



# REPORT: Louisiana's Insurance Crisis Leaves Homeowners Exploited While Insurance Companies Turn Massive Profits

## Executive Summary

Louisiana's home insurance premiums have risen by an [effective rate of 34.6%](#) just since 2019, and the state now has the second-highest home insurance costs in the nation. In the New Orleans metro area, homeowners spend [nearly 17.5% of the area's median annual income](#) on home coverage. Such high rates come even as insurers [closed](#) 44.6% of homeowner claims with no payment in 2024—higher than the national rate of 41.9%.

Louisiana homeowners who do obtain property insurance can still see their claims denied for [arcane reasons](#), and the state's recent tort reform measures make it harder to dispute those denials in court. Meanwhile, some Louisiana insurers are accused of [systematic underpayment of claims](#) and leaving Hurricane Ida damage claims unpaid for years.

Even as homeowners struggle with expensive policies and mistreatment, insurance companies operating in Louisiana have [earned](#) \$88.3 billion from investments since 2004 while reporting just \$1.6 billion in underwriting losses. These same companies have [paid](#) \$27.1 billion in fees to affiliated companies since 2004, effectively hiding funds from regulators and reducing reserves available to pay claims.

Louisiana's insurance system is overseen by an Insurance Commissioner who received [nearly 75% of his campaign contributions](#) from the insurance industry and has consistently sided with insurers over policyholders.

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**Louisiana's Home Insurance Premiums Have Risen By An Effective Rate Of 34.6% Just Since 2019, And The State Now Has The Second-Highest Home Insurance Costs In The Country.**

**Home Insurance Premiums In Louisiana Have Seen A 34.6% Effective Increase Just Since 2019.**

From 2019 to 2024, there was a 34.6% effective increase on Louisiana home insurance premiums. Louisiana homeowners have experienced steady premium increases over the past five years, with the cumulative effect creating a significant financial burden for families across the state. [\[S&P Global, 1/21/2025\]](#)

- ★ A 2025 analysis predicted that property insurance premiums in Louisiana would [increase by a further 27%](#) by the end of that year.
- ★ In the New Orleans metro area, Louisiana's largest, homeowners spend "[nearly 17.5% of the area's median annual income](#) on home coverage."

**Home Insurance Premiums In Louisiana Have Seen A 34.6% Effective Increase Just Since 2019.**

**A February 2026 Report Found That Louisiana Homeowners Face The Second-Highest Insurance Costs In The Nation.** Louisiana trails only Nebraska in the dubious distinction of having



the most expensive home insurance market in the country, placing an extraordinary financial burden on homeowners. [\[Bank Rate, 3/2/2026\]](#)

- ★ In the New Orleans metro area, Louisiana's largest, homeowners spend "[nearly 17.5% of the area's median annual income](#) on home coverage."

## Louisiana Insurance Companies Have Denied Nearly Half Of All Homeowner Claims While Earning Massive Investment Profits And Funneling Billions To Affiliates, But Insurance Rates Continue To Rise.

Louisiana Insurers Close Nearly Half Of All Homeowner Claims Without Payment, Higher Than The National Average.

A 2025 report from Weiss Ratings found that insurers in Louisiana closed 44.6% of homeowner claims with no payment in 2024, higher than the national rate of 41.9%. [\[Weiss Ratings, 5/13/2025\]](#)

- ★ Seven large insurers operating in Louisiana [closed more than half of their homeowner claims without any payment](#) in 2024.

Despite Claiming Underwriting Losses, Louisiana Insurers Have Earned Tens Of Billions In Investment Income While Diverting Billions More To Affiliate Companies.

Insurers operating in Louisiana reported just **\$1.6 billion in underwriting losses** from 2004 to 2024 while earning **\$88.3 billion from investments**. This stark contrast reveals the fundamental deception in insurance industry claims of financial distress. [\[Weiss Ratings, 4/25/2025\]](#)

Insurers operating in Louisiana have paid \$27.1 billion in fees to affiliated companies since 2004, reducing reserves available to pay claims and effectively hiding funds from regulators. The affiliate model allows insurance companies to siphon billions of dollars out of their insurance operations and into related companies they also own, circumventing regulatory oversight and profit caps. . [\[Weiss Ratings, 5/13/2025\]](#)

- ★ Seven Florida-domiciled companies doing business in Louisiana [paid a combined \\$2.1 billion in affiliate fees over just three years \(2022-2024\)](#) while reporting net underwriting losses of \$297 million.
- ★ "Louisiana property insurance rates [spiked by 4.4% in 2025](#), resulting in a \$135 million increase for policyholders statewide. Louisiana policyholders already pay the second-highest rates in the nation, at more than \$3,800 above the national average."

