

2026 Regular Session

HOUSE BILL NO. 577

BY REPRESENTATIVE GLORIOSO

INSURANCE: Provides relative to penalties calculated on the amount found to be due from the insurer to the insured

1 AN ACT

2 To amend and reenact R.S. 22:1892(B)(1)(a), relative to insurance; to provide relative to the
3 calculation of damages on the amount found to be due from the insurer to the
4 insured; to provide for the method of determining damages; and to provide for
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1892(B)(1)(a) is hereby amended and reenacted to read as
8 follows:

9 §1892. Payment and adjustment of claims; policies other than life and health and
10 accident; good faith duty; breach of good faith duty; vehicle damage claims;
11 extension of time to respond to claims during emergency or disaster;
12 penalties; arson-related claims suspension; definitions

13 * * *

14 B.(1)(a) Except as provided in Subparagraph (b) of this Paragraph, failure
15 to make payment within thirty days after receipt of satisfactory written proofs and
16 demand therefor or failure to make a written offer to settle any property damage
17 claim, including a third-party claim, within thirty days after receipt of satisfactory
18 proofs of loss of that claim, as provided in Paragraphs (A)(1) and (4) of this Section,
19 respectively, or failure to make the payment within thirty days after written
20 agreement or settlement when the failure is found to be arbitrary, capricious, or

1 without probable cause, shall subject the insurer to a penalty, in addition to the
 2 amount of the loss, of up to fifty percent damages on the amount found to be due
 3 from the insurer to the insured, plus any proven economic damages sustained as a
 4 result of the breach, or one thousand dollars, whichever is greater, payable to the
 5 insured; or in the event that a partial payment or tender has been made, of up to fifty
 6 percent of the difference between the amount paid or tendered and the amount found
 7 to be due, plus any proven economic damages sustained as a result of the breach; as
 8 well as; in either instance, reasonable attorney fees and costs. The penalties, if
 9 awarded, shall not be used by the insurer in computing either past or prospective loss
 10 experience for the purpose of setting rates or making rate filings.

11 * * *

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 577 Original

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Glorioso

Abstract: Increases the potential amount of a penalty of up to fifty percent of the amount found to be due from the insurer to the insured.

Present law requires insurers to timely pay claims under policies other than life and health and accident insurance and authorizes penalties, damages, attorney fees, and costs when an insurer’s failure to pay is arbitrary, capricious, or without probable cause. Provides that the penalty is 50% of the amount found to be due from the insurer to the insured, or 50% of the difference between the amount paid or tendered and the amount found to be due when a partial payment has been made.

Proposed law changes the penalty calculation by authorizing a penalty of up to 50% of the amount found to be due from the insurer to the insured, or of up to 50% of the difference between the amount paid or tendered and the amount found to be due when a partial payment has been made and failure to make payment is found to be arbitrary, capricious, or without probable cause.

Proposed law otherwise retains present law.

(Amends R.S. 22:1892(B)(1)(a))