

2023 Regular Session

HOUSE BILL NO. 601

BY REPRESENTATIVE HUVAL AND SENATOR TALBOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE: Provides relative to bad faith claims against insurers

1 AN ACT

2 To amend and reenact R.S. 22:1892(A)(1) through (4) and (B)(1) and (4), and 1973(B)(5)

3 and (6), to enact R.S. 22:46(29) through (32) and 1892.2, and to repeal R.S.

4 22:1892(A)(5) and (6), (B)(6), and (E) through (G), relative to bad faith insurance

5 claims, to provide for remedies for policyholders against bad faith insurers; to

6 provide for definitions; to provide for the payment and adjustment of certain

7 insurance claims; to provide for the payment of any undisputed amount due on a

8 claim; to provide for the initiation of loss adjustment; to provide for authorization to

9 request specific documents; to provide for written notice; to provide for appraisal

10 procedures; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 22:1892(A)(1) through (4), (B)(1) and (4), and 1973(B)(5) and (6)

13 are hereby amended and reenacted and R.S. 22:46(29) through (32) and 1892.2 are hereby

14 enacted to read as follows:

15 §46. General definitions

16 In this Code, unless the context requires, the following definitions apply:

17 * * *

18 (29) "Arbitrary, capricious, or without reasonable cause" means the willful

19 refusal of a claim, in whole or in part, that is not based on a good faith reason.

1 the amount paid or tendered and the amount found to be due as well as reasonable
2 attorney fees and costs. Such penalties, if awarded, shall not be used by the insurer
3 in computing either past or prospective loss experience for the purpose of setting
4 rates or making rate filings.

5 (b) In the case of a presidentially or gubernatorially declared disaster, failure
6 to make such payment within thirty days after receipt of such satisfactory written
7 proofs and demand therefor or failure to make a written offer to settle any property
8 damage claim, including a third-party claim, within thirty days after receipt of
9 satisfactory proofs of loss of that claim, as provided in Paragraphs (A)(1) and (4) of
10 this Section, respectively, or failure to make such payment within thirty days after
11 written agreement or settlement as provided in Paragraph (A)(2) of this Section when
12 such failure is found to be arbitrary, capricious, or without ~~probable~~ reasonable
13 cause, shall subject the insurer to a penalty, in addition to the amount of the loss, of
14 fifty percent damages on the amount found to be due from the insurer to the insured,
15 or two thousand five hundred dollars, whichever is greater, payable to the insured,
16 or in the event a partial payment or tender has been made, fifty percent of the
17 difference between the amount paid or tendered and the amount found to be due as
18 well as reasonable attorney fees and costs or two thousand five hundred dollars,
19 whichever is greater. The penalties, if awarded, shall not be used by the insurer in
20 computing either past or prospective loss experience for the purpose of setting rates
21 or making rate filings.

22 (c) Claims for penalties and attorney fees pursuant to this Paragraph are
23 subject to a liberative prescriptive period of two years.

24 * * *

25 (4) Whenever a property damage claim is on a personal vehicle owned by
26 the third party claimant and as a direct consequence of the inactions of the insurer
27 and the third party claimant's loss the third party claimant is deprived of use of the
28 personal vehicle for more than five working days, excluding Saturdays, Sundays, and
29 holidays, the insurer responsible for payment of the claim shall pay, to the extent

1 legally responsible, for reasonable expenses incurred by the third party claimant in
 2 obtaining alternative transportation for the entire period of time during which the
 3 third party claimant is without the use of his personal vehicle. Failure to make such
 4 payment within thirty days after receipt of adequate written proof and demand
 5 therefor, when such failure is found to be arbitrary, capricious, or without ~~probable~~
 6 reasonable cause shall subject the insurer to, in addition to the amount of such
 7 reasonable expenses incurred, a reasonable penalty not to exceed ten percent of such
 8 reasonable expenses or one thousand dollars whichever is greater together with
 9 reasonable ~~attorneys~~ attorney fees for the collection of such expenses.

