

Donelon Announces Residential Property Storm Mitigation Incentives

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Insurance premium discounts are available in 2008 to home owners who build or retrofit a structure to comply with the requirements of the State Uniform Construction Code, install damage mitigation improvements, or retrofit their property utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane. Act 323 of the 2007 Regular Session provides these discounts for insureds effective after insurers file rates to include the discounts with the Louisiana Department of Insurance between March 31, 2008 and January 1, 2009.

"This is a milestone in our efforts to reduce homeowners insurance rates in Louisiana and is a great incentive for home owners to secure their homes against severe hurricane, tornado or windstorm damage," said Donelon. "The premium discounts apply to both new and existing homes and are something that everyone who has incorporated one or more of the incentives will benefit from once their insurance company has filed for the rate reductions with the Department of Insurance."

Premium discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Homeowners should contact their insurance company or agent for more information. These damage mitigation improvements and construction techniques include but are not limited to: buildings designed to code; roof bracing; secondary water barriers; opening protection; roof-to-wall strength; roof deck attachment; roof covering and roof covering performance; wall-to-floor-to-foundation strength; window, door, and skylight strength; and other mitigation improvements and/or construction techniques that the insurer has determined to reduce the risk of loss due to wind.

Inspection and certification must be performed by a building code enforcement officer, registered architect or engineer, or a registered third-party provider authorized by the Louisiana State Uniform Construction Code Council to perform building inspections.

Proof of eligibility for premium discounts must be provided by the insured. The insurer may require completion of the Louisiana Hurricane Loss Mitigation Form or other documentation to demonstrate compliance with the State Uniform Construction Code, such as permits, certificates of occupancy, inspection reports or receipts. If deemed necessary, the insurer may also perform its own independent inspection.

Premium discounts apply to one or two-family owner occupied homes and modular homes. They do not apply to commercial or commercial residential properties with three or more units, or to manufactured or mobile homes.

Another storm mitigation incentive made available in the 2007 Regular Session by Act 467 is state income tax deductions for insureds who voluntarily retrofit an existing residential structure to bring it into compliance with the State Uniform Construction Code. This construction code retrofitting deduction is an amount equal to 50 percent of the cost paid or incurred for the retrofit on or after January 1, 2007, less the value of any other state, municipal or federally-sponsored financial incentives for the cost paid. The taxpayer must claim the homestead exemption for the home being retrofitted and the home cannot be rental property. The tax credit can be no more than \$5,000 per retrofitted residential structure and is claimed on the tax return for the year in which the work is completed.

A third storm mitigation incentive made available in the 2007 Regular Session by Act 462 allows insureds to receive exclusions on state sales and use tax when purchasing storm shutter devices that provide window damage protection in a storm or hurricane, effective July 1, 2007.

The Louisiana Department of Insurance encourages residential property owners to take the steps necessary to become a recipient of these financial benefits for added storm and hurricane protection. Whether you plan to build a new home or retrofit your existing home, you will benefit from the insurance premium discounts, tax deductions and tax exclusions now available.

The Department of Insurance has posted a brochure on home owner storm mitigation incentives on its Web site at www.lidi.state.la.us under the publications tab for insurance agents and home owners to access.