

2022 Regular Session

SENATE BILL NO. 212

BY SENATOR STINE

INSURANCE CLAIMS. Establishes the Hurricane Mediation Program. (1/1/23)

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AN ACT

To enact Chapter 22 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:2651 through 2657, relative to establishing a mediation program for a catastrophic event; to provide insureds an alternative way to settle residential property insurance claims; to provide terms and conditions; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Chapter 22 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:2651 through 2657, is hereby enacted to read as follows:

CHAPTER 22. THE HURRICANE PROPERTY INSURANCE

CLAIM ALTERNATE DISPUTE RESOLUTION PROGRAM

§2651. Short title

This Chapter shall be known as the "Hurricane Mediation Program", hereinafter referred to as the "program".

§2652. Purposes; public purpose

A. The purpose of this Chapter is to provide a nonadversarial alternative dispute resolution procedure that is prompted by the need for effective, fair,

1 and timely handling of residential property insurance claims for residential
2 properties that are damaged by a hurricane. In the wake of the property
3 devastation caused in 2005 from hurricanes Katrina and Rita, the Louisiana
4 Department of Insurance, hereinafter referred to as the "department", issued
5 Emergency Rule 22, that established a mandatory mediation program. The
6 mediations conducted pursuant to Emergency Rule 22 resulted in the mediation
7 of approximately 12,000 property damage disputes with a very high success
8 rate. Due to the success of this mediation program, the department issued
9 Bulletin 2021-08 that implemented the "Hurricane Ida Mediation Program".
10 The mediation program was implemented to give property owners a way to
11 settle insurance claims in a timely manner and a low-cost way to resolve a
12 property insurance claim. To give citizens an alternate way to resolve
13 residential property insurance disputes and assist citizens in the repair of their
14 property in a timely manner and at a lower cost is a valid public purpose in the
15 best interest of the citizens.

16 B. The Louisiana Legislature finds that the Hurricane Mediation
17 Program is a valid public purpose providing the citizens of this state an
18 alternate resolution dispute program to assist in resolving residential property
19 insurance claims in a timely manner and at a lower cost.

20 §2653. Conditions to request mediation

21 A. Every insured may request mediation involving a residential property
22 insurance claim for property damage that is up to fifty thousand dollars in
23 situations that the governor declares a state of emergency pursuant to R.S.
24 29:724, and the insured has a claim for damage to property located within the
25 geographic area that is the subject of the declared state of emergency.

26 B. If the insured decides to mediate a damage dispute, the insured shall
27 contact one of the participating mediation firms listed on the department's
28 website.

29 §2654. Firm mediation requirements

1 A mediation firm that elects to participate in the dispute resolution
2 program provided in this chapter shall comply with all of the following:

3 (1) The firm contacts the department of insurance regarding
4 participation in the program.

5 (2) The firm agrees to the terms and conditions set forth in this Chapter.

6 (3) The firm provides the department with its official name, contact
7 information, address, and telephone number. The department shall maintain
8 this list posted on the department's website.

9 (4) The cost of mediation shall be reasonable.

10 (5) Within five business days after receiving its assignment as the
11 mediation firm, the firm shall give written notice to the insurer and the insured
12 of its assignment.

13 (6) The firm shall set the matter for mediation to occur within thirty
14 days of assignment.

15 (7) The firm shall be in charge of the mediation and shall establish and
16 describe the procedures to be followed. The firm shall conduct the mediation in
17 accordance with the standards of professional conduct for mediation adopted
18 by the American Bar Association pursuant to R.S. 9:4107.

19 (8) The firm may meet with the insurer and insured separately to
20 encourage meaningful communications, negotiations, and otherwise assist the
21 insurer and the insured to arrive at a settlement.

22 (9) All in-person mediations shall be conducted in either the Baton Rouge
23 metropolitan area or the New Orleans metropolitan area at an office or business
24 location to be selected by the mediation firms. There shall be no charge to the
25 insurer for use of the venue. The insurer or the insured that prefers to
26 participate in the mediation remotely via telephone, Zoom, or similar electronic
27 means is authorized, provided the mediator and all other parties to the
28 mediation are notified of the preference in advance of the mediation, and as
29 needed to accommodate remote participation.

