

2022 Regular Session

HOUSE BILL NO. 521

BY REPRESENTATIVE HUVAL

INSURERS: Provides for catastrophe response plans

1 AN ACT

2 To amend and reenact R.S. 22:572, relative to catastrophe response plans for insurance; to  
3 provide for the requirements for catastrophe response plans; to provide for filing  
4 with and review of plans by the commissioner; to provide for confidentiality; to  
5 provide for enforcement and penalties; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:572 is hereby amended and reenacted to read as follows:

8 §572. ~~Written catastrophe~~ Catastrophe response plans

9 A. Every insurer, as defined in R.S. 22:46(10), and every health maintenance  
10 organization operating in this state, ~~writing any form of commercial or residential~~  
11 ~~property insurance, automobile insurance, marine, or inland marine insurance or~~  
12 ~~writing life or health and accident insurance~~ shall maintain a ~~written~~ catastrophe  
13 response plan ~~or plan~~ that describes how the insurer will respond to a catastrophe  
14 affecting its business operations and policyholders or subscribers. Additionally, ~~each~~  
15 ~~health maintenance organization, managing general agent, and every~~ third-party  
16 administrator shall maintain a ~~written~~ catastrophe response plan ~~or plan~~ that  
17 describes how it will respond to a catastrophe affecting its business operations.  
18 However, insurers are not required to ensure compliance by third-party  
19 administrators with this Section. ~~During an examination required by R.S. 22:1981,~~  
20 ~~or at such other time as the commissioner deems appropriate, he shall review the~~

1 ~~written catastrophe response plan of each insurer, health maintenance organization,~~  
2 ~~managing general agent, and third-party administrator, the insurance written, and the~~  
3 ~~response plan most appropriate for the type of insureds or business operations at~~  
4 ~~issue.~~

5 B. Catastrophe response plans required pursuant to this Section shall include  
6 all of the following:

7 (1) Emergency contact information of key or essential personnel.

8 (2) Alternative office locations or work sites likely to be used in the event  
9 of a catastrophe.

10 (3) Procedures to address the following:

11 (a) The back up, storage, retrieval, and security of records and data used to  
12 adjust claims.

13 (b) The handling and processing of claims, whether prior to or subsequent  
14 to the catastrophe.

15 (c) Relevant training of staff.

16 (d) Communication with agents, policyholders, and subscribers, in the event  
17 of mail delivery or other communication system disruption. Such communication  
18 shall address, at minimum, the process for filing a claim and the method whereby an  
19 agent, policyholder, or subscriber can obtain information concerning a claim.

20 (e) The distribution of catastrophe claims information to policyholders or  
21 subscribers.

22 (4) Considering the scale of the catastrophe and the number of policies  
23 issued in the affected area, the methodology for determining the following:

24 (a) The approximate number of field adjusters, desk adjusters, and other  
25 administrative personnel necessary to respond to the catastrophe.

26 (b) The process through which the insurer will provide claims and  
27 administrative personnel to service policyholder and subscriber needs in a timely  
28 manner.

1           (c) The process through which the insurer will provide logistical support for  
2           claims and administrative personnel in the area affected by the catastrophe.

3           C. Every insurer, health maintenance organization, and third-party  
4           administrator shall file a catastrophe response plan that conforms to the provisions  
5           of this Section with the commissioner no later than June 1, 2023, and shall file a  
6           revised plan when any changes are made to the plan. The commissioner shall review  
7           each catastrophe response plan when filed to ensure that it meets the requirements  
8           of this Section and any applicable rules and regulations.

9           D. The written catastrophe response plan of each insurer, health maintenance  
10           organization, managing general agent, and third-party administrator Catastrophe  
11           response plans required pursuant to this Section shall be deemed to be confidential,  
12           proprietary information subject to the protections of the Uniform Trade Secrets Act,  
13           pursuant to Chapter 13-A of Title 51 of the Louisiana Revised Statutes of 1950, shall  
14           not be subject to the public records disclosures of R.S. 44:1, and shall not be made  
15           public by the commissioner.

16           E. The commissioner may promulgate rules in accordance with the  
17           Administrative Procedure Act to implement and enforce the provisions of this  
18           Section.

19           F. If the commissioner finds that a violation of this Section has occurred, the  
20           commissioner may take necessary and appropriate enforcement and regulatory  
21           action, including action pursuant to R.S. 22:18.

22           Section 2. This Act shall become effective January 1, 2023.

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 521 Engrossed

2022 Regular Session

Huval

**Abstract:** With respect to insurance, provides for catastrophe response plans.

Present law provides that every insurer writing any form of commercial or residential property insurance, automobile insurance, marine, or inland marine insurance or writing life

or health and accident insurance shall maintain a catastrophe response plan that describes how the insurer will respond to a catastrophe affecting its policyholders.

