

# MARKET BULLETIN

<b>From</b>	Director, Worldwide Markets (extn 6677)
<b>Date</b>	7 March 2006
<b>Reference</b>	Y3760
<b>Subject</b>	<b>Louisiana: Hurricane Katrina and Hurricane Rita. Directive 196 issued by the Louisiana Department of Insurance</b>
<b>Subject areas</b>	Personal lines coverage in the state of Louisiana. Hurricane Katrina and Hurricane Rita deemed catastrophic events entitling insureds to exemption from use of credit information.
<b>Attachments</b>	None
<b>Action points</b>	<b>Managing agents and Lloyd's brokers to note and comply with the provisions of Directive 196</b>
<b>Deadlines</b>	<b>Directive 196 became effective on 1 March, 2006</b>

## Purpose of bulletin

The purpose of this bulletin is to inform the market of the provisions of Louisiana Directive 196, which is now in force.

Directive 196 addresses the right of an insured to be exempt from the use of adverse credit information directly or indirectly caused by Hurricane Katrina and/or Hurricane Rita.

[Directive 196 can be accessed via this link](#)

## Application of Directive 196

Directive 196 applies to personal lines of insurance only. The Directive is addressed to all property and casualty insurers, surplus lines insurers, and any and all other entities doing business in Louisiana and/or regulated by the Commissioner. Directive 196 therefore applies to Lloyd's underwriters, who carry on business from Louisiana on a surplus lines basis.

## Directive 196

The following key points of Directive 196 should be noted:

- The Commissioner of Insurance deems that Hurricane Katrina and Hurricane Rita are catastrophic events that trigger the exemption to which the insured is entitled pursuant to LSA R.S. 22:1487
- Further, and pursuant to LSA R.S. 22:1487, Directive 196 advises and directs all such insurers writing personal lines of insurance in Louisiana, and upon demonstration by an insured, to ignore all unfavourable entries entered into an individual's credit record beginning with entries posted on 26 August, 2005, and all such unfavourable entries posted thereafter, that are related to Hurricane Katrina and/or Hurricane Rita. These adverse entries shall be ignored when considering the individual's credit history by an insurer during the underwriting or rating of any personal lines insurance policy.
- Directive 196 does not prohibit an insurer from using a credit entry, favourable or unfavourable, posted on or after 26 August, 2005 that is not related to Hurricane Katrina and/or Hurricane Rita.
- Any controversy or dispute between the insurer and the insured shall be resolved pursuant to the framework set forth in LSA R.S. 22:1485 and 1486.

Directive 196 also states that “the Commissioner understands that Directive 196, and the underlying statutory authority, only applies to personal lines of insurance. However, in recognition of the catastrophic impact that Hurricane Katrina and Hurricane Rita had upon commercial entities operating in Louisiana, the Commissioner of Insurance strongly urges and requests that all insurers writing commercial lines of insurance in Louisiana abide by the spirit and intent of Directive 196”.

Managing agents should ensure that they, and coverholders acting on their behalf, comply with Directive 196.

## Further information

If you have any queries about this market bulletin, please contact Lloyd's Worldwide Market Services:

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This market bulletin has been sent to active underwriters and to the compliance officers of managing agents and Lloyd's brokers.

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Director,  
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