

2025 Regular Session

HOUSE BILL NO. 356

BY REPRESENTATIVES BRAUD, MANDIE LANDRY, ADAMS, AMEDEE, BAYHAM, BOURRIAQUE, BOYD, BRYANT, ROBBY CARTER, CARVER, CHASSION, COX, DEVILLIER, DOMANGUE, FARNUM, FONTENOT, GLORIOSO, HILFERTY, KERNER, KNOX, JACOB LANDRY, TERRY LANDRY, LARVADAIN, MILLER, STAGNI, WILLARD, AND WYBLE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/PROPERTY: Creates the Stated Value Homeowner's Policy Act

1 AN ACT

2 To enact Subpart D-2 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised Statutes
3 of 1950, to be comprised of R.S. 22:1346.1 through 1346.6, relative to insurers of
4 residential properties; to create the Stated Value Policy Act; to require insurers to
5 offer a stated value policy option to consumers; to provide requirements for
6 homeowners opting for such policies; to establish minimum policy value standards;
7 to require the commissioner of insurance to provide certain information to
8 consumers; to provide for rulemaking; to provide for enforcement, penalties, and
9 severability; to provide for an effective date; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Subpart D-2 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised
12 Statutes of 1950, comprised of R.S. 22:1346.1 through 1346.6, is hereby enacted to read as
13 follows:

14 SUBPART D-2. STATED VALUE POLICY ACT

15 §1346.1. Definitions

16 As used in this Section, the following terms have the following meanings:

17 (1) "Homeowner" means a person who holds the title to a residential
18 property located within the jurisdiction of this state.

1 (2) "Stated value policy" means a residential insurance policy under which
2 the insured has the option to declare a stated value for the insured residential
3 property, which is agreed upon by the insurer as the amount of insurance coverage,
4 irrespective of the current market value of the property.

5 §1346.2. Requirement to offer stated value policy

6 A. Insurers offering residential property policies within this state shall offer
7 a stated value policy option to homeowners upon the request of the homeowner or
8 his authorized agent, allowing for the insurance coverage to be based on a stated
9 value of the residential property as declared by the homeowner or authorized agent,
10 rather than solely on the market value of the property.

11 B. An insurer shall prominently disclose stated value policy offerings in all
12 insurance policy proposals, agreements, and renewal documents provided to
13 consumers.

14 §1346.3. Homeowner requirements

15 A. A homeowner electing a stated value policy shall submit to his insurer a
16 written payoff statement from the financial institution or any other entity holding a
17 mortgage on the property. This statement shall accurately reflect the outstanding
18 balance or the nature of the mortgage on the homeowner's property at the time the
19 homeowner applies for or renews an insurance policy. In addition to the financial
20 statement required in this Subsection, a homeowner shall also provide to his insurer
21 a mortgage certificate from the clerk of court indicating the presence or absence of
22 a mortgage on the property.

23 B. Insurers shall provide a coverage limit for residential property in an
24 amount not less than the total assessed fair market value of the property as shown on
25 the most recent assessment of the parish in which the property is located. However,
26 the homeowner of a property unencumbered by a mortgage may request to insure the
27 property for any stated amount of insurance.

28 C. Before issuing any policy that limits coverage on the residential property
29 equal to the unpaid principal balance of all mortgage loans on the policy, the insurer

1 shall obtain a statement signed by insureds which contains the following notice in
2 boldfaced type no smaller than eighteen point font:

3 "YOU ARE ELECTING TO PURCHASE COVERAGE AT A LIMIT THAT
4 IS EQUAL TO ONLY THE UNPAID PRINCIPAL BALANCE OF THE
5 MORTGAGE LOANS ON YOUR HOME. ACCORDINGLY, IN THE EVENT OF
6 THE TOTAL LOSS OF YOUR HOME OR A LOSS FOR WHICH THE COST TO
7 REPAIR YOUR HOME EXCEEDS THE UNPAID BALANCE ON YOUR
8 MORTGAGE LOAN, YOU WILL INCUR SIGNIFICANT FINANCIAL LOSSES,
9 INCLUDING THE POTENTIAL LOSS OF SOME OF YOUR HOME'S EQUITY."

10 §1346.4. Minimum policy value

11 An insurer shall not issue a stated value policy for a sum less than the verified
12 outstanding balance of any mortgage on the homeowner's property, ensuring that the
13 insurance coverage adequately reflects the financial obligations associated with the
14 property.

15 §1346.5. Dissemination of information on risks associated with stated value policies;
16 commissioner

17 A. To promote consumer awareness within the insurance marketplace, the
18 commissioner shall provide clear, understandable, and accessible informational
19 materials to consumers regarding the risks, potential disadvantages, and limitations
20 associated with stated value policies. At a minimum, the commissioner shall include
21 the following in informational materials:

22 (1) A clear explanation of what stated value policies are and how they differ
23 from other types of property insurance policies, including but not limited to
24 differences of replacement costs.

