

2025 Regular Session

HOUSE BILL NO. 356

BY REPRESENTATIVES BRAUD, ADAMS, AMEDEE, BAYHAM, BERAULT, BOURRIAQUE, BOYD, BRASS, BROWN, BRYANT, ROBBY CARTER, WILFORD CARTER, CARVER, CHASSION, COX, DEVILLIER, DOMANGUE, EDMONSTON, FARNUM, FISHER, FONTENOT, GLORIOSO, HILFERTY, HUGHES, JACKSON, JORDAN, KERNER, KNOX, LAFLEUR, JACOB LANDRY, MANDIE LANDRY, TERRY LANDRY, LARVADAIN, LYONS, MACK, MILLER, NEWELL, PHELPS, ST. BLANC, STAGNI, TAYLOR, VENTRELLA, WALTERS, WILEY, WILLARD, AND WYBLE

AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

SUBPART D-2. STATED VALUE POLICY ACT

§1346.1. Definitions

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

(1) "Homeowner" means a person who holds the title to a residential 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 may 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. Any insurer that offers a stated value policy option to homeowners as
12 provided in Subsection A of this Section shall prominently disclose stated value
13 policy offerings in all insurance policy proposals, agreements, and renewal
14 documents provided to consumers.

15 §1346.3. Homeowner requirements

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

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

29 C. Before issuing any policy that limits coverage on the residential property
30 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 D. Liability shall not be imposed on an assessor or their employees based
11 upon the exercise or performance of or the failure to exercise or perform their duties
12 pursuant to this Section.

13 §1346.4. Minimum policy value

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

18 §1346.5. Dissemination of information on risks associated with stated value policies;
19 commissioner

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

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

28 (2) A description of the potential financial risks of a stated value policy,
29 including the possibility that the stated value may not fully cover the cost of
30 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.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____