RÉSUMÉ DIGEST

ACT 319 (HB 825) **2026 Regular Session** **Braud**

New law (R.S. 22:1346.1(2)) redefines the term "stated value homeowner's policy" to refer to a residential insurance policy wherein the insured has the authority to declare a stated value for the insured residential property. This amount, once agreed upon by the insurer, will constitute the coverage limit, regardless of the property's replacement cost value.

Existing law (R.S. 22:1346.2) authorizes insurance coverage to be established based on a declared value of residential property as determined by the homeowner or their authorized representative, rather than being exclusively reliant on the property's market value.

New law maintains the provisions of existing law while clarifying that coverage may be determined based on the stated value rather than the replacement cost value. Existing law (R.S. 22:1346.2(B)) mandates that insurers prominently disclose the availability of stated value policy offerings in all policy proposals, agreements, and renewal documents.

Existing law (R.S. 22:1346.3(A)) mandates that a homeowner who opts for a stated value policy must provide a written payoff statement from any financial institution or entity that holds a mortgage on the property. New law expands this requirement to encompass payoff statements from every financial institution or entity possessing a mortgage or lien against the property and requires the submission of a mortgage certificate issued by the clerk of court.

New law (R.S. 22:1346.3(C)) requires insurers, prior to issuing certain stated value policies, to obtain a signed acknowledgment from the insured containing prominent notice language warning of potential financial loss if coverage is less than replacement cost. The notice language within the bill must be boldfaced type and no smaller than 18-point font.

New law stipulates that such acknowledgment not be construed to affect coverage under the policy or create a cause of action against the insurer or its representatives. New law (R.S. 22:1346.4) prohibits an insurer from issuing a stated value policy for a sum less than the verified outstanding balance of all mortgages and liens on the property.

Existing law (R.S. 22:1346.5) requires the commissioner of insurance (commissioner) to distribute informational materials regarding stated value policies to homeowners. New law repeals the requirement that the commissioner distribute such informational materials to homeowners but retains the requirement to maintain informational resources.

New law introduces enhancements to valuation standards, notification obligations, and underwriting criteria pertaining to stated value homeowner's insurance policies.

Effective upon signature of governor (May 22, 2026).

(Amends R.S. 22:1346.1(intro. para.) and (2), 1346.2, 1346.3(A) and (C), 1346.4, and 1346.5(A)(1) and (4) and (B)(1))