

Firment

Synopsis of Senate Amendments

Present law requires an insurer to pay reasonable expenses incurred by a third-party claimant who obtains alternative transportation when the claimant is without the use of his personal vehicle; the claimant has filed a property damage claim on the vehicle; and the insurer's inaction causes the claimant to be deprived of the vehicle's use for more than 5 working days, excluding Saturdays, Sundays, and holidays.

Proposed law retains present law and clarifies 5 working days as 5 business days.

Present law provides that if an insurer fails to pay the third-party claimant within 30 days of receiving adequate written proof and demand, and the insurer's failure is found to be arbitrary, capricious, or without probable cause, the insurer must pay the third-party claimant's reasonable expenses and a penalty not to exceed 10% of the reasonable expenses or \$1,000, whichever is greater, along with reasonable attorney fees.

Proposed law retains present law but increases a portion of the potential penalty from \$1,000 to \$2,500.

Proposed law provides that if an insurer fails to provide rental vehicle coverage to a first-party insured who is entitled to coverage within 3 business days of receiving the insured's written request, and the insurer's failure is found to be arbitrary, capricious, or without probable cause, the insurer must pay the first-party insured's reasonable expenses and a penalty not to exceed 50% of the reasonable expenses or \$2,500, whichever is greater.

Present and proposed law requiring insurers to promptly address rental vehicle claims does not apply when an insurer is investigating coverage under a reservation of rights.

Proposed law limits reasonable expenses to the insured's rental costs or other expenses incurred due to the insured's inability to use the insured vehicle during the time when rental coverage was not authorized.

(Amends R.S. 22:1892(A)(7), (B)(4), and (B)(5)(intro. para.) and (b); Adds R.S. 22:1892(A)(8) and 1892.3)