* * *

11 §1892.2 Payment and adjustment of insurance policies that cover immovable
 12 property; extension of time to respond to claims during emergency or
 13 disaster; penalties; arson-related claims suspension

14 A.(1) Insurers adjusting an insurance policy that covers immovable property,
 15 including manufactured and modular homes as defined by R.S. 51:911.22, shall
 16 transmit payment of the undisputed amount of any claim due to any insured within
 17 thirty days after receipt of satisfactory proof of loss from the insured or any party in
 18 interest. The insurer shall notify the insurance producer of record of all such
 19 payments for property damage claims made in accordance with this Paragraph.

20 (2) For purposes of this Section and for purposes of a claim for breach of
 21 R.S. 22:1973(B)(5) relating to payment and adjustment of a first-party claim arising
 22 under an insurance policy for immovable property, including manufactured and
 23 modular homes as defined by R.S. 51:911.22, "satisfactory proof of loss" means the
 24 insurer has received written proof that is sufficient to establish the extent of covered
 25 damages and the amount due on an insurance claim including but not limited to
 26 estimates, statements, repair receipts, invoices, and forms necessary to assess and
 27 quantify the extent and amount of covered damages sustained by the insured. An
 28 insurer may require completion of a signed statement in proof of loss as a condition
 29 of its receipt of a satisfactory proof of loss. A signed statement in proof of loss is

1 based on the insured's knowledge of the claim at the time of the statement, and does
2 not preclude the insured from submitting a new signed proof of loss statement if any
3 additional, covered damages is discovered. An insurer is not deemed to have
4 received satisfactory proof of loss until it has initiated a loss adjustment in
5 accordance with Paragraph (3) of this Subsection.

6 (3)(a) Except in the case of catastrophic loss, the insurer shall acknowledge
7 receipt of a claim, initiate loss adjustment of a property damage claim, and request
8 from the insured any items, statements, and forms that the insurer reasonably
9 believes, at that time, will be required from the insured within fifteen days after
10 notification of loss by the insured. The insurer shall send acknowledgment of its
11 receipt to the insured either by United States mail, private commercial carrier,
12 electronic delivery, or hand delivery.

13 (b) Except in the case of catastrophic loss, failure to initiate loss adjustment
14 of a property damage claim within fifteen days after notification of loss by the
15 insured in accordance with Subparagraph (a) of this Paragraph shall subject the
16 insurer to the penalties provided in R.S. 22:1973.

17 (c) Notwithstanding the provisions of R.S. 22:1312, in the case of
18 catastrophic loss, the insurer shall acknowledge receipt of a claim, initiate loss
19 adjustment of the property damage claim, and request from the insured any items,
20 statements, and forms that the insurer reasonably believes, at that time, will be
21 required from the insured within thirty days after notification of loss by the insured.
22 However, the commissioner may promulgate and adopt a rule in accordance with the
23 Administrative Procedure Act to extend the time period up to an additional thirty
24 days for an insurer to initiate a loss adjustment claim for damages arising from a
25 presidentially declared emergency or disaster or a gubernatorially declared
26 emergency or disaster. Thereafter, only one additional extension of the period of
27 time for initiating a loss adjustment may be allowed and shall be approved by the
28 Senate Committee on Insurance and the House Committee on Insurance, voting
29 separately. Failure to comply with the provisions of this Paragraph shall subject the

1 insurer to the penalties provided in R.S. 22:1973. In such cases that an insurer
2 requires a signed statement in proof of loss as a condition of satisfactory proof of
3 loss, the insurer shall provide the insured a form on which the insured shall submit
4 his signed statement in proof of loss within thirty days after the insured's notification
5 of loss as prescribed in this Subparagraph. The insurer shall send acknowledgment
6 of its receipt to the insured either by United States mail, private commercial carrier,
7 electronic delivery, or hand delivery.

