

2020 Regular Session

HOUSE BILL NO. 423

BY REPRESENTATIVE MIKE JOHNSON

PRESCRIPTION: Provides for the prescriptive period for bad faith insurance claims

1 AN ACT

2 To enact R.S. 22:1973(E), relative to the prescriptive period for bad faith insurance claims;
3 to provide a two year prescriptive period; to provide for application to existing
4 claims; to provide an effective date; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1973(E) is hereby enacted to read as follows:

7 §1973. Good faith duty; claims settlement practices; cause of action; penalties

8 * * *

9 E. Any action under this Section or for any breach of a duty of good faith
10 and fair dealing is subject to a liberative prescription of two years. This prescription
11 commences to run from the day injury or damage is sustained.

12 * * *

13 Section 2. The provisions of this Act are applicable to all claims existing or actions
14 pending on its effective date and all claims arising or actions filed on and after its effective
15 date.

16 Section 3. This Act shall become effective upon signature by the governor or, if not
17 signed by the governor, upon expiration of the time for bills to become law without signature
18 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
19 vetoed by the governor and subsequently approved by the legislature, this Act shall become
20 effective on the day following such approval.

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 423 Original

2020 Regular Session

Mike Johnson

Abstract: Provides a prescriptive period of two years for claims brought against an insurer for breach of good faith and fair dealing.

Present law provides that an insurer owes to his insured a duty of good faith and fair dealing and to adjust claims fairly and promptly and to make a reasonable effort to settle claims.

Present law further provides that any insurer who breaches these duties shall be liable for any damages sustained as a result of the breach.

Proposed law provides that any action brought pursuant to present law is subject to a liberative prescription of two years. This prescription commences to run from the day injury or damage is sustained.

Proposed law applies to all claims existing or actions pending on its effective date and all claims arising or actions filed on and after its effective date.

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

(Adds R.S. 22:1973(E))