy:

[The insurer shall comply with LSA-R.S. 22:1319.B(3) by selecting either option A or B below:

- A. Developing its own standardized example to reflect how a hurricane, wind, or named storm damage loss will be adjusted under the policy. The standardized example shall set forth a separate loss for each coverage included in the policy for which a premium has been paid. The total of all losses combined shall exceed by a least ten percent (10%) the applicable deductible(s) so that the example demonstrates a net payment to the insured.

- B. Utilizing the standardized example prepared by the LDOI if this standardized example properly reflects how a separate deductible is applied to a hurricane, wind, or named storm damage loss under the policy:

The following assumes no co-insurance penalty and a 2% hurricane, wind, or named storm deductible. The amounts of loss to the damaged property are \$50,000 (building) and \$20,000 (business personal property).

Limits of insurance on building	\$100,000.00
Total amount of building loss	\$ 50,000.00
Less 2% deductible (\$100,000 X .02)	- \$ 2,000.00
Net payment to insured for building loss	\$ 48,000.00

Limits of insurance on the business personal property	\$ 50,000.00
Total amount of business personal property loss	\$ 20,000.00
Less 2% deductible (\$50,000 X .02)	- \$ 1,000.00

Net payment to insured for business personal property loss \$ 19,000.00

Total net payment to insured for building and business personal property loss (\$48,000 + \$19,000) \$ 67,000.00]

TO SEE EXACTLY HOW YOUR SEPARATE HURRICANE, WIND OR NAMED STORM DEDUCTIBLE WILL APPLY, PLEASE REFER TO YOUR POLICY.

LIMITATIONS OR EXCLUSIONS UNDER THIS POLICY

FLOOD — Flood damage [is/is not] covered, regardless of how caused, when flood is the peril that causes the loss. Flood water includes, but is not limited to, storm surge, waves, tidal water, overflow of a body of water, whether driven by wind or not.

Flood Insurance may be available through the National Flood Insurance Program (NFIP). NFIP flood insurance may provide coverage for damage to your dwelling or building and/or contents subject to the coverage limits and terms of the policy.

Excess Flood Insurance may be available under a separate policy, from this or another insurer, if the amount of the primary flood insurance is not enough to cover the value of your property.

- You may contact your producer (agent) or insurer for more information on the NFIP and excess flood insurance.

MOLD — Damage caused solely by mold [is/is not] covered under this policy.

****FOR ALL OTHER LIMITATIONS OR EXCLUSIONS REFER TO YOUR POLICY FOR COMPLETE DETAILS ON TERMS AND PROVISIONS****

EFFECTIVE JANUARY 1, 2010.