1 (10) The mediation session may last up to ninety minutes of actual
2 mediation with the insurer and the insured. The ninety minutes shall not include
3 time spent on telephone calls, document review, research, or any other
4 administrative tasks that the mediator may find necessary to prepare for the
5 mediation.

6 §2655. Insurer and insured requirements for mediation

7 The insurer and insured that elects to participate in mediation under the
8 provisions of this chapter shall agree to the following conditions:

9 (1) The insurer shall bear all of the cost of conducting mediation
10 conferences, except if the insured fails to appear at the mediation conference,
11 the conference shall be rescheduled upon payment by the insured of the costs
12 of a rescheduled conference.

13 (2) If the insurer fails to appear at the mediation conference, the insurer
14 shall pay the insured's actual cash expenses incurred in attending the
15 conference unless the insurer's failure to attend was due to good cause
16 acceptable to the mediation firm.

17 (3) Lack of the insurer's representative to settle the full value of the
18 claim shall be deemed a failure of the insurer to appear at the mediation
19 conference and the insurer shall pay any additional fees or costs incurred in
20 rescheduling the mediation conference.

21 (4) The insurer shall provide the mediation firm all of the following:

22 (a) Name, address, and daytime telephone number of the insured and the
23 location of the property if different from the address given by the insured.

24 (b) The claim and policy number for the insured.

25 (c) A brief description of the nature of the dispute.

26 (d) The name of the insurer and the name, address, and daytime
27 telephone number of the insurer's contact for scheduling mediation.

28 (e) Information with respect to any other policies of insurance that may
29 provide coverage of the insured property for named perils like a flood or

1 windstorm.

2 (5) Within five business days after the mediation firm contacts the
3 insurer and the insured, the insurer and the insured shall provide the mediation
4 firm all relevant written documentation regarding the disputed claim and a
5 short statement from each as to why the parties have not been able to reach an
6 amicable resolution.

7 (6) The mediation firm may request additional documentation from the
8 insurer or the insured. The insurer and the insured shall comply with any
9 request for additional documentation or give an explanation as to the reason the
10 insurer or insured is not able to comply with the request for additional
11 documentation.

12 (7) The insured may be represented by an attorney or other
13 representative in the mediation, and the insured shall provide the name of the
14 attorney or other representative to the mediator at least six days before the date
15 of the mediation.

16 (8) All parties shall negotiate in good faith.

17 (9) The insurer and the insured shall be given an opportunity to present
18 each side of the controversy and may utilize any relevant documents and bring
19 any individuals with knowledge of the issues, like adjusters, appraisers, or
20 contractors, to address the mediator.

21 (10) All statements made and documents produced at mediation shall be
22 considered settlement negotiations in anticipation of litigation and the
23 provisions of R.S. 9:4112 shall apply.

24 (11) Any agreement between the insurer and the insured shall be reduced
25 to writing. The insurer and the insured shall sign the agreement signifying the
26 portions of the claim dispute that have been resolved in whole or in part,
27 including the specific dollar amount agreed by both parties.

28 (12) Mediation is voluntary and nonbinding. If a written settlement is
29 reached, the insured shall have three business days within which to rescind the

1 settlement unless the insured has cashed or deposited any check or draft
2 disbursed to the insured for the disputed matters as a result of the mediation
3 conference. If a settlement agreement is reached and is not rescinded, the
4 written settlement agreement shall be binding and shall act as a release of all
5 specific claims that were presented in that mediation conference.

6 (13) The insurer shall disburse to the insured the specific dollar amount
7 agreed to within ten business days of the conclusion of the mediation.

8 (14) If the insurer and the insured reach a partial agreement as to the
9 disputed claim, the insurer and the insured may continue to utilize the service
10 of the mediator after the parties have completed voluntary mediation under the
11 program. If the insurer and the insured agree to further mediation, the parties
12 shall be responsible for any additional mediation expenses at the mediator's
13 standard rate.