## Louisiana Insurers' Use Of The Controversial "Affiliate Model" To Conceal Their Profits Contributed To Massive Failures After Hurricane Ida, Leaving Louisiana Taxpayers With A \$600 Million Bill.

**Twelve Louisiana Home Insurers Failed Following Hurricane Ida, With Eleven Operating On The "Affiliate Model" That Diverted Hundreds Of Millions To Related Companies.**

**12 Louisiana home insurers failed following Hurricane Ida in 2021.** The wave of insurer failures after Hurricane Ida left tens of thousands of Louisiana homeowners without coverage and their claims unpaid, creating a secondary disaster for families already struggling to recover from the storm's devastation. [\[Fox 8, 12/29/25\]](#)

Despite industry executives and state regulators blaming litigation and reinsurance costs, records show that [11 of the 12 companies operated on the "affiliate model"](#), paying hundreds of millions of dollars to affiliate companies without retaining funds to buy reinsurance or pay claims. These companies were systematically transferring money to their affiliates rather than maintaining adequate reserves or purchasing sufficient reinsurance. The affiliate model allowed executives to extract profits while leaving their insurance companies financially vulnerable and unable to meet their obligations to policyholders when disaster struck. [\[NOLA News, 1/11/2024\]](#)

The companies sent **\$650 million** to the affiliates while reporting a cumulative loss of **\$426 million**. [\[NOLA News, 1/11/2024\]](#)

**When The Insurers Went Under, Louisiana Taxpayers Were Left To Cover \$600 Million In Unpaid Claims.**

**When The Insurers Went Under, Louisiana Taxpayers Were Left To Cover \$600 Million In Unpaid Claims.** The failure of these affiliate-driven insurance companies did not just harm the policyholders who lost their coverage—it created a massive liability for all Louisiana taxpayers. The \$600 million bill represents money that should have been paid by the insurance companies from premiums and reserves, but instead fell to the state's guaranty system funded by assessments on remaining insurers and ultimately passed on to all policyholders and taxpayers. [\[United Policy Holders, 4/24/2024\]](#)

- ★ The same practices have previously led to [outrage and legislation regulating affiliates in Florida](#).

## **Despite Non-Renewals Increasing Fivefold From 2018 To 2024, Louisiana Passed An Insurance Industry-Backed Law That Allows Insurers To Start Non-Renewing Policies They Were Previously Prohibited From Canceling.**

### **Louisiana's Three-Year Protection Rule Was Repealed In 2024, Allowing Insurers To Cancel Previously Protected Policies.**

Until 2025, Home Insurers In Louisiana Were [Prohibited](#) From Canceling, Refusing To Renew, Or Raising Deductibles On Policies That Had Been In Place For Three Years Or More. This consumer protection, known as the three-year rule, provided Louisiana homeowners with stability and security, ensuring that once they maintained a policy for three years, their insurer could not arbitrarily cancel their coverage or dramatically increase their deductibles. The rule recognized that homeowners need predictability and protection from sudden loss of coverage, particularly in a state vulnerable to hurricanes and other natural disasters. [\[Law 360, 1/30/2025\]](#)

**A New Law Passed In 2024 Allows Insurers To Choose Not To Renew Up To 5% Of Previously Exempt Policies.** While the law grandfathers in some policies that reached the three-year threshold before August 2024, it leaves newer policyholders vulnerable to cancellation and creates uncertainty for homeowners who thought they had secured stable, long-term coverage. [\[KKP Firm\]](#)

**Insurance Industry Lobbying Was Reportedly Partly Responsible For The 2024 Repeal Of The Three-Year Rule.** The repeal did not emerge from consumer demand or evidence that the three-year rule was harming the market. Instead, it resulted from insurance industry pressure on state lawmakers, demonstrating how industry lobbying can override consumer protections even as homeowners face an affordability crisis. [\[Law 360, 1/30/2025\]](#)

**One Expert Said That The Repeal "Shifts Much Of The Initial Risk For Hurricane Damage To The Homeowners And Away From The Insurance Companies."** The practical effect of repealing the three-year rule is to transfer risk from insurers—who are in the business of managing risk—to homeowners who have fewer resources and options. This shift fundamentally undermines the purpose of insurance, which is to pool risk and protect individuals from catastrophic losses they cannot afford to bear alone. [\[Law 360, 1/30/2025\]](#)

