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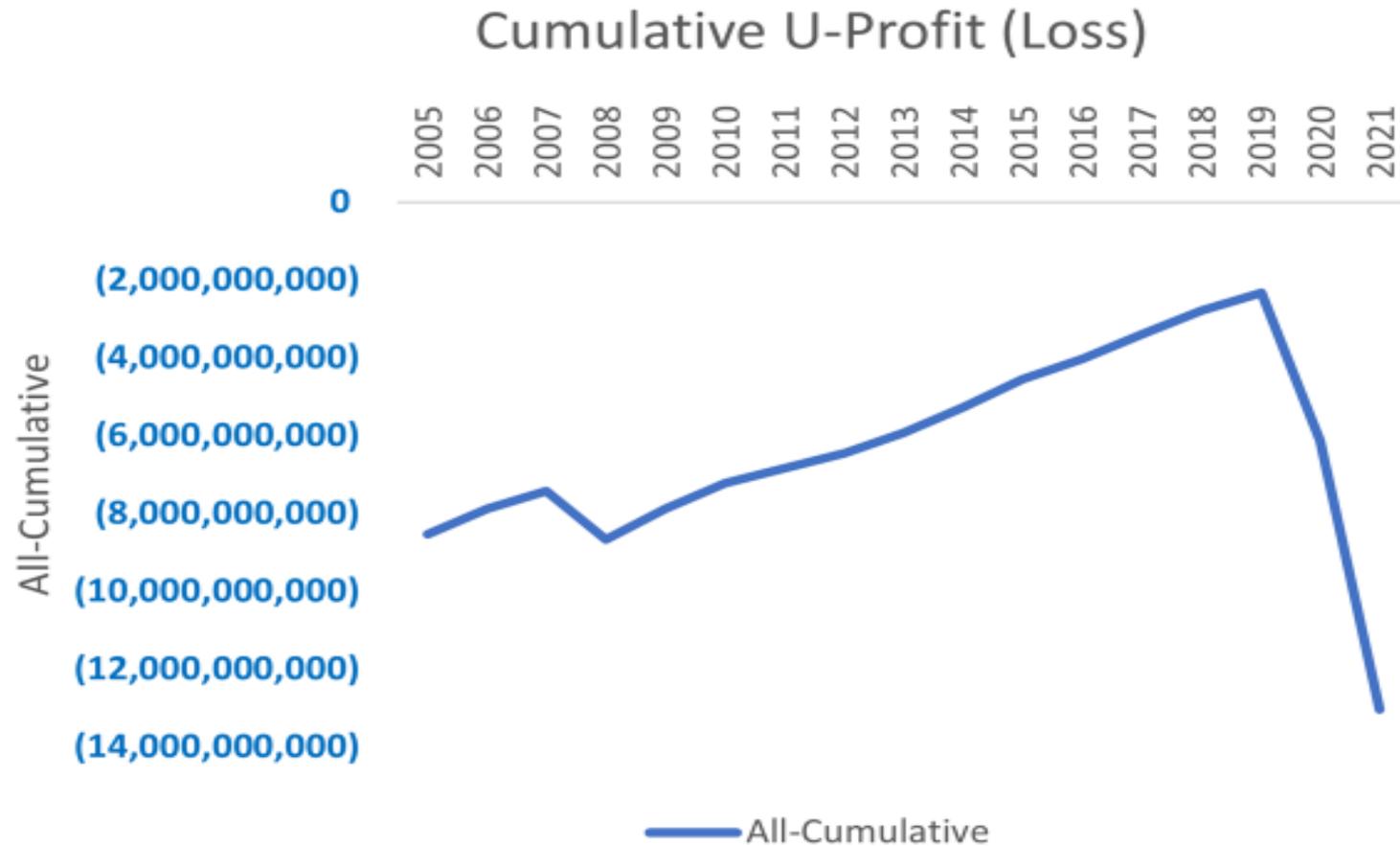
Louisiana Insurance Market

Executive Summary

- Louisiana has an insurance market crisis
- Louisiana has inherent insurance challenges
- LA legislation and regulations are part of the problem
- LA needs to reduce regulation to attract insurers

The Insurance Crisis

Homeowners insurance profit (loss)



LA has an insurance market crisis

- Negative impact on citizens and businesses
- Bankers, Realtors, Homebuilders, LABI
- LA Citizens can not afford to insure everything
 - Concentration of risk
 - Availability and affordability of reinsurance
 - Risk of assessments against all Louisiana property policies
- Only way to improve the market is to create competition