14 (15) If a partial settlement is reached and reduced to writing, the insured
15 shall have three business days within which to rescind the settlement unless the
16 insured has cashed or deposited any check or draft disbursed to the insured for
17 the disputed matters as a result of the conference. If a settlement agreement is
18 reached and is not rescinded, the written settlement agreement shall be binding
19 and shall act as a release of all specific claims that were presented in that
20 mediation conference.

21 §2656. Alternative dispute resolution disclosure notice

22 A. If the governor declares a state of emergency pursuant to R.S. 29:724,
23 an insurer writing residential property insurance in this state shall send a
24 hurricane mediation program disclosure form (disclosure) to a covered insured
25 who has filed a residential property insurance claim for property that is located
26 within the geographic area of the named storm or windstorm that is subject to
27 the declared state of emergency. An insurer shall send the disclosure notice
28 prior to the initial investigation by either the United States Postal Service,
29 electronic mail, or by hand delivery.

1 **B. Nothing in this Section shall be construed to provide an insured with**
2 **a civil cause of action.**

3 **C. Nothing in this Chapter shall apply to commercial insurance policies,**
4 **private passenger motor vehicle insurance, or disputes relating to liability**
5 **coverages in policies of property insurance.**

6 **§2657. Rules and regulations**

7 **The commissioner shall promulgate rules and regulations necessary to**
8 **implement this Chapter.**

9 Section 2. This Act shall become effective on January 1, 2023.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

DIGEST

SB 212 Original

2022 Regular Session

Stine

Proposed law established the "Hurricane Mediation Program" (program).

Proposed law provides every insured may request mediation for a disputed residential property insurance claim for property damage up to \$50,000 if the governor declares a state of emergency, and the property insurance claim arises out of a state of emergency on property damaged that is located in this state and the property is in the geographic area that the named storm or windstorm is the subject of the declared state of emergency.

Proposed law provides that if the insured decides to mediate the disputed amount, the insured must contact one of the participating mediation firms that is listed on the department of insurance's (department) website.

Proposed law requires a mediation firm that elects to participate in this program to comply with all of the following:

- (1) The mediation contacts the department regarding participation in the program.
- (2) The mediation firm agrees to the terms and conditions set forth in proposed law.
- (3) The mediation firm provides the department its name, contact, address, and telephone number. Requires the department to maintain this list and post it on the department's website.
- (4) Requires the mediation cost be reasonable.
- (5) Requires the mediation firm to notify the insurer and the insured within five business days after receiving the assignment, and requires the mediation firm to notify the insurer and the insured in writing of the assignment to mediating the disputed property insurance claim.
- (6) Requires the mediation firm to set the matter for mediation to occur within 30 days of assignment.

- (7) Requires the mediation firm is in charge of the mediation and to establish and describe the procedures to be followed. Requires the mediation firm to conduct the mediation in accordance with the standards of professional conduct for mediation adopted by the American Bar Association.
- (8) The mediation firm may meet with the insurer and insured separately to encourage meaningful communications and negotiations, and otherwise assist the insurer or insured to arrive at a settlement.
- (9) Requires in-person mediation be conducted in either Baton Rouge or New Orleans at an office or business location that is selected by the mediation. The insurer or the insured is not charged for the use of venue. If the insurer or the insured prefer to participate in the mediation remotely via telephone, Zoom, or similar electronic means it is permitted provided the mediator and all other parties to the mediation are notified of the preference in advance of the mediation, and as needed to accommodate remote participation.
- (10) The mediation session may last up to 90 minutes of actual mediation with the insurer and the insured. The ninety minutes shall not include time spent on telephone calls, document review, research, or any other administrative tasks that the mediator may find necessary to prepare for the mediation.