8 (d) An insurer may make additional requests for information or inspection
9 if during the investigation of the claim the additional requests are necessary. A
10 request for information already furnished in its entirety by the insured shall have no
11 effect on the insurer's deadlines for initiating the loss adjustment of a property
12 damage claim as set forth in this Paragraph.

13 (e) For matters remaining in dispute once an insurer has received all items,
14 statements, and forms requested by the insurer, or has completed requested
15 inspections or reinspections, an insurer shall accept or reject a claim within fifteen
16 days of receiving all items, statements, or forms, or within fifteen days from the
17 inspection or reinspection requested by the insurer to determine satisfactory proof
18 of loss. The acceptance or denial of a claim may be in whole or in part.

19 (f) For matters remaining in dispute once an insurer has received all items,
20 statements, and forms requested by the insurer, or completed requested inspections
21 or reinspections, if an insurer is unable to accept or reject a claim within fifteen days
22 after receiving the items, statements, and forms requested by an insurer, or after
23 completing a requested inspection or reinspection, the insurer, within that same time
24 period, shall notify the insured of the reasons that the insurer needs additional time
25 to assess the claim. The insurer shall thereafter accept or reject the claim in whole
26 or in part no later than thirty days from the date on which the insurer notified the
27 insured of the reasons that the insurer needed additional time to assess the claim.

1 (g) In the case of catastrophic loss, the claims handling deadlines imposed
2 in Subparagraphs (e) and (f) of this Paragraph shall be extended for an additional
3 fifteen days.

4 (h) Nothing in this Paragraph shall be construed to relieve an insurer of its
5 obligation to transmit payment of the undisputed amount of any claim due to any
6 insured within thirty days after receipt of satisfactory proof of loss as set forth in
7 Paragraph (1) of this Subsection.

8 (i) Nothing in this Paragraph shall be construed to prohibit an insured from
9 making a supplemental claim, nor to relieve an insurer from the obligation to
10 conduct a supplemental investigation or make a supplemental payment, if warranted
11 by the facts of a supplemental claim. A supplemental claim adds new found damage
12 or additional costs to the original claim. The fact that an insurer makes a
13 supplemental payment shall not be construed as evidence of a violation of this
14 Section or R.S. 22:1973.

15 (4) An insurer shall issue a copy of the insurer's field adjuster report, relative
16 to the insured's property damage claim, to the insured within fifteen days of
17 receiving a request for such from the insured.

18 (5) If an insurer issues a check, draft, or other negotiable instrument that is
19 jointly payable to an insured and a mortgagee or mortgage servicer as payment of
20 insurance settlement proceeds for multiple types of coverage, the insurer shall
21 provide with the check, draft, or other negotiable instrument a statement indicating
22 the dollar amount of insurance settlement proceeds paid under each type of coverage
23 including but not limited to dwelling, personal property, and additional living
24 expenses. In lieu of issuing a statement pursuant to this Paragraph, an insurer may
25 issue separate checks, drafts, or other negotiable instruments for payment of each
26 type of coverage.

27 B.(1)(a) Except as provided in Subparagraphs (A)(3)(b) and (c) of this
28 Section and Subparagraph (b) of this Paragraph, failure to comply with Paragraphs
29 (A)(1) through (3) of this Section, when such failure is found to be arbitrary,

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

9 (b) Except as provided in Subparagraph (A)(3)(c) of this Section, in the case
10 of catastrophic loss, failure to comply with Paragraphs (A)(1) through (3) of this
11 Section, when such failure is found to be arbitrary, capricious, or without reasonable
12 cause, shall subject the insurer to a penalty, in addition to the amount of the loss, of
13 fifty percent damages on the amount found to be due from the insurer to the insured,
14 or two thousand five hundred dollars, whichever is greater, payable to the insured,
15 or in the event a partial payment or tender has been made, fifty percent of the
16 difference between the amount paid or tendered and the amount found to be due as
17 well as reasonable attorney fees and costs or two thousand five hundred dollars,
18 whichever is greater. The penalties, if awarded, shall not be used by the insurer in
19 computing either past or prospective loss experience for the purpose of setting rates
20 or making rate filings.

