

2020 Regular Session

SENATE BILL NO. 477

BY SENATOR WARD

INSURANCE POLICIES. Provides relative to business interruption insurance. (gov sig)

1 AN ACT

2 To enact R.S. 22:1272 and 1273, relative to property insurance; to require insurers to cover  
3 certain claims related to business interruption; to provide for required notice; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1272 is hereby enacted to read as follows:

7 **§1272. Business interruption; 2020 pandemic**

8 **A. Notwithstanding any other provision of law to the contrary, every**  
9 **policy of insurance in force in this state on March 11, 2020, and thereafter**  
10 **insuring against loss or damage to property that includes the loss of use, loss of**  
11 **occupancy, or business interruption shall be construed to include among the**  
12 **perils covered under that policy, coverage for business interruption due to**  
13 **imminent threat posed by COVID-19 as provided in Proclamation Number 25**  
14 **JBE 2020, declaring the existence of a statewide public health emergency.**

15 **B. The coverage required by this Section shall indemnify the insured,**  
16 **subject to the limits of the policy, for any loss of business or business**  
17 **interruption for the duration of the declared state of emergency.**

1                    C. The provisions of this Section shall be applied retroactively to March  
2                    11, 2020, and shall apply to losses incurred during the declared state of  
3                    emergency.

4                    Section 2. R.S. 22:1273 is hereby enacted to read as follows:

5                    §1273. Business interruption insurance; notice of exclusions

6                    A. Every policy of insurance covering business interruption delivered  
7                    or issued for delivery in this state on and after August 1, 2020, shall include a  
8                    notice of all exclusions on a form prescribed by the commissioner of insurance.  
9                    The form shall be provided by the insurer and signed by the named insured or  
10                   his legal representative.

11                   B. The signed form shall be conclusively presumed to become a part of  
12                   the policy or contract when issued and delivered, irrespective of whether  
13                   physically attached thereto. A properly completed and signed form creates a  
14                   rebuttable presumption that the insured knowingly contracted for coverage  
15                   with the stated exclusions. The form signed by the insured or his legal  
16                   representative which initially accepts coverage with the exclusions shall remain  
17                   valid for the life of the policy and shall not require the completion of a new form  
18                   when a renewal, reinstatement, substitute, or amended policy is issued to the  
19                   same named insured by the same insurer or any of its affiliates.

20                   C. Any change to an existing policy, regardless of whether the change  
21                   creates new coverage, does not create a new policy and does not require the  
22                   completion of a new form. For the purpose of this Section, a new policy shall  
23                   mean an original contract of insurance which an insured enters into through the  
24                   completion of an application on the form required by the insurer.

25                   D. The requirements of this Section shall apply to any property  
26                   insurance covering any business interruption which occurs in this state and  
27                   involves a Louisiana business.

28                   Section 3. This Act shall become effective upon signature by the governor or, if not  
29                   signed by the governor, upon expiration of the time for bills to become law without signature

1 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 2 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 3 effective on the day following such approval.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by LG Sullivan.

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## DIGEST

SB 477 Original

2020 Regular Session

Ward

Proposed law requires every policy of insurance in force in this state on March 11, 2020, and thereafter insuring against loss or damage to property that includes the loss of use and occupancy and business interruption to be construed to include coverage for business interruption due to the threat posed by COVID-19 as provided in Proclamation Number 25 JBE 2020, declaring the existence of a statewide public health emergency. Requires the coverage to indemnify the insured, subject to the limits of the policy, for any loss of business or business interruption. Applies retroactively to March 11, 2020, to losses incurred during the declared state of emergency.

Proposed law requires every policy of insurance covering business interruption delivered or issued for delivery in this state on and after August 1, 2020, to include a notice of all exclusions on a form prescribed by the commissioner of insurance. Requires the form to be provided by the insurer and signed by the named insured or his legal representative.

Proposed law provides that the signed form shall be conclusively presumed to become a part of the policy or contract and creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions.

Proposed law applies to any property insurance covering any business interruption that occurs in La. and involves a La. business.

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

(Adds R.S. 22:1272 and 1273)