

# Louisiana Department of Insurance

## 2011 Citizens, Tax and Insurance Savings Q&A and Radio Spot

### Summary of four opportunities

1. Property owners are entitled to a rebate whether you file taxes or not - for the Louisiana Citizens assessment on your property and casualty insurance policy dating from 2007 - 2011. If you have not submitted a claim for assessments paid in prior years, it's not too late to do so.
2. You can apply for a state tax deduction for voluntarily retrofitting your home to comply with the Louisiana State Uniform Construction Code.
3. You can also apply for insurance premium discounts for voluntarily building or retrofitting your home to comply with the Louisiana State Uniform Construction Code.
4. Federal casualty loss tax deductions for uncompensated damages resulting from Hurricanes Gustav or Ike or from Chinese drywall may be available. Consumers should consult these options with their tax consultant.

### Louisiana Citizens Property Insurance Rebate

#### **1. What is the Citizens rebate?**

The Louisiana Citizens Property Insurance Corporation assessment is paid as part of the property insurance bill each year by property owners. The dollar amount of the assessment is found on the declaration page of the policy. This amount is payment for a bond issued by Louisiana Citizens to cover the large amount of damages caused by Hurricane Katrina. The assessment was passed on to property and casualty policyholders by insurance companies who are responsible for paying the cost of the bond. This amount is refundable to those who paid the assessment with their property and casualty insurance premium once it is paid.

#### **2. How many people have not yet claimed the rebate?**

Sixty-three percent of all available money had not been claimed as of December 31, 2010, or \$362 million. Sixty-nine percent of those who were eligible for the 2006 Citizens rebate failed to do so, leaving almost \$133 million unclaimed. The opportunity for people to claim those funds expired on December 31, 2010.

#### **3. Who pays the rebate to me?**

The Louisiana Department of Revenue (LDR) pays the rebate.

#### **4. What is the average rebate amount?**

The average rebate amount for all claims paid is \$136.59.

#### **5. How do I get my rebate?**

If you paid a Citizens Assessment in 2010 and haven't filed a claim form with LDR to recoup the amount paid, you can claim the rebate as soon as you pay the insurance premium that includes the Citizens Assessment or when filing the State Tax Return due each May. Fill out the LDR Louisiana Citizens Insurance Tax Credit form for the year in which you paid the assessment. Include with the tax form the declaration page of your insurance policy that contains the assessment amount. Also, attach evidence that you paid your insurance premium and mail these documents to LDR. The rebate forms are found at

<http://www.rev.state.la.us/sections/general/calac/default.aspx>. Or you can go to the Department of Insurance's Web site home page at [www.lda.la.gov](http://www.lda.la.gov) and click on the Louisiana Citizens Insurance Tax Credit newsreel link at the top of the page.

#### **6. How long have I been paying this additional assessment?**

This assessment has been charged on the property insurance policies since 2005.

#### **7. Can I get a rebate for prior years' assessments?**

Yes, you can still obtain a rebate going back as far as assessments paid in 2007.

#### **8. How do I obtain the rebate for the prior years' assessments?**

You can also claim assessments paid with insurance premiums in prior years by filing an amended tax return or by obtaining the proper form for the year in which the assessment was paid. Assessments paid in 2007 can be claimed on a [2007 Form R-540INS](#). Assessments paid in 2008 can be claimed on a [2008 Form R-540INS](#). Assessments paid in 2009 must be claimed on the [2009 Form R-540INS](#). Assessments paid in 2010 must be claimed on the [2010 Form R5401NS](#). Assessments paid in 2011 must be claimed on the [2011Form R-540INS](#). Businesses should complete *Form R-620INS* for the appropriate year to claim the rebate.

#### **9. Is there a deadline for claiming my rebate?**

Yes, the deadline for claiming the 2005-2006 Louisiana Citizens rebate was December 31, 2010. Assessments paid in 2007 must be claimed by the end of 2011. Assessments paid in 2008 must be claimed by the end of 2012. Assessments paid in 2009 must be claimed by the end of 2013. Assessments paid in 2010 must be claimed by the end of 2014. Assessments paid in 2011 must be claimed by the end of 2015.

The best plan is to obtain the rebate as soon as you pay the assessment or plan to claim it on your state tax filing each year. It's not too late to secure the rebate on assessments you paid with your previous years' insurance premiums as far back as 2007.

#### **10. Are there any special rules I should know about claiming the rebate?**

Yes, be sure not to claim the rebate on both the INS form and the tax return since this will delay your refund. Do not claim the total insurance premium, only the Citizens Assessment. This will delay the refund as well. Those who pay the Citizens Assessment on more than one property should send in a single INS form for all properties each year rather than a separate INS form for each property. An R-INS Supplement form should be used for more than one property. Otherwise the second claim will automatically be delayed for review.

### **Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction**

#### **1. What is the Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction?**

Act 467 of the 2007 Regular Session allows a tax deduction for a taxpayer to voluntarily retrofit an existing residential structure to bring it into compliance with the State Uniform Construction Code. The retrofitting must not be a construction, reconstruction, alteration, or repair of an existing structure. Retrofitting means improvements to a previously constructed structure with regard to the following areas:

- Roof deck attachment
- Secondary water barrier
- Roof Covering
- Gable ends bracing

- Roof-to-wall connections
- Opening protection
- Exterior doors, including garage doors

This construction code home 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, limited to \$5000.