21 (c) Claims for penalties and attorney fees pursuant to this Paragraph are
22 subject to a liberative prescription of two years.

23 (2) The period prescribed in Subsection (C) of this Section for payment of
24 losses resulting from fire and the penalty provisions for nonpayment within the
25 period do not apply where the loss from fire was arson-related and the state fire
26 marshal or other state or local investigative bodies have the loss under active arson
27 investigation. The provisions relative to the time of payment and penalties shall
28 commence to run upon certification of the investigating authority that there is no

1 evidence of arson or that there is insufficient evidence to warrant further
2 proceedings.

3 (3) The provisions relative to suspension of payment due to arson do not
4 apply to a bona fide lender which holds a valid recorded mortgage on the property
5 in question.

6 (4)(a) For the purposes of this Paragraph, the following terms have the
7 meanings ascribed to them:

8 (i) "Damaged property" means a dwelling, structure, personal property, or
9 any other property, except a vehicle, that requires repairs, replacement, restoration,
10 or remediation to reestablish its former condition.

11 (ii) "Depreciation" means depreciation including but not limited to the costs
12 of goods, materials, labor, and services necessary to replace, repair, or rebuild
13 damaged property.

14 (b) An insurance policy covering damaged property may allow for
15 depreciation.

16 (c) In an insurance policy covering damaged property, the insured shall
17 provide, on a form approved by the commissioner, notice to the insured that
18 depreciation may be deducted or withheld from a claim payment.

19 (d) If depreciation is applied to a loss for damaged property, the insurer shall
20 provide a written explanation to the insured as to how the depreciation was
21 calculated.

22 (e) Depreciation shall be reasonable and based on a combination of objective
23 criteria and subjective assessment, including the actual condition of the property
24 prior to loss.

25 C.(1) All claims for losses resulting from fire brought by insureds against an
26 insurer shall be paid by check or draft of the insurer or, if offered by the insurer and
27 the insured requests, electronic transfer of funds to the order of the insured to whom
28 payment of the claim is due pursuant to the policy provisions, or his attorney, or
29 upon direction of the insured to one specified.

1 (2) An insurer shall not intentionally or unreasonably delay, for more than
2 three calendar days, exclusive of Saturdays, Sundays, and legal holidays, after
3 presentation for collection, the processing of any properly executed and endorsed
4 check or draft issued in settlement of an insurance claim.

5 (3) Any insurer violating this Subsection shall pay the insured or claimant
6 a penalty of two hundred dollars or fifteen percent of the face amount of the check
7 or draft, whichever is greater.

8 D.(1) An insurer shall not require that repairs, replacement, restoration, or
9 remediation be made to an insured's property by a particular preferred vendor or
10 recommended contractor.

11 (2) An insurer shall not recommend the use of a particular preferred vendor
12 or recommended contractor without informing the insured or claimant that the
13 insured or claimant is under no obligation to use the preferred vendor or
14 recommended contractor to complete repairs, replacement, restoration, or
15 remediation of the insured's property.

16 E.(1) An insurer shall include a general contractor's overhead and profit in
17 payments for losses when the services of a general contractor are reasonably
18 foreseeable. This requirement applies to policies that provide for the adjustment and
19 settlement of losses on a replacement cost basis and to policies that provide for the
20 adjustment and settlement of losses on an actual cash value basis.

21 (2) The deduction of prospective contractor overhead, prospective contractor
22 profit, and sales tax in determining the actual cash value of an adjustment or
23 settlement is not allowed on replacement cost policies or on actual cash value
24 policies.

