

RÉSUMÉ DIGEST

ACT 500 (HB 437)

2025 Regular Session

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New law authorizes an insurer issuing a property insurance policy with replacement cost coverage to withhold payment of recoverable depreciation or a replacement cost holdback until the insurer receives reasonable proof of the insured's payment of any applicable deductible. Provides methods of reasonable proof of payment including but not limited to a canceled check, credit card statement, or a copy of a financing arrangement that requires full payment of the deductible over time.

Existing law provides a method for determining retail costs of property. Authorizes retail costs to be determined by a generally recognized used motor vehicle industry source such as an electronic database or guidebook with certain features. New law modifies existing law to authorize any used motor vehicle source generally recognized by the business industry. Otherwise retains existing law.

New law authorizes insurers issuing property insurance policies to require claimants to submit a proof of loss statement before the insurer pays a claim. Requires insurers to provide a proof of loss statement form to claimants that is the same or substantially similar to the form prescribed by the commissioner of insurance (commissioner). Further requires insurers to file proof of loss forms with the commissioner and obtain approval prior to requiring claimants use of forms.

New law requires insurers that mandate a proof of loss statement to provide the form to the claimant within 10 business days of receiving the claim. Further requires insurers to make the proof of loss statement form easily accessible on their respective websites.

New law provides that if an insurer requires a proof of loss statement, the insurer's receipt of the claimant's completed proof of loss statement will be the only means of constituting satisfactory proof of loss, as required by existing law (R.S. 22:1892 and 1892.2). Further requires insurers to notify claimants of whether the claimant's submission was complete or incomplete within 10 business days of receiving the form.

New law establishes a model form for proof of loss statements and permits insurers to use the form with their preferred font, format, and trade dress.

New law authorizes the commissioner to promulgate and adopt rules in accordance with the APA to implement and enforce new law related to proof of loss statements.

Existing law requires an insurer to pay reasonable expenses incurred by a third-party claimant who obtains alternative transportation when the claimant is without the use of his personal vehicle; the claimant has filed a property damage claim on the vehicle; and the insurer's inaction causes the claimant to be deprived of the vehicle's use for more than 5 working days, excluding Saturdays, Sundays, and holidays.

New law retains existing law and clarifies 5 working days as 5 business days.

Existing law provides that if an insurer fails to pay the third-party claimant within 30 days of receiving adequate written proof and demand, and the insurer's failure is found to be arbitrary, capricious, or without probable cause, the insurer is liable for the third-party claimant's reasonable expenses and a penalty not to exceed 10% of the reasonable expenses, and reasonable attorney fees.

Prior law additionally set the maximum dollar amount of the penalty at \$1,000, or 10% of the reasonable expenses, whichever was greater. New law increases the maximum penalty from \$1,000 to \$2,500 and otherwise retains existing law.

New law provides that if an insurer fails to provide rental vehicle coverage to a first-party insured who is entitled to coverage within 3 business days of receiving the insured's written request, and the insurer's failure is found to be arbitrary, capricious, or without probable

cause, the insurer is liable for the first-party insured's reasonable expenses and a penalty not to exceed 50% of the reasonable expenses or \$2,500, whichever is greater.

New and existing law requiring insurers to promptly address rental vehicle claims does not apply when an insurer is investigating coverage under a reservation of rights.

New law limits reasonable expenses to the insured's rental costs or other expenses incurred due to the insured's inability to use the insured vehicle during the time when rental coverage was not authorized.

Effective August 1, 2026.

(Amends R.S. 22:1892(A)(7), (B)(4), and (B)(5)(intro. para.) and (b); Adds R.S. 22:1892(A)(8) and 1892.3)