### **Non-Renewals Were Already Skyrocketing Before The Three-Year Rule Was Repealed.**

**Even Before The Three-Year Rule Was Repealed, The Number Of Louisiana Homeowners Who Had Their Policies Canceled Increased "More Than Fivefold" From 2018 To 2024.** The dramatic increase in non-renewals—more than 500%—occurred while the three-year rule was still in effect, demonstrating that insurers were already aggressively canceling policies wherever legally possible. The repeal of the three-year rule will only accelerate this trend, leaving even more

Louisiana homeowners scrambling to find coverage in an increasingly hostile market. [[Louisiana Radio Network, 11/3/2025](#)]

**Louisiana Regulators Attracted Insurers To The State By Paying Private Insurers To Shift Tens Of Thousands Of Risky Policies From The Insurer Of Last Resort, Three Quarters Of Which Went To Companies That Later Failed.**

**Louisiana's Strategy Of Paying Private Insurers To Assume Risky Policies Backfired Spectacularly When Most Of Those Companies Failed.**

**A Major Strategy Used By Louisiana Regulators To Attract Home Insurers To The State Was Shifting Policies From The State's Insurer Of Last Resort To The Private Companies, Often Incentivizing The Companies With Grant Money.** Louisiana regulators, eager to reduce the size of the state-backed insurer and attract private companies to the market, offered financial incentives to private insurers willing to assume policies from the insurer of last resort. [[NOLA News, 10/2/22](#)]

**The Insurers Grew Rapidly By Assuming Risky Policies Concentrated In Disaster-Prone Areas.** The private insurers that accepted these policies were taking on some of the riskiest coverage in the state—policies that the private market had previously rejected and that had ended up with the insurer of last resort precisely because they were difficult to underwrite profitably. [[NOLA News, 1/11/2024](#)]

**When Many Of The Companies Later Failed, Tens Of Thousands Of Policies Were Returned To The State Insurer.** The failure of these rapidly-grown private insurers meant that the policies regulators had worked so hard to move into the private market came flooding back to the state insurer, often in worse condition than before. Three quarters of the nearly 130,000 policies transferred from the state insurer went to companies that later failed. [[NOLA News, 1/11/2024](#)]

- ★ With the number of homeowners insured by the state insurer of last resort skyrocketing following the private insurers' failures, Louisiana Insurance Commissioner Jim Donelon began [advocating a plan to "give millions of state dollars to insurers" to reassume the policies](#). While Donelon's successor has opposed the policy, he [committed to honoring the grants distributed by Donelon](#).

**Louisiana Home Insurers Have Reportedly Engaged In "Systematic Underpayment" Of Claims, Denied Claims For Arcane Reasons, And Left Hurricane Damage Claims Unpaid For Years.**

## Louisiana Homeowners Report Systematic Underpayment And Denial Of Claims For Arbitrary Reasons.

**A New Orleans-Area Lawyer Reported Seeing A "Systematic Underpayment Of Claims" As Private Insurance Companies Assumed Policies From The State-Backed Insurer.** The transfer of policies from the state insurer to private companies—a key regulatory strategy—appears to have resulted in worse treatment for policyholders. Attorneys representing Louisiana homeowners have observed a pattern of systematic underpayment, suggesting that private insurers are deliberately lowballing claims to maximize their profits at the expense of homeowners struggling to recover from disasters. [\[United Policyholders, 4/24/2024\]](#)

- ★ Insurers reportedly [denied some claims](#) because a homeowner “hadn’t moved in the exact day their policy started.”
- ★ One Louisiana homeowner’s [claim for water damage after Hurricane Ida was denied](#) when the insurance company argued that their policy “did not include storm surge.”
- ★ The Louisiana Insurance Guaranty Association, which took over claims from the private insurers that failed, [left hundreds of thousands of Louisiana residents’ claims unpaid years after Hurricane Ida](#), which a lawsuit argued breached the company’s statutory obligations.