25 F.(1) Residential property insurance policies shall contain the following
26 provision, with permission to substitute the words "this Company" with a more
27 accurate descriptive term for the insurer:

28 "Appraisal. If you and this Company fail to agree as to the amount of loss,
29 either party may demand that the amount of the loss be set by appraisal. If either

1 party makes a written demand for appraisal, each party shall select a competent,
2 impartial, and disinterested appraiser and notify the other party of his appraiser's
3 identity within twenty days of receipt of the written demand for appraisal. The
4 appraisers shall select a competent, impartial, and disinterested umpire. If, after
5 fifteen days, the appraisers have not agreed upon who will serve as umpire, the
6 umpire shall be appointed by a judge of the court of record in which the property is
7 located. The appraisers shall appraise the loss. If the appraisers submit written
8 notice of an agreement as to the amount of the loss to this Company, the amount
9 agreed upon shall set the amount of the loss. If the appraisers fail to agree within
10 thirty days, the appraisers shall submit their differences along with any supporting
11 documentation to the umpire, who shall appraise the loss. The appraisers may
12 extend the time to sixty days for which they shall agree upon the amount of loss or
13 submit their differences and supporting documents to the umpire, if the extension is
14 agreed to by the appraisers from both parties. A written agreement signed by the
15 umpire and either party's appraiser shall set the amount of the loss, pursuant to the
16 appraisal process, but shall not preclude either party from exercising its rights under
17 the policy or the law. Each appraiser shall be paid by the party selecting that
18 appraiser. Other expenses of the appraisal and the expenses of the umpire shall be
19 divided and paid in equal shares by you and this Company. If there is an appraisal
20 award, all applicable policy terms, limits, deductibles, and conditions shall apply.
21 If you file a lawsuit relative to this policy against this Company, the lawsuit will be
22 held in abatement during the period between a timely demand for appraisal and the
23 deadline for execution of an appraisal award, pursuant to this clause."

24 (2) Appraisal shall be limited to the scope of and cost to repair or replace
25 covered damage as determined by the insurer. Appraisal shall not address any
26 coverage disputes.

27 (3) At least ten days before demanding appraisal, the party seeking appraisal
28 shall provide the other party with written documentation of the dispute as to the
29 amount of the loss, identifying the items of the dispute.

1 (6) Failing to pay claims pursuant to R.S. 22:1893 when such failure is
2 arbitrary, capricious, or without ~~probable~~ reasonable cause.

3 * * *

4 Section 2. R.S. 22:1892(A)(5) and (6), (B)(6), and (E) through (G) are hereby
5 repealed in their entirety.

6 Section 3. The Legislature of Louisiana hereby changes the language of "probable
7 cause" to "reasonable cause" in R.S. 22:1892 and 1973 for the sole purpose of avoiding
8 confusion with the definition of "probable cause" found in Title 14 of the Louisiana Revised
9 Statutes of 1950, the Code of Criminal Procedure, and the Code of Evidence.

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 601 Engrossed

2023 Regular Session

Huval

Abstract: Provides for bad faith claims against insurers.

Present law provides for definitions.

Proposed law adds the following definitions:

- (1) Arbitrary, capricious, or without reasonable cause.
- (2) Catastrophic loss.
- (3) Disinterested.
- (4) Undisputed amount.
- (5) Damaged property.
- (6) Depreciation.

Present law provides that all insurers issuing any type of contract, other than those specified in present law, shall pay the amount of any claim due to an insured within 30 days after receipt of satisfactory proofs of loss from the insured or any party in interest.

Proposed law retains present law and makes technical changes.

Present law provides that an insurer shall notify the insurance producer of record of payments for property damage claims in certain circumstances.

Proposed law repeals present law.

Present law provides all insurers issuing any type of contract, other than those specified in present law, shall pay the amount of an third party property damage claim and of any

reasonable medical expenses claim due to a bona fide third party claimant within 30 days after written agreement of settlement of the claim from any third party claimant.

Proposed law retains present law and makes technical changes.

Present law provides that, except in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim and of a claim for reasonable medical expenses within 14 days after notification of loss by the claimant.

Proposed law changes 14 days to 15 days.

Present law provides that in the case of catastrophic loss, the insurer shall initiate loss adjustment of a property damage claim within 30 days after notification of loss by the claimant.

Present law provides that the commissioner may promulgate a rule for extending the time period for initiating a loss adjustment for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster up to an additional 30 days.