Proposed law requires the insurer and the insured comply with all of the following:

- (1) Requires the insurer to pay all of the cost of conducting mediation conferences, except if an insured fails to appear at the mediation conference, requires the mediation conference to be rescheduled upon the insured's payment of the costs of a rescheduled conference.
- (2) If the insurer fails to appear at the mediation conference, requires the insurer to pay the insured's actual cash expenses incurred in attending the conference if the insurer's failure to attend was not due to a good cause acceptable to the mediation firm.
- (3) An insurer is considered to have failed to appear if the insurer's representative lacks authority to settle the full value of the claim. Requires the insurer to pay an additional fee for a rescheduled mediation conference necessitated by the insurer's failure to appear at a scheduled conference.
- (4) Requires the insurer provide the mediation firm all of the following:
 - (a) Name, address, and daytime telephone number of the insured and the location of the property if different from the address given.
 - (b) The claim and policy number for the insured.
 - (c) A brief description of the nature of the dispute.
 - (d) The name of the insurer and the name, address, and daytime telephone number of the insurer's contact for scheduling mediation.
 - (e) Information with respect to any other policies of insurance that may provide coverage of the insured property for named perils like a flood or windstorm.
- (5) When the insurer and the insured have been contacted by the mediation firm, within five business days after being contacted, requires the insurer and the insured to provide the mediation firm all relevant written documentation regarding the disputed claim and a short statement from each side as to why the parties have not been able to reach an amicable resolution.

- (6) The mediation firm may request additional documentation from either the insurer or the insured, or both. Requires the insurer and the insured to comply with any request for additional documentation or provide an explanation as to the reason the insurer or insured is not able to comply.
- (7) Provides the insured can be represented by an attorney or other representative in the mediation, the insured shall provide the name of the attorney or other representative to the mediator at least six days before the date of the mediation.
- (8) Requires the insurer and the insured to negotiate in good faith.
- (9) Requires the insurer and the insured are given an opportunity to present their side of the controversy. The insurer and the insured may utilize any relevant documents and may bring any individuals with knowledge of the issues, like adjusters, appraisers, or contractors, to address the mediator.
- (10) Requires that all statements made and documents produced at a mediation are considered settlement negotiations in anticipation of litigation as provided by present law.
- (11) If an agreement is reached between the insurer and the insured, requires the insurer and the insured to reduce the agreement to writing. Requires the insurer and the insured to sign the agreement signifying the portions of the claim dispute that have been resolved in whole or in part, including the specific dollar amount agreed by both the insurer and the insured.
- (12) Mediation is voluntary and nonbinding, however, if a written settlement is reached, the insured has three business days within which the insured may rescind the settlement unless the insured has cashed or deposited any check or draft disbursed to the insured for the disputed matters as a result of the mediation conference. If a settlement agreement is reached and is not rescinded, the settlement agreement is binding and acts as a release of all specific claims that were presented in that mediation conference.
- (13) Requires the insurer to disburse to the insured the specific dollar amount agreed to within ten business days of the conclusion of the mediation.
- (14) If the insurer and the insured reach a partial agreement as to the claim dispute, allows the insurer and the insured may continue to utilize the service of the mediator after the insurer and insured have completed voluntary mediation. If the insurer and the insured agree to further mediation, requires the insurer and the insured are responsible for any additional mediation expenses at the mediator's standard rate.
- (15) Mediation is voluntary and nonbinding, however, if a partial settlement is reached and is in writing, the insured has three business days within which the insured may rescind the settlement unless the insured has cashed or deposited any check or draft disbursed to the insured for the disputed matters as a result of the conference. If a settlement agreement is reached and is not rescinded, the settlement agreement is binding and acts as a release of all specific claims that were presented in that mediation conference.

Proposed law provides that if the governor declares a state of emergency the insurer that writes residential property insurance that is located in this state, requires the insurer to send a hurricane mediation program disclosure form (disclosure) to a covered insured who has filed a residential property insurance claim for property that is located in this state and within the geographic area of the named storm or windstorm that is subject to the declared state of emergency. Requires the insurer to send the disclosure notice prior to the initial investigation by either US mail, electronic mail, or by hand delivery.

Proposed law provides that nothing in proposed law provides an insured with a civil cause of action.

Proposed law provides nothing in proposed law applies to commercial insurance policies, private passenger motor vehicle insurance, or disputes relating to liability coverages in policies of property insurance.

Proposed law authorizes the commissioner to promulgate rules and regulations necessary to implement this proposed law.

Effective January 1, 2023.

(Adds R.S. 22:2651-2657)