25 (2) A description of the potential financial risks of a stated value policy,
26 including the possibility that the stated value may not fully cover the cost of
27 repairing or replacing damaged or destroyed property.

1 (3) A comparison of stated value policies with other types of policies,
2 including but not limited to actual cash value policies, highlighting the advantages
3 and disadvantages of each.

4 (4) Consumer tips for evaluating insurance options and understanding policy
5 terms, including instructions on how the consumer may ask questions and seek
6 clarification from the insurer about the terms and conditions of a stated value policy.

7 B.(1) The commissioner shall establish a dedicated section on the
8 department's website for consumers to access the informational materials described
9 in this Section and shall distribute the informational materials to homeowners at least
10 once every two years through either direct mail, email, or other means deemed
11 appropriate by the commissioner.

12 (2) The commissioner shall periodically review and update the informational
13 material provided to homeowners to ensure it reflects any changes in the insurance
14 market.

15 §1346.6. Enforcement and regulation; penalties; severability

16 A. The department shall enforce the provisions of this Subpart and may
17 adopt, amend, and repeal administrative rules in accordance with the Administrative
18 Procedure Act for the implementation and enforcement of this Subpart.

19 B. Insurers found in violation of this Subpart are subject to penalties as
20 prescribed in this Title, including but not limited to fines, suspension, or revocation
21 of a license to operate within the state.

22 C. If any provision of this Subpart or its application to any person or
23 circumstance is held to be invalid, the invalidity does not affect the remainder of this
24 Subpart that can be given effect without the invalid provision or application.

25 Section 2. This Act shall be known and may be cited as the "Stated Value Policy
26 Act."

27 Section 3. This Act shall become effective upon signature by the governor or, if not
28 signed by the governor, upon expiration of the time for bills to become law without signature
29 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become
2 effective on the day following such approval.
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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 356 Reengrossed

2025 Regular Session

Braud

Abstract: Creates the Stated Value Policy Act to provide homeowners an option to choose coverage based on the stated value of residential property.

Proposed law defines "stated value policy" and "homeowner".

Proposed law requires insurers to offer a stated value policy option to homeowners, allowing for insurance coverage based on a stated value of the residential property as declared by the homeowner, rather than solely on the market value of the property. Authorizes a homeowner's agent to request a stated value policy on behalf of the homeowner.

Proposed law requires an insurer to prominently disclose stated value policy offerings in all insurance policy proposals, agreements, and renewal documents provided to consumers.

Proposed law requires homeowners electing a stated value policy to submit to insurers a written payoff statement from the financial institution or other entity holding a mortgage on the property to accurately reflect the outstanding balance or nature of the mortgage on the property at the time of applying for or renewing the insurance policy. Further requires homeowners to provide a mortgage certificate from the clerk of court indicating the presence or absence of a mortgage on the property.

Proposed law requires the insurer to obtain a statement signed by insureds that contains a notice informing the insured of the election of a limit equal to only the unpaid principal balance of the mortgage loan. Further provides other information related to the homeowner's risk.

Proposed law prohibits an insurer from issuing a stated value policy for a sum less than the verified outstanding balance of any mortgage on the homeowner's property, ensuring that the insurance coverage adequately reflects the financial obligations associated with the property.

Proposed law requires insurers to provide a coverage limit for residential property in an amount at least equal to the assessed fair market value of the property as shown on the most recent parish assessment.

Proposed law requires the commissioner of insurance (commissioner) to develop and distribute informational materials to homeowners, detailing the risks associated with stated value policies. Requires accessibility of the materials on the La. Department of Insurance's (department's) website and requires the commissioner to review the materials every two years.

Proposed law requires the department to enforce proposed law. Authorizes the department to adopt, amend, and repeal administrative rules in accordance with the APA for implementation and enforcement of proposed law.

Proposed law provides penalties as prescribed in present law against insurers in violation of proposed law.

Proposed law provides that if any application of proposed law is held to be invalid, the application of remaining portions of proposed law are not affected.

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

(Adds R.S. 22:1346.1-1346.6)

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill:

1. Authorize a homeowner's agent to request a stated value policy on behalf of the homeowner.
2. Require insurers to provide a coverage limit for residential property in an amount not less than the assessed fair market value of the property as shown on the most recent parish assessment.
3. Require the commissioner to develop and distribute informational materials to homeowners, detailing the risks associated with stated value policies. Further require accessibility of the materials on the department's website and the commissioner's biennial review of the materials.
4. Change proposed law from the "Stated Value Homeowner's Policy Act" to the "Stated Value Policy Act."