Proposed law retains present law.

Present law provides that after a catastrophic loss, only one additional extension of the period of time for initiating a loss adjustment may be allowed and must be approved by the Senate Committee on Insurance and the House Committee on Insurance, voting separately.

Proposed law retains present law.

Present law provides that insurers shall make a written offer to settle any property damage claim, including a third-party claim, within 30 days after receipt of satisfactory proofs of loss of that claim.

Proposed law retains present law and makes technical changes.

Proposed law provides that claims for penalties and attorney fees pursuant to this provision of law are subject to a liberative prescriptive period of two years.

Proposed law provides that insurers adjusting an insurance policy that covers immovable property, including manufacture red and modular homes as defined in present law, shall transmit payment of the undisputed amount of any claim due to an insured within 30 days after receipt of satisfactory proof of loss from the insured or any party in interest.

Proposed law provides that the insurer shall notify the insurance producer of record of all such payments for property damage claims made in accordance with proposed law.

Present law provides that the failure to make such payment within 30 days after receipt of such satisfactory written proofs and demand therefor or failure to make a written offer to settle any property damage claim, including a third-party claim, within 30 days after receipt of satisfactory proofs of loss of that claim, as provided in proposed law.

Proposed law retains present law.

Present law provides that when a insurer is found to be violation of present law and the violation is found to be arbitrary, capricious, or without reasonable cause the insurer he shall be subject to penalties.

Proposed law changes reasonable cause to probable cause.

Proposed law provides that for purposes of a claim brought due to a breach of present law relating to payment and adjustment of a first-party claim arising under an insurance policy for immovable property, including manufactured and modular homes as defined in present law, "satisfactory proof of loss" means the insurer has received written proof that is sufficient to establish the extent of covered damages and the amount due on an insurance claim.

Proposed law provides that, an insurer may require completion of a signed statement in proof of loss as a condition of receipt of a satisfactory proof of loss in support of a claim for immovable property coverage.

Proposed law provides that in the case of catastrophic loss, the insurer shall acknowledge receipt of a claim, initiate loss adjustment of a property damage claim expenses, and request from the insured any items, statements, and forms that the insurer reasonably believes, at that time, will be required from the insured within 15 days after notification of loss by the insured. Proposed law further provides that the acknowledgment of the receipt shall be sent either by U.S. mail, private commercial carrier, electronic delivery, or hand delivery.

Proposed law provides that the failure to initiate loss adjustment of a property damage claim within 15 days after notification of loss by the insured in accordance with proposed law shall subject the insurer to the penalties provided in present law.

Proposed law provides that in the case of catastrophic loss, the insurer shall acknowledge receipt of a claim, initiate loss adjustment of the property damage claim, and request from the insured any items, statements, and forms that the insurer reasonably believes, at that time, will be required from the insured within 30 days after notification of loss by the insured.

Proposed law provides that the commissioner may promulgate and adopt a rule in accordance with the Administrative Procedure Act to extend the time period up to an additional 30 days for an insurer to initiate a loss adjustment claim for damages arising from a presidentially declared emergency or disaster or a gubernatorially declared emergency or disaster.

Proposed law provides that thereafter, only one additional extension of the period of time for initiating a loss adjustment may be allowed and must be approved by the Senate Committee on Insurance and the House Committee on Insurance, voting separately.

Proposed law provides that the insurer shall provide the insured with a form upon which the insured shall submit his signed statement in proof of loss within 30 days after the insured's notification of loss.

Proposed law provides that the insurer shall send acknowledgment of its receipt to the insured either by United States mail, private commercial carrier, electronic delivery, or hand delivery.

Proposed law provides that an insurer may make additional requests for information or inspection if during the investigation of the claim the additional requests are found to be necessary.

Proposed law provides that for matters remaining in dispute once an insurer has received all items, statements, and forms requested by the insurer, or has completed requested inspections or reinspections, an insurer shall accept or reject a claim within 15 days of receiving all items, statements, forms, inspection or reinspection requested by the insurer to determine satisfactory proof of loss.