## **2. Who is eligible for this Louisiana tax deduction?**

Any taxpayer who claims a homestead exemption for the home being retrofitted may claim the construction code home retrofitting deduction. The home cannot be rental property.

## **3. What amount may I receive with this tax deduction?**

The tax deduction can be no more than \$5,000 per retrofitted residential structure.

## **4. When do I claim the tax deduction?**

The tax deduction is claimed on the tax return for the year in which the work is completed.

## **5. What proof do I need to qualify for this tax deduction?**

Proof that the retrofit complies with the State Uniform Construction Code and that the improvements were made to those areas noted above (keep receipts for purchased items installed and labor costs for retrofit - no inspection is required), documentation of the cost of the project, and assurance that the project was voluntary as defined by the law, must be retained by the taxpayer.

## **6. When did this tax deduction become effective?**

The tax deduction was effective in the 2007 tax year.

## **7. What if I completed retrofits to my home in 2008 or 2009 - can I claim a tax deduction for qualifying work in those years?**

Yes, just amend your tax return for the year in which the work was completed to include this deduction.

## **8. Where can I find additional information on the Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction?**

A brochure on the state tax deduction is found at the Department of Insurance web site at: [http://www.lds.louisiana.gov/consumers/misc\\_pubs/Homeowners%20Storm%20final.pdf](http://www.lds.louisiana.gov/consumers/misc_pubs/Homeowners%20Storm%20final.pdf). The Department of Revenue Bulletin No. 09-077 Construction Code Voluntary Retrofitting Deduction information is found at: <http://www.rev.state.la.us/forms/lawspolicies/RIB09007.pdf>

## **Insurance Premium Discounts for State Uniform Construction Code Home Retrofit or New Home Construction**

### **1. Who is eligible for insurance premium discounts?**

Any owner who builds or retrofits a one or two-family owner occupied home or modular home to comply with the requirements of the State Uniform Construction Code, and/or any owner who installs damage mitigation improvements or retrofits their one or two-family owner occupied home or modular home utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane.

## **2. What building techniques qualify for an insurance premium discount?**

Discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Your insurance company or agent will have this information. These damage mitigation improvements and/or construction techniques include, but are not limited to:

- \* building design
- \* 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
- \* other mitigation improvements and/or construction techniques that the insurer may determine to reduce the risk of loss due to wind.

## **3. Why are insurance premium discounts now available to me as a homeowner?**

Act 323 of the 2007 Regular Session provides insurance premium discounts for homeowners.

## **4. How much savings can I expect in insurance premium discounts?**

Each insurance company has established savings amounts allowed to homeowners for the various storm mitigation building techniques that are incorporated into a home as either a retrofit or new construction. Contact your homeowners insurance company or agent for these details and any necessary forms.

## **5. Is a home inspection required?**

Yes, 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. For a search feature of registered third party providers, visit <http://lsuccc.dps.louisiana.gov/> or call (225) 922-0817.

## **6. What documents are needed for proof of eligibility for insurance premium discounts?**

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.

## **Federal Casualty Loss Tax Deductions for Uncompensated Damages**

### **1. What is the Heartland Disaster Tax Relief Act of 2008?**

This Act (Public Law (PL) 110-343) includes special federal casualty loss tax deduction rules allowed in 2008 and 2009 for uncompensated damages from federally declared disasters, including Hurricanes Gustav and Ike. Victims impacted by federally declared disasters during 2008 and 2009 may claim more of their damages on their taxes for the year the damages were incurred.

### **2. Can damages from Chinese drywall in 2010 be taken as an itemized deduction?**

Yes, those who suffered property damage from Chinese drywall should consult their tax advisors or IRS publications about claiming a casualty loss deduction on their income tax returns for uninsured or uncompensated property losses.

### **3. How do I claim a federal casualty loss tax deduction?**

Consumers should be aware of these federal casualty loss deductions and talk to their tax consultant for possible substantial savings. If property owners had uncompensated damages from Hurricanes Ike or Gustav, they may still amend their federal tax filing for 2008. This amendment includes work completed after 2008. Consumers can refer to IRS Pub 547 for tax year 2008 to get the details on the Heartland Disaster Tax Relief Act of 2008: <http://www.irs.gov/publications/p547/index.html>. More information on the Chinese drywall tax deduction may be found at the IRS web site at <http://www.irs.gov>.

### **2011 Citizens, State Tax and Insurance Savings 60-Second Radio Spot** **(February 14 – March 14)**

[Click here for radio spot](#)

This is Insurance Commissioner Jim Donelon reminding Louisiana property owners about three important savings for the upcoming tax season. Property owners are eligible for a state rebate for the Louisiana Citizens assessment on your 2010 insurance policy. \$362 million or 63% of all available money was unclaimed at the end of last year. If you have not yet submitted your rebate form for 2010 or prior years, it is not too late.

You can also apply for a state tax deduction for retrofitting your home and an insurance premium discount for building or retrofitting your home to comply with the Louisiana State Uniform Construction Code, which will make your home more hurricane resistant.

Claim your Citizens State Rebate and apply for the State Uniform Construction Code tax deduction when filing your State Tax Return. For assistance call us at 1-800-259-5300.

(revised 2/8/11)