

2020 Regular Session

SENATE BILL NO. 477

BY SENATOR WARD

INSURANCE POLICIES. Provides relative to business interruption insurance. (gov sig)

1 AN ACT

2 To enact R.S. 22:1272, relative to property insurance; to provide for required notice; and to
3 provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 22:1272 is hereby enacted to read as follows:

6 **§1272. Business interruption insurance; notice of exclusions**

7 **A. Every policy of insurance covering business interruption delivered**
8 **or issued for delivery in this state on and after January 1, 2021, shall include a**
9 **notice of all exclusions on a form prescribed by the commissioner of insurance.**
10 **The form shall be provided by the insurer and signed by the named insured or**
11 **his legal representative.**

12 **B. The signed form shall be conclusively presumed to become a part of**
13 **the policy or contract when issued and delivered, irrespective of whether**
14 **physically attached thereto. A properly completed and signed form creates a**
15 **rebuttable presumption that the insured knowingly contracted for coverage**
16 **with the stated exclusions. The form signed by the insured or his legal**
17 **representative which initially accepts coverage with the exclusions shall remain**

1 valid for the life of the policy and shall not require the completion of a new form
 2 when a renewal, reinstatement, substitute, or amended policy is issued to the
 3 same named insured by the same insurer or any of its affiliates.

4 C. Any change to an existing policy, regardless of whether the change
 5 creates new coverage, does not create a new policy and does not require the
 6 completion of a new form. For the purpose of this Section, a new policy shall
 7 mean an original contract of insurance which an insured enters into through the
 8 completion of an application on the form required by the insurer.

9 D. The requirements of this Section shall apply to any property
 10 insurance covering any business interruption which occurs in this state and
 11 involves a Louisiana business.

12 Section 2. This Act shall become effective upon signature by the governor or, if not
 13 signed by the governor, upon expiration of the time for bills to become law without signature
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 16 effective on the day following such approval.

The original instrument was prepared by LG Sullivan. The following digest,
 which does not constitute a part of the legislative instrument, was prepared
 by Cathy R. Wells.

DIGEST

SB 477 Reengrossed 2020 Regular Session Ward

Proposed law requires every policy of insurance covering business interruption delivered or issued for delivery in this state on and after January 1, 2021, to include a notice of all exclusions on a form prescribed by the commissioner of insurance. Requires the form to be provided by the insurer and signed by the named insured or his legal representative.

Proposed law provides that the signed form shall be conclusively presumed to become a part of the policy or contract and creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions.

Proposed law applies to any property insurance covering any business interruption that occurs in La. and involves a La. business.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 22:1272)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill

1. Remove proposed law requiring coverage for business interruption due to the threat posed by COVID-19.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Changes date from August 1, 2020 to January 1, 2021 for every policy of insurance covering business interruption delivered or issued for delivery in this state to contain required notice of exclusions.