

2021 Regular Session

HOUSE BILL NO. 469

BY REPRESENTATIVE LARVADAIN

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

INSURANCE/HOMEOWNERS: Provides relative to homeowner's insurance claims settlement practices

1 AN ACT

2 To amend and reenact R.S. 22:1892(B)(1), relative to homeowner's insurance claims  
3 settlement practices; to provide for penalties for insurers failing to provide timely  
4 payment on claims; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1892(B)(1) is hereby amended and reenacted to read as follows:

7 §1892. Payment and adjustment of claims, policies other than life and health and  
8 accident; personal vehicle damage claims; extension of time to respond to  
9 claims during emergency or disaster; penalties; arson-related claims  
10 suspension

11 \* \* \*

12 B.(1) Failure to make such payment within thirty days after receipt of such  
13 satisfactory written proofs and demand ~~therefor~~ therefor or failure to make a written  
14 offer to settle any property damage claim, including a third-party claim, within thirty  
15 days after receipt of satisfactory proofs of loss of that claim, as provided in  
16 Paragraphs (A)(1) and (4) of this Section, respectively, or failure to make such  
17 payment within thirty days after written agreement or settlement as provided in  
18 Paragraph (A)(2) of this Section when such failure is found to be arbitrary,  
19 capricious, or without probable cause, shall subject the insurer to a penalty, in  
20 addition to the amount of the loss, of ~~fifty percent damages on the amount found to~~

1 ~~be due from the insurer to the insured, or one thousand dollars~~ an amount not to  
 2 exceed two times the damages sustained or five thousand dollars, whichever is  
 3 greater, payable to the insured, or to any of said employees, or in the event a partial  
 4 payment or tender has been made, ~~fifty percent~~ two times of the difference between  
 5 the amount paid or tendered and the amount found to be due as well as reasonable  
 6 attorney fees and costs. Such penalties, if awarded, shall not be used by the insurer  
 7 in computing either past or prospective loss experience for the purpose of setting  
 8 rates or making rate filings.

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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)]

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HB 469 Engrossed

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Larvadain

**Abstract:** Provides for homeowner's insurance claims settlement practices.

Present law provides that failure to make payment on a claim within the time frame provided in present law shall subject the insurer to a penalty, in addition to the amount of the loss, of 50% damages on the amount found to be due from the insurer to the insured, or \$1,000 payable to the insured.

Proposed law retains present law but changes the penalty from 50% damages on the amount found to be due from the insurer to the insured, or \$1,000 payable to the insured to an amount not to exceed twice the damages sustained or \$5,000, whichever is greater.

Present law provides that in the event a partial payment or tender has been made, the insurer shall be subject to a penalty of 50% of the difference between the amount paid or tendered and the amount found to be due as well as reasonable attorney fees and costs.

Proposed law retains present law but changes the penalty from 50% of the difference between the amount paid or tendered and the amount found to be due as well as reasonable attorney fees and costs to twice the amount found to be due as well as reasonable attorney fees and costs.

(Amends R.S. 22:1892(B)(1))

Summary of Amendments Adopted by House

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

1. Restore present law concerning insurers making payment on claims within 30 days after the receipt of satisfactory proofs of loss from the insured or any party in interest.

2. Restore present law concerning insurer's good faith duty in claims settlement practices and the penalties for acting in bad faith.
3. Make technical changes.