Present law provides that each health maintenance organization, managing general agent, and third-party administrator shall maintain a catastrophe response plan that describes how it will respond to a catastrophe affecting its business operations.

Proposed law repeals present law and provides that every insurer, as defined in R.S. 22:46(10), and every health maintenance organization operating in this state shall maintain a catastrophe response plan that describes how the insurer will respond to a catastrophe affecting its business operations and policyholders or subscribers.

Proposed law provides that every third-party administrator shall maintain a catastrophe response plan that describes how it will respond to a catastrophe affecting its business operations.

Proposed law provides that insurers are not required to ensure compliance by third-party administrators are in compliance with proposed law.

Proposed law provides that catastrophe response plans required pursuant to proposed law shall include all of the following:

- (1) Emergency contact information of key or essential personnel.
- (2) Alternative office locations or work sites likely to be used in the event of a catastrophe.
- (3) Procedures to address the back up, storage, retrieval, and security of records and data used to adjust claims, the handling and processing of claims, whether prior to or subsequent to the catastrophe, relevant training of staff, communication with agents, policyholders, and subscribers in the event of mail delivery or other communication system disruption to address, at minimum, the process for filing a claim and the method whereby an agent, policyholder, or subscriber can obtain information concerning a claim, and the distribution of catastrophe claims information to policyholders or subscribers.
- (4) Considering the scale of the catastrophe and the number of policies issued in the affected area, the methodology for determining the approximate number of field adjusters, desk adjusters, and other administrative personnel necessary to respond to the catastrophe, the process through which the insurer will provide claims and administrative personnel to service policyholder and subscriber needs in a timely manner, and the process through which the insurer will provide logistical support for claims and administrative personnel in the area affected by the catastrophe.

Present law provides that during an examination or at such other time as the commissioner deems appropriate, he shall review the catastrophe response plan of each insurer, health maintenance organization, managing general agent, and third-party administrator.

Proposed law repeals present law and provides that every insurer, health maintenance organization, and third-party administrator shall file a catastrophe response plan that conforms to the provisions proposed law with the commissioner no later than June 1, 2023, and shall file a revised plan when any changes are made to the plan.

Proposed law provides that the commissioner shall review each catastrophe response plan when filed to ensure that it meets the requirements of proposed law and any applicable rules and regulations.

Present law provides that catastrophe response plans shall be deemed to be confidential, proprietary information subject to the protections of the Uniform Trade Secrets Act, shall not be subject to the public records disclosures, and shall not be made public by the commissioner.

Proposed law retains present law.

Proposed law provides that the commissioner may promulgate rules and regulations in accordance with the Administrative Procedure Act to implement and enforce the provisions of proposed law.

Proposed law provides that if the commissioner finds that a violation of proposed law has occurred, the commissioner may take necessary and appropriate enforcement and regulatory action, including action pursuant to present law, R.S. 22:18.

Effective Jan. 1, 2023.

(Amends R.S. 22:572)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Provide that insurers are not required to ensure that third-party administrators submit a catastrophe response plan.
2. Specify that the alternative office locations or work sites required in a catastrophe response plan are those likely to be used in the event of a catastrophe.
3. Specify that the back up, storage, retrieval, and security of records and data required in a catastrophe response plan is relative to information used to adjust claims.
4. Specify that a catastrophe response plan shall include procedures to address the relevant training of staff.
5. Specify that a catastrophe response plan shall include procedures to address communication with agents, policyholders, and subscribers in the event of mail delivery or other communication system disruption and provide that such communication shall address, at minimum, the process for filing a claim and the method whereby an agent, policyholder, or subscriber can obtain information concerning a claim.
6. Specify that a catastrophe response plan shall include procedures to address the distribution of catastrophe claims information to policyholders or subscribers.
7. Provide that a catastrophe response plan shall include the methodology for determining the approximate number of field adjusters, desk adjusters, and other administrative personnel necessary to respond to the catastrophe.
8. Provide that a catastrophe response plan shall include the methodology for determining the process through which insurers will provide claims and administrative personnel to service policyholder and subscriber needs in a timely manner.

9. Provide that a catastrophe response plan shall include the methodology for determining the process through which insurers will provide logistical support for claims and administrative personnel in the area affected by the catastrophe.
10. Delete the requirement that a catastrophe response plan include the methodology for determining the process whereby a policyholder can file a claim.
11. Delete the requirement that a catastrophe response plan include the methodology for determining the process whereby a policyholder or agent can contact appropriate claims personnel, regarding a claim.
12. Delete the requirement that a catastrophe response plan include any other information required by the commissioner.
13. Provide that the commissioner may promulgate rules in accordance with the Administrative Procedure Act to implement and enforce the provisions of proposed law.
14. Change the effective date from the default effective date to January 1, 2023.