
DIGEST

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McVea

HB No. 437

Abstract: Requires disclosure of separate hurricane, wind, or named-storm deductibles on homeowners' and fire insurance policies. Provides that all disclosures on such policies are for informational purposes only.

Present law provides for certain disclosures on fire insurance policies on commercial property, including: which coverages are included; whether an increased deductible is required for hurricane damage; whether the insured has coverage for flooding or mold; that flood insurance is available through the National Flood Insurance Program; and that excess flood insurance may be available by a separate policy.

Proposed law makes such disclosures applicable to all fire insurance policies; however, deletes the disclosure of whether an increased deductible is required for hurricane damage. Instead requires disclosure of whether a separate deductible is required for hurricane, wind, or named-storm damage, and, if so, one standardized example of how such separate deductible will be applied under the policy. Specifies that such example need not be customized for each policyholder.

Proposed law further provides that any disclosure provided pursuant to present law or proposed law shall be for informational purposes only and shall not amend, extend, or alter the coverages provided in the policy. Additionally provides that any such notice shall not be admissible in any action brought concerning the policy except for the sole purpose of showing that the notice was or was not provided pursuant to present law or proposed law.

Present law provides for certain disclosures on homeowners' insurance policies, including the following:

- (1) Which coverages are included in the policy.
- (2) Whether the insured has coverage for flood or mold and whether an increased deductible is required for hurricane, wind, or named-storm damage. Further requires that the disclosure state that flood insurance is available through the National Flood Insurance Program and that excess flood insurance may be available by a separate policy.
- (3) A distinction between replacement cost for losses and actual cash value, the use of depreciation in determining payment for losses, and that the policy may contain time limitations for repairs to be completed in order to receive full replacement cost for the

losses.

- (4) That the policy determines the process for providing the insurer with a notification of a loss, and the time line provided by present law of when a claim must be adjusted, settled, and paid, including an explanation of the possible penalties imposed on an insurer for failing to conform to the time requirements.
- (5) That the insured may have the option to increase the deductible and thus lower the potential cost paid.

Proposed law deletes the disclosure of whether an increased deductible is required for hurricane damage and instead requires disclosure of whether a separate deductible is required for hurricane, wind, or named-storm damage, and, if so, one standardized example of how such separate deductible will be applied under the policy. Specifies that such example need not be customized for each policyholder.

Proposed law further provides that any disclosure provided pursuant to present law or proposed law shall be for informational purposes only and shall not amend, extend, or alter the coverages provided in the policy. Additionally provides that any such notice shall not be admissible in any action brought concerning the policy except for the sole purpose of showing that the notice was or was not provided pursuant to present law or proposed law.

Effective Jan. 1, 2010.

(Amends R.S. 22:1319 and 1332(B)(intro. para.) and (2); Adds R.S. 22:1332(B)(6) and (C))