Proposed law provides that for matters remaining in dispute once an insurer has received all items, statements, and forms requested by the insurer, or completed requested inspections

or reinspections, if an insurer is unable to accept or reject a claim within 15 days after receiving the items, statements, and forms requested by an insurer, or completing a requested inspection or reinspection, the insurer, within that same time period, shall notify the insured of the reasons that the insurer needs additional time to assess the claim.

Proposed law provides that an insurer shall issue a copy of the insurer's field adjuster report, relative to the insured's property damage claim, to the insured within 15 days of receiving a request for such from the insured.

Proposed law provides that if an insurer issues a check, draft, or other negotiable instrument that is jointly payable to an insured and a mortgagee or mortgage servicer as payment of insurance settlement proceeds for multiple types of coverage, the insurer shall provide with the check, draft, or other negotiable instrument a statement indicating the dollar amount of insurance settlement proceeds paid under each type of coverage including but not limited to dwelling, personal property, and additional living expenses.

Proposed law provides that in lieu of issuing a statement, an insurer may issue separate checks, drafts, or other negotiable instruments for payment of each type of coverage.

Proposed law provides for penalties.

Proposed law provides that all claims brought by insureds against an insurer shall be paid by check or draft of the insurer or, if offered by the insurer and the insured requests, electronic transfer of funds to the order of the insured to whom payment of the claim is due pursuant to the policy provisions, or his attorney, or upon direction of the insured to one specified.

Proposed law provides that no insurer shall intentionally or unreasonably delay, for more than three calendar days, exclusive of Saturdays, Sundays, and legal holidays, the processing of any properly executed and endorsed check or draft issued in settlement of an insurance claim.

Proposed law provides that an insurer shall not require that repairs, replacement, restoration, or remediation be made to an insured's property by a particular preferred vendor or recommended contractor.

Proposed law provides that an insurer shall not recommend the use of a particular preferred vendor or recommended contractor without informing the insured or claimant that the insured or claimant is under no obligation to use the preferred vendor or recommended contractor to complete repairs, replacement, restoration, or remediation of the insured's property.

Proposed law provides that an insurer is required to include general contractor's overhead and profit in payments for losses when the services of a general contractor are reasonably foreseeable.

Proposed law provides that residential property insurance policies shall contain a provision that outlines a process whereby the amount of a loss may be set through appraisal, if an insurer and insured do not agree on the amount of the loss and the insurer or insured makes a demand for such.

Proposed law provides for the implementation, initiation, and guidelines of the appraisal process.

Present law sets forth the acts that constitute a breach of the insurer's duties.

Proposed law retains present law and reformulates the standard necessary to constitute a breach.

Proposed law clarifies the applicable standard and makes technical changes.

Present law provides for the penalties and damages imposed upon an insurer that does not pay an insured within a specified time period.

(Amends R.S. 22: 1892(A)(1)-(4), (B)(1)-(4), and 1973(B)(5) and (6); Adds R.S. 22:46(29)-(32) and 1892.2; Repeals R.S. 22:1892(A)(5) and (6), (B)(6), and (E)-(G))

Summary of Amendments Adopted by House

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

1. Make technical changes.
2. Change the definition of "disinterested" to mean that a party does not have, nor has he ever had, a pecuniary or monetary interest in the claim, a familial relationship with either party, or an employee or employer relationship with either party.
3. Change "probable cause" to "reasonable cause."
4. Provide that immovable property shall include manufactured and modular homes.
5. Require that an insured provide a signed statement of proof of loss and delete the requirement that an insured give the insurer a sworn statement of proof of loss.
6. Provide that the commissioner of insurance may promulgate and adopt a rule in accordance with the Administrative Product Act to extend the time period up to an additional 30 days for an insurer to initiate a loss adjustment in certain circumstances.
7. Implement a 30-day-time period for an insurer to provide the insured with his proof of loss.