

2025 Regular Session

HOUSE BILL NO. 379

BY REPRESENTATIVE WRIGHT

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

INSURANCE/PROPERTY: Provides relative to mandatory binding arbitration with respect to property insurance policies

1 AN ACT

2 To amend and reenact R.S. 22:868(A)(introductory paragraph) and (1) and to enact R.S.
3 22:868.1, relative to property insurance; to provide for mandatory binding arbitration
4 under certain circumstances; to provide for endorsements; to provide for
5 requirements of arbitration and selected arbitrators; and to provide for related
6 matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:868(A)(introductory paragraph) and (1) are hereby amended and
9 reenacted and R.S. 22:868.1 is hereby enacted to read as follows:

10 §868. Limiting actions; jurisdiction; venue

11 A. ~~No~~ Except as provided in R.S. 22:868.1, an insurance contract delivered
12 or issued for delivery in this state and covering subjects ~~located, resident, resident~~
13 located or to be performed in this state, or any group health and accident policy
14 insuring a resident of this state regardless of where made or delivered, shall not
15 contain any condition, stipulation, or agreement either:

16 (1) Requiring it the contract to be construed according to the laws of any
17 other state or country except as necessary to meet the requirements of the motor
18 vehicle financial responsibility laws of such other state or country.

19 * * *

1 §868.1. Arbitration or other binding mediation; property insurance policies;
2 endorsements; requirements

3 A. An insurer writing property insurance policies in this state shall not
4 require a policyholder to participate in mandatory binding arbitration unless all of
5 the following apply:

6 (1) The mandatory binding arbitration requirements are contained in a
7 separate endorsement attached to the property insurance policy.

8 (2) The premium that a policyholder is charged for the policy includes an
9 actuarially sound credit or premium discount for the mandatory binding arbitration
10 endorsement.

11 (3)(a) The policyholder signs a form, prescribed by the commissioner,
12 electing to accept mandatory binding arbitration, and the form notifies the
13 policyholder of the rights forfeited in exchange for the credit or premium discount,
14 including but not limited to the right to a trial by jury.

15 (b) At a minimum, the commissioner shall include in the form described in
16 this Paragraph the following information in boldfaced type no smaller than
17 eighteen-point font:

18 "PLEASE READ THIS SECTION CAREFULLY BECAUSE IT AFFECTS
19 YOUR LEGAL RIGHTS, REQUIRES YOU TO ARBITRATE DISPUTES, AND
20 LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF.

21 Arbitration is a process in which persons with a dispute waive their rights to
22 file a lawsuit, proceed in court, and have a jury trial to resolve their disputes and,
23 instead, agree to submit their disputes to a neutral third person (an "arbitrator") for
24 a final decision. Each party to the dispute has an opportunity to present some
25 evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration
26 proceedings are private and less formal than court trials. The arbitrator will issue a
27 final and binding decision resolving the dispute, which may be enforced as a court
28 judgment. Your appeal rights may be limited as a court rarely overturns an
29 arbitrator's decision."

1 (4)(a) The endorsement establishes that an insurer will comply with the
2 mediation provisions set forth in R.S. 22:2651 et seq. before the initiation of
3 arbitration.

4 (b) Within the endorsement required in this Paragraph, the insurer may
5 require that the arbitration process is in lieu of the appraisal process.

6 (5) The insurer offers the policyholder a policy that does not require the
7 policyholder to participate in mandatory binding arbitration.

8 B. An arbitration pursuant to this Section shall take place in this state at a
9 location within the judicial district in which the policyholder's premises are located.

10 C.(1) The selected arbitrator shall be an attorney licensed to practice in this
11 state and shall meet the minimum requirements for insurance arbitrators as
12 prescribed by the commissioner.

13 (2) The arbitrator may issue judgments that include an award of penalties,
14 attorney fees, and any other damages allowed by any provision of law applicable to
15 the claim.

16 D. Except as otherwise provided in this Section, arbitration pursuant to this
17 Section shall be governed by the Louisiana Binding Arbitration Law, R.S. 9:4201 et
18 seq.

19 E. This Section does not apply to surplus lines insurers as defined in R.S.
20 22:46 or otherwise restrict or prohibit the use of mandatory arbitration provisions by
21 surplus lines insurers.

22 F. The commissioner may promulgate and adopt rules and regulations in
23 compliance with the Administrative Procedure Act to implement and enforce this
24 Section.

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 379 Engrossed

2025 Regular Session

Wright

Abstract: Authorizes mandatory binding arbitration with respect to property insurance under certain circumstances.

Present law generally prohibits insurance contracts or any group health and accident policy insuring a state resident from having agreements that require the contract to be construed according to the laws of another state or country, except as necessary to meet the requirements of the motor vehicle financial responsibility laws of the other state or country.

Proposed law retains present law and provides an exception pursuant to proposed law.

Proposed law prohibits an insurer writing property insurance policies from requiring a policyholder to participate in mandatory binding arbitration unless all of the following apply:

- (1) The mandatory binding arbitration requirements are contained in a separate endorsement attached to the property insurance policy.
- (2) The premium charged for the policy includes an actuarially sound credit or premium discount for the mandatory binding arbitration endorsement.
- (3) The policyholder signs a form prescribed by the commissioner of insurance (commissioner) electing to accept mandatory binding arbitration, notifying the policyholder of rights forfeited in exchange for the credit or premium discount.
- (4) The endorsement establishes that an insurer will comply with the mediation provisions in present law (R.S. 22:2651 et seq.) before the initiation of arbitration.
- (5) The insurer offers the policyholder a policy that does not require the policyholder to participate in mandatory binding arbitration.

Proposed law authorizes an insurer to require within an endorsement that the arbitration process is in lieu of the appraisal process.

Proposed law requires arbitration to take place in the state of La. at a location within the judicial district in which the insured's premises are located.

Proposed law requires the selected arbitrator to be an attorney licensed to practice in the state of La. Requires the arbitrator to meet the minimum requirements for insurance arbitrators as prescribed by the commissioner.

Proposed law authorizes the arbitrator to issue judgments that include an award of penalties, attorney fees, and any other damages allowed by law.

Proposed law requires arbitration to be governed by the La. Binding Arbitration Law in present law (R.S. 9:4201 et seq.).

Proposed law authorizes the commissioner to promulgate and adopt rules and regulations in compliance with the APA to implement and enforce proposed law.

(Amends R.S. 22:868(A)(intro. para.) and (1); Adds R.S. 22:868.1)