

Regular Session, 2014

HOUSE BILL NO. 1203

BY REPRESENTATIVE STOKES

INSURANCE CLAIMS: Provide that insurers may not use claims that did not exceed the insured's deductible to cancel coverage

1 AN ACT

2 To amend and reenact R.S. 22:1265(D) and 1266(L), relative to cancellation of coverage by
3 insurers; to provide that insurers may not use an insured's claims that do not exceed
4 the insured's deductible to cancel coverage; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1265(D) and 1266(L) are hereby amended and reenacted to read
7 as follows:

8 §1265. Property, casualty, and liability insurance policies; cancellation and
9 nonrenewal provisions; nonrenewal for rate inadequacy; certain prohibitions

10 * * *

11 D. No insurer providing property, casualty, or liability insurance shall cancel
12 or fail to renew a homeowner's policy of insurance or to increase the policy
13 deductible that has been in effect and renewed for more than three years unless based
14 on nonpayment of premium, fraud of the insured, a material change in the risk being
15 insured, two or more claims within a period of three years, or if continuation of such
16 policy endangers the solvency of the insurer. This Subsection shall not apply to an
17 insurer that ceases writing homeowner's insurance or to policy deductibles increased
18 for all homeowners' policies in the state. For the purposes of this Subsection, an
19 incident shall be deemed a claim only when there is a demand for payment by the
20 insured or the insured's representative under the terms of the policy. A report of a

1 loss or a question relating to coverage shall not independently establish a claim. As
2 used in this Subsection, the phrase "two or more claims within a period of three
3 years" shall not include any loss incurred or arising from an "Act of God" incident
4 which is due directly to forces of nature and exclusively without human intervention.

5 As used in this Subsection, the phrase "two or more claims within a period of three
6 years" shall not include a claim in which the insured's loss did not exceed the
7 insured's deductible and the insurer did not make a payment either to the insured or
8 on behalf of the insured.

9 * * *

10 §1266. Automobile, property, casualty, and liability insurance policies;
11 cancellations

12 * * *

13 L. (1)(a) No insurer shall cancel an automobile insurance policy for any
14 insured solely on the ground that the insured has submitted a single claim under the
15 policy for damage incurred or arising from the operation of an automobile.

16 (b) No insurer shall include a claim in which the insured's loss did not
17 exceed the insured's deductible and the insurer did not make a payment either to the
18 insured or on behalf of the insured as part of the insurer's reasons for canceling an
19 automobile insurance policy for any insured.

20 (2)(a) The provisions of this Subsection shall not prohibit an insurer from
21 increasing the cost of the insured's premium based on the number of claims
22 submitted under the policy for damage incurred or arising from the operation of an
23 automobile, provided that an insurer shall not use a claim to increase the cost of the
24 insured's premium when the insured's loss did not exceed the insured's deductible
25 and the insurer did not make a payment either to the insured or on behalf of the
26 insured.

27 (3) For the purposes of this Subsection, an incident shall be deemed a claim
28 only when there is a demand for payment under the terms of the policy. A report of
29 loss or a question relating to coverage shall not independently establish a claim.

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)]

Stokes

HB No. 1203

Abstract: Prohibits insurers from using claims which do not exceed an insured's deductible as grounds for cancellation of coverage of homeowner's insurance or automobile insurance.

Present law provides that a homeowner's insurer shall not use two or more claims in a three year period attributable to an Act of God as grounds for canceling or failing to renew a homeowner's policy

Proposed law retains present law and additionally provides that an insurer shall not use claims that did not exceed the insured's deductible and on which the insurer made no payments as grounds for canceling or failing to renew a homeowner's policy.

Present law provides that an insurer shall not cancel an automobile policy solely on the grounds that the insured submitted a claim for damage under the policy.

Proposed law retains present law and additionally provides that an insurer shall not use claims that did not exceed the insured's deductible and on which the insurer made no payments as grounds for canceling the policy or increasing the insured's premium.

(Amends R.S. 22:1265(D) and 1266(L))