

GREEN SHEET REDIGEST

HB 83

2022 Regular Session

Schlegel

INSURANCE/HOMEOWNERS: Provides relative to homeowner's insurance policies that require a civil authority to prohibit use of the dwelling in order to pay loss of use benefits.

DIGEST

Proposed law provides for civil authority prohibited use coverage involving catastrophic events during which a state of disaster or emergency is declared by civil authorities. Provides that if the civil authority prohibits the insured from using their residential premises during the disaster or emergency and direct damage to a neighboring premises results from the covered peril, the civil authority prohibited use coverage will be afforded as provided in the insurance policy.

Proposed law provides that civil authority prohibit use is satisfied if either of the following occur:

- (1) The civil authority issues an order of evacuation for the area in which the dwelling is located as a result of a peril covered by the policy.
- (2) A civil authority declares through public safety announcements that the area in which the dwelling is located should be evacuated as a result of a peril covered by the policy.

Proposed law requires insurers to interpret all actions of a civil authority, in globo, without regard to whether formal orders of evacuation were issued.

Effective on January 1, 2023.

(Adds R.S. 22:1273)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Specify that the provisions of proposed law will apply to a loss of use after a disaster has occurred.
2. Provide that a state of emergency must be declared by a civil authority for the provisions of proposed law to apply.
3. Provide that in addition to the mandatory evacuation order requirement, the area must also subsequently be declared to be unsafe as a result of a peril covered by the policy for the provisions of proposed law to apply.
4. Remove the requirement that a declaration must be made through a formal order or announcements in public media stating that the area in which the dwelling is located is unsafe as a result of a peril covered by the policy for the provisions of proposed law to apply.
5. Add a requirement that a voluntary evacuation order must be issued by a civil authority for the area in which the dwelling is located and that area must subsequently be declared to be unsafe as a result of a peril covered by the policy for the provisions of proposed law to apply.

6. Provide that for the purposes of proposed law the insurer shall interpret all actions of a civil authority, including but not limited to public media announcements without regard as to whether a formal evacuation order was issued in writing.
7. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Specify that for the provisions of proposed law to apply a disaster, as defined in present law (R.S. 29:723(4)), must occur.
2. Remove the requirement in proposed law that the area in which the dwelling is located must be declared to be unsafe as a result of a peril covered by the policy for the provisions of proposed law to apply.
3. Specify in the mandatory and voluntary evacuation order requirements that the order must be declared as a result of a peril covered by the policy for the provisions of proposed law to apply.
4. Add in the voluntary evacuation order requirement that the order must be followed by a disaster declaration that includes the area in which the dwelling is located for the provisions of proposed law to apply.
5. Change the requirement that for the purposes of proposed law, insurers shall interpret, in globo, all actions of a civil authority to a requirement that for the purposes of proposed law, insurers shall interpret the totality of actions of a civil authority.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the reengrossed bill

1. Makes technical changes.
2. Adds for civil authority prohibited use coverage for residential premises involving catastrophic events during which a state of disaster or emergency is declared by civil authorities.
3. Adds civil authority prohibits use if either an evacuation order is issued in the area where the dwelling is located, if a covered peril or if the evacuation order is done through public safety announcements, if a covered peril.
4. Changes the requirement that insurers shall interpret, in totality, to in globo.
5. Changes the effective date to January 1, 2023.