

**PROGRAM DIVISION
BULLETIN**

2006-24

August 11, 2006

**Louisiana Citizens Property Insurance Corporation
2006 Recoupment Surcharge**

In November 2005, the Louisiana Citizens' Property Corporation (CPIC), a residual market plan for residential and commercial property policyholders, authorized a regular assessment against admitted insurers to cover operational deficits in the Fair Plan and the Coastal Plan as a result of Hurricane Katrina and Hurricane Rita.

Pursuant to Louisiana Directive 191 (December 22, 2005) and R.S. 22:1430.10, admitted companies are permitted to recover regular assessments by means of a policy level surcharge, after an appropriate filing has been approved by the Department.

Based upon the assessments paid by Granite State Insurance Company and the New Hampshire Insurance Company, we filed for a recoupment surcharge of 12% to recover the CPIC 2005 regular assessment. The recoupment surcharge filing, Company File Number AIC-06-RS-01, has now been approved by the Department.

All Program Administrators using either Granite State or New Hampshire Insurance Companies to write business must follow the procedures outlined below:

The recoupment surcharge applies only to property business written by the Granite State Insurance Company or the New Hampshire Insurance Company. The recoupment surcharge is to be applied to all policies covering fire, allied lines, and the property portion of commercial multi-peril risks.

Recoupment Period:

As directed by the Department, the recoupment surcharge is to be applied to all new and renewal policies, effective June 22, 2006 to June 22, 2007. **We shall begin recoupment surcharge billings as follows:**

- **Those program administrators that provide premium feeds, should begin processing the recoupment surcharges immediately;**
- **Those program administrators utilizing the CoverAll policy issuance system will be advised of the date on which surcharges will begin to be processed in this system.**

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Surcharge Rate:

The total surcharge rate per policy is 12%.

The surcharge is not subject to premium tax, commissions, service fees or any other policy charge.

The surcharge is applicable solely to the Fire (ASL 010), Allied Lines (ASL 021) and Commercial Multi Peril (ASL 051) premium.

Surcharge Policy Language:

The recoupment surcharge may be separately identified on the declarations page in the following manner:

Total Policy Premium: \$xx.xx
2005 LA Citizens' Regular Assessment: \$xx.xx
Total Amount Due: \$xx.xx

The recoupment surcharge may also be identified on a separate supplemental schedule, according to the example below:

Total Policy Premium: \$xx.xx
2005 LA FAIR Plan Regular Assessment: \$xx.xx
2005 LA Coastal Plan Regular Assessment: \$xx.xx
Total Amount Due: \$xx.xx

While the Department prefers that we identify each Plan assessment separately on the declarations page, insurers may use one of the alternatives cited above if there is insufficient space for all of the information on the dec page.

Failure to Pay; Excess Recoupment

Policyholders who fail to pay a surcharge are subject to policy cancellation by the insurer. In the event of excess recoupment by an insurer, the CPIC will retain the excess surcharge monies as an offset to potential future funding requirements.

If you have a Proprietary system, please have this surcharge programmed immediately. Cover-All has been notified and are in the process of programming this surcharge at this time.

If you have any questions regarding the notice, or these procedures, please contact your Program Manager.

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