

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 437

2025 Regular Session

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INSURANCE CLAIMS: Provides settlement practices for claims relative to property and rentals of motor vehicles

Synopsis of Senate Amendments

1. Limits reasonable expenses to the insured's rental costs or other expenses incurred due to the insured's inability to use the insured vehicle during the time when rental coverage was not authorized.
2. Provides that present and proposed law requiring insurers to promptly address rental vehicle claims does not apply when an insurer is investigating coverage under a reservation of rights.
3. Establishes a model form for proof of loss statements and permits insurers to use the form with their preferred font, format, and trade dress.

Digest of Bill as Finally Passed by Senate

Proposed law authorizes an insurer issuing a property insurance policy with replacement cost coverage to withhold payment of recoverable depreciation or a replacement cost holdback until the insurer receives reasonable proof of the insured's payment of any applicable deductible. Provides methods of reasonable proof of payment including but not limited to a canceled check, credit card statement, or a copy of a financing arrangement that requires full payment of the deductible over time.

Present law provides a method for determining retail costs of property. Authorizes retail costs to be determined by a generally recognized used motor vehicle industry source such as an electronic database or guidebook with certain features. Proposed law modifies present law to authorize any used motor vehicle source generally recognized by the business industry. Otherwise retains present law.

Proposed law authorizes insurers issuing property insurance policies to require claimants to submit a proof of loss statement before the insurer pays a claim. Requires insurers to provide a proof of loss statement