
DIGEST

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HB 457 Original

2021 Regular Session

Firment

Abstract: Provides for claims adjusters.

Present law provides for certain standards of conduct for claims adjusters including:

- (1) An adjuster shall not permit an unlicensed employee or his representative to conduct business for which a license is required.
- (2) An adjuster shall not have a financial interest in any aspect of the claim, other than the salary, fee, or other consideration established with the insurer.
- (3) An adjuster shall not acquire any interest in salvage of property subject to the contract with the insurer.
- (4) An insurer shall not solicit employment for a any attorney, contractor, or subcontractor in connection with any loss the adjuster is concerned or employed.
- (5) An adjuster shall not solicit or accept compensation from any contractor or subcontractor on behalf of any insured for which the adjuster is employed.
- (6) An adjuster shall not undertake the adjustment of any claim if the adjuster is not competent or knowledgeable.
- (7) An adjuster shall not knowingly make a material misrepresentation intended to injure any person engaged in the business of insurance.
- (8) An adjuster shall not represent or act as a public adjuster.
- (9) An adjuster shall not materially misrepresent the terms and coverage of an insurance contract to an insured for the purpose of effecting settlement of a claim on less favorable terms than those provided in the insurance contract.

Proposed law repeals present law and codifies some of the provisions of present law (R.S. 22:1674).

Proposed law defines the terms "client", "department", and "person".

Proposed law provides standards of conduct for claims adjusters including:

- (1) An adjuster shall not have a direct or indirect financial interest in any aspect of the claim, other than the salary, fee, or other consideration established with the insurer.
- (2) An adjuster shall not refer any claimant needing repairs or other services in connection with a loss to any person with whom the adjuster has an undisclosed financial interest.
- (3) An adjuster shall treat all claimants equally.
- (4) An adjuster shall not approach investigations, adjustments, and settlements in a manner prejudicial to the insured.
- (5) An adjuster shall make truthful and unbiased reports of the facts after making a complete investigation.
- (6) An adjuster shall handle every adjustment and settlement with honesty and integrity.
- (7) An adjuster shall act due diligence in achieving a proper disposition of the claim.
- (8) An adjuster shall promptly report violations of any provision of the Insurance Code.
- (9) An adjuster shall exercise extraordinary care when dealing with elderly clients.
- (10) An adjuster shall not negotiate or effect settlement with any third-party claimant represented by an attorney, except with the consent of the attorney.
- (11) An adjuster shall avoid any suggestion calculated to induce a witness to suppress or deviate from the truth.
- (12) An adjuster shall not advise a claimant to refrain from seeking legal advice, nor advise against the retention of counsel to protect the claimant's interest.
- (13) An adjuster shall not attempt to negotiate with or obtain any statement from a claimant in shock or serious mental or emotional distress.
- (14) An adjuster shall not knowingly fail to advise a claimant of the claimant's claim rights.
- (15) An adjuster shall not undertake the adjustment of any claim that exceeds the adjuster's current expertise.
- (16) An adjuster shall not permit an unlicensed employee or representative of the adjuster to conduct business for which a license is required under this Part.
- (17) An adjuster shall not act as a public adjuster.
- (18) An adjuster shall not materially misrepresent to an insured or other interested party the terms

and coverage of an insurance contract.

Proposed law requires claims adjusters to read and acknowledge the claims adjuster standards of conduct upon license issuance and upon license renewal.

Proposed law provides that violation of the claims adjuster standards and conduct shall constitute grounds for administrative action against the licensee and a violation of unfair claims practices law.

Present law provides that a person employed only to furnish technical assistance to a licensed adjuster, including but not limited to an investigator, an attorney, an engineer, an estimator, a handwriting expert, a photographer, and a private detective, is exempt from the present law provisions of Part IV of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950 regarding claims adjusters.

Proposed law repeals present law.

(Adds R.S. 22:1674.1; Repeals R.S. 22:1662(3) and 1674)