

SALES TAX EXCLUSIONS

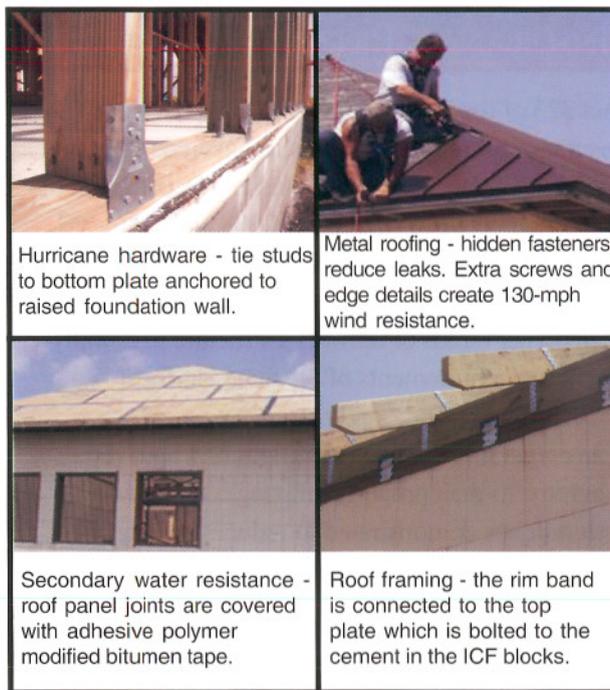
Act 462 of the 2007 Regular Session allows insureds to receive exclusions on state sales and use tax when purchasing storm shutter devices that provide window damage protection in a storm or hurricane, effective July 1, 2007.



ACTION REQUIRED

Home owners must take action to take advantage of these financial incentives being provided for storm and hurricane mitigation. 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 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.



Hurricane hardware - tie studs to bottom plate anchored to raised foundation wall.

Metal roofing - hidden fasteners reduce leaks. Extra screws and edge details create 130-mph wind resistance.

Secondary water resistance - roof panel joints are covered with adhesive polymer modified bitumen tape.

Roof framing - the rim band is connected to the top plate which is bolted to the cement in the ICF blocks.

Photos courtesy of LSU AgCenter's LaHouse project. For more information, visit www.louisianahouse.org

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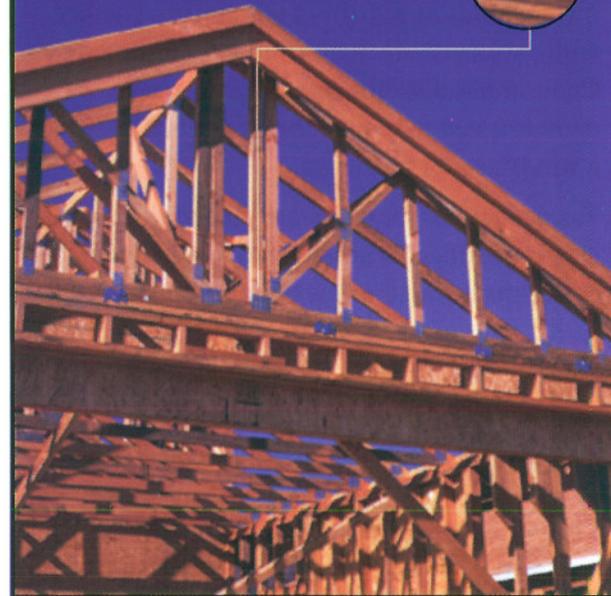
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RESIDENTIAL PROPERTY STORM MITIGATION INCENTIVES

Hurricane Brace



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
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RESIDENTIAL PROPERTY STORM MITIGATION INCENTIVES

The first mandatory statewide building code, the Louisiana State Uniform Construction Code, was passed during the 2005 First Extraordinary Legislative Session, immediately following Hurricanes Katrina and Rita. Act 335 of the 2007 Regular Session of the Louisiana Legislature provides resources for training and enforcement of the code. The Legislature sought to encourage implementation of the code by providing incentives to home owners who are willing to strengthen their homes against storms and hurricanes.

Mitigation incentives include:

- Insurance premium discounts when a home owner builds or retrofits a structure to comply with the Louisiana State Uniform Construction Code, or installs mitigation improvements demonstrated to reduce the amount of loss from a windstorm or hurricane.
- Tax deductions for voluntarily retrofitting an existing residential structure to bring it into compliance with the new building code.
- Exclusions from local sales and use tax when purchasing storm shutter devices for hurricane protection.



Advanced framing - larger lumber, but wider spacing and stack framing provides strength and more insulation with fewer studs and lower framing cost.

INSURANCE PREMIUM DISCOUNTS

Act 323 of the 2007 Regular Session provides insurance premium discounts for insureds after insurers file rates with the Louisiana Department of Insurance between March 31, 2008 and January 1, 2009. This rate filing will include the new premium discounts when:

- * an owner builds or retrofits a structure to comply with the requirements of the State Uniform Construction Code, and/or
- * an owner installs damage mitigation improvements or retrofits their property utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane.

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. Discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Contact your insurance company or agent for more 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.

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 list of registered third party providers, visit www.dps.louisiana.gov/lsucce or call (225)922-0817.

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.

TAX DEDUCTIONS

Act 467 of the 2007 Regular Session allows 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. Proof that the retrofit complies with the State Uniform Construction Code, documentation of the cost of the project, and assurance that the project was voluntary as defined by the law, must be submitted with the state tax return. This becomes effective in the 2007 tax year.