**In Recent Years, Louisiana Lawmakers Backed By Insurance Money Have Passed Laws That Financially Benefit Insurers While Rejecting Proposals To Provide Homeowners With Relief.**

## Louisiana Lawmakers Have Passed Multiple Laws That Benefit Insurance Companies At The Expense Of Policyholders.

**An Insurance-Backed State Senator Introduced A 2023 Law Making Policyholders Responsible For Court And Attorney Fees In Lawsuits Against Louisiana's State Insurer Of Last Resort, Even If They Win Their Case.** This law fundamentally undermines policyholders' ability to challenge wrongful claim denials by making it financially risky to sue even when the insurer is in the wrong. [\[United Policyholders, 4/24/2024\]](#)

- ★ One analyst said the law has meant that “home and small business owners are never made whole.”

**The Same Senator, Kirk Talbot, Introduced A Measure To Eliminate Penalties For The State-Backed Insurer For Bad-Faith Delays In Paying Claims.** This proposal would have removed one of the few tools available to hold insurers accountable for deliberately delaying claim payments. [\[United Policyholders, 4/24/2024\]](#)

## Louisiana Lawmakers Have Rejected Proposals That Would Provide Direct Relief To Struggling Homeowners.

**In 2025, Louisiana's Legislature Rejected An Annual Tax Credit For Homeowners' Insurance Payments That "Would Have Directly Provided Relief To Homeowners Struggling To Afford Skyrocketing Rates."** This bipartisan proposal would have offered Louisiana homeowners some financial relief from crushing insurance costs by allowing them to claim a tax credit for their insurance premiums. The bipartisan bill failed due to insufficient support among Republicans. [[Louisiana Illuminator, 6/10/2025](#)]

- ★ Industry-backed lawmakers also [killed a proposal](#) to require insurers to offer “stated value” policies, despite one legislator calling it “the only one this year that [actually helps homeowners with affordability.](#)”

**The Louisiana Legislature Has Passed A Series Of Anti-Consumer "Tort Reform" Measures Backed By The Insurance Industry, Despite Evidence That Similar Reforms Have Failed To Lower Rates.**

## Louisiana Has Embraced Tort Reform Despite Evidence It Doesn't Lower Insurance Costs.

**The 2025 Legislative Session Passed A Slate Of "Tort Reform" Bills Targeting Personal Injury Lawyers, "On The Belief They Are The Cause Of The State's High Coverage Premiums."** Louisiana lawmakers have accepted the insurance industry's narrative that litigation and attorney fees are the primary drivers of high insurance costs, despite evidence that insurer practices—including affiliate fees, claim denials, and investment income—play a much larger role. The 2025 tort reform package targets personal injury lawyers and makes it harder for policyholders to sue insurers, based on the unproven assumption that reducing litigation will lead to lower premiums. [[Louisiana Illuminator, 6/13/2025](#)]

**Insurance Agents In Louisiana Have Pushed For Further Legal Reform, With The Professional Insurance Agents Of Louisiana Arguing That Verdict Risk Now Ranks Alongside Hurricane Exposure In Carrier Exit Decisions.** The insurance industry continues to push for additional tort reform, claiming that the risk of adverse verdicts is driving insurers out of Louisiana. [[Be Insure, 2/3/2026](#)]

- ★ Louisiana's tort reform push mirrors a [broader national trend, including sweeping legislation signed in Georgia in April 2025](#) that included restrictions on non-economic damages, and regulation of third-party litigation financing.

- ★ Instead of lowering costs, [evidence suggests](#) that tort reform simply leads to more claims being closed without payment.

## Louisiana's Largest Insurance Regulator Got 75% Of His Campaign Money From The Insurance Industry.

### Louisiana Insurance Commissioner Tim Temple Has Deep Financial Ties To The Industry He Regulates.

**Louisiana Insurance Commissioner Tim Temple, A Former Insurance Executive Whose Family Owned An Insurance Company, Received Nearly 75% Of His Campaign Contributions From The Insurance Industry.** Tim Temple's background as an insurance executive and his family's ownership of an insurance company create inherent conflicts of interest in his role as the state's insurance regulator. His overwhelming reliance on insurance industry campaign contributions—nearly three-quarters of his total fundraising—raises serious questions about his ability to regulate the industry objectively and prioritize consumer protection over industry profits. [\[Real Reform Louisiana\]](#)

- ★ Since taking office, Temple has [lifted profit caps for insurers, made it easier for them to raise rates, deny claims, and cancel policies](#), while pushing legislation that makes it harder for policyholders to hold insurers accountable.
- ★ Temple's predecessor, Jim Donelon, had a similar pattern of industry funding and reportedly [75% of Donelon's campaign contributions also came from the insurance industry](#).