Louisiana's Inherent Challenges

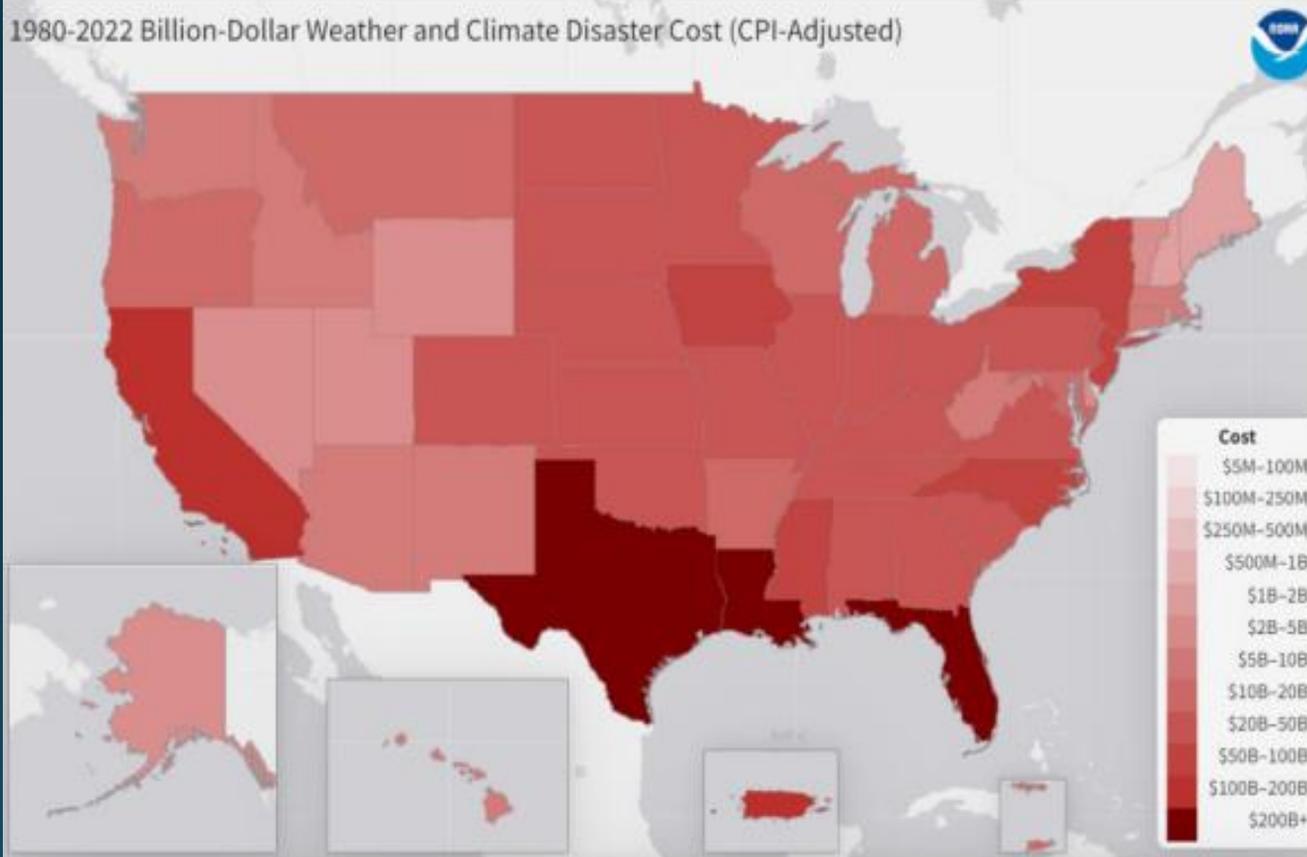
Louisiana has inherent challenges

- Severe hurricane risks (severity of property losses)
- Small insurance market (can't make up cat losses)
- Weak economy (limited economic opportunities)
- High risk industries (difficult insurance risks)

Severe hurricane risk

From 1980–2022, the U.S. **South, Central** and **Southeast** regions experienced a higher cost from billion-dollar disaster events.

1980-2022 Billion-Dollar Weather and Climate Disaster Cost (CPI-Adjusted)



- Reflects the **severity, vulnerability and exposure** of weather and climate events impacting different regions
- The **top 3 most impacted states:**
 - Texas** (~\$380 billion)
 - Florida** (~\$370 billion)
 - Louisiana** (~\$290 billion)
- The relative costs are more acute in Louisiana, as its population and economic size is much smaller than Texas or Florida.
- Louisiana also has a high frequency of disaster events, which can lead to compounding, cascading socioeconomic impacts.

United States

Drought:	\$250B+	Flooding:	\$100B-200B	Freeze:	\$20B-50B	Severe Storm:	\$250B+
Tropical Cyclone:	\$1.3T+	Wildfire:	\$100B-200B	Winter Storm:	\$50B-100B	All Disasters:	\$2.4T+

Legislative, Regulatory, and Judicial Challenges

“It’s Not Just the Weather”

- Report by APCIA, RAA, and the Bermuda Reinsurers
- Natural catastrophe risk has increased significantly, but insurers can manage
- Insurers cannot manage social inflation caused by legislative, regulatory, and judicial interventions

LA insurance regulation has not worked

- No one trusts insurance companies when they say there are problems with the LA market...
- But when they stop taking your money... there are real problems!

LA legislation & regulations are part of the problem

- Hostile tort environment (frequency & severity)
- Negative legislative environment (over regulation)
- Difficult regulatory environment (hard to operate)

What can be done?

Insurance reform ideas

- Fund the Insure Louisiana Incentive Plan [Act 754 of 2022 Session](#)
- Fund the LA Fortify Home Program [Act 554 of 2022 Session](#)
- Reform bad faith penalty statutes [R.S. 22:1892](#) & [R.S. 22:1973](#)
- Deregulate insurer rate filing process
- Strengthen statutory prohibition of assignment of benefits

Thank you!

- Questions?