

Insurers Can Drop Homeowners In New Year

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NEW ORLEANS -- A special emergency rule has expired that held insurance coverage in place since hurricanes Katrina and Rita, meaning insurance companies may start sending homes and business owners in south Louisiana termination letters.

The end of Emergency Rule 23 marks an important transition in the state's shattered insurance market.

Tens of thousands of home and business owners may get dropped by their insurance companies, and that might force them to take out coverage with the Louisiana Citizens Property Insurance Corp., the state's insurer of last resort.

Getting dropped may also make people bulldoze or repair their properties, or go without insurance coverage altogether.

The emergency rule required insurers to keep covering a property even though its risk profile had changed because a house was damaged and unrepaired, unoccupied or in a sparsely populated neighborhood.

Most property policies, however, will not be canceled until after March 1 because of notification and inspection requirements by the Louisiana Department of Insurance. And in many cases, property owners won't get dropped until their policies come up for renewal, meaning that the insurance termination process will unfold throughout the year.

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