

May 9, 2017

Louisiana Senate Insurance Committee
Louisiana State Capitol
Baton Rouge, Louisiana

Via email

RE: NAMIC opposition to HB 287

Members of the Senate Insurance Committee:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to register its comments regarding HB 287.

NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. In Louisiana, 128 member companies do business here, comprising a market share of 40%.

HB 287 presents some logistical challenges to insurers which we believe will ultimately result in consumer frustration. The amendment efforts in the House have helped improve the bill, but we still remain concerned about the requirement placed upon insurers to notify mortgagees of every claim payment made.

Notifying the mortgagee of every single claim will be a tremendous undertaking. It's important to note many mortgagees do not want to be included on every claim payment made. Some claims are small enough that they only require a small claim payment to fully resolve. As a result, many mortgagees have implemented guidelines for insurers on when the mortgagee wishes to be made a co-payee on the claims payment check.

Should a mortgagee wish to be listed as a payee on every claim, that mortgagee can simply ask to be – and the insurers would honor that request. But as many mortgagees do not want to be listed as a payee on smaller claim payments, we see no reason to provide them with notice of a claim payment which the mortgagee itself has elected not to be added to the check as a payee. This would be a lot of work on the insurer's part for very little benefit to the mortgagee.

We believe an amendment would fix this problem. Our suggested fix would amend page 4, lines 18-22 as follows:

The insurer shall notify the insurance producer of record and mortgagee named on the policy of all such payments for property damage claims made in accordance with this Paragraph, unless the amount of the claim payment is less than the mortgagee's threshold for making the mortgagee a co-payee for any property damage claim payment.

(Text in red is NAMIC's suggested amendment).

We appreciate the opportunity to share these concerns. Please contact me if you have questions or comments about our position.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large initial "P" and "M".

Paul Martin
Director – State Affairs
Southwest Region

CC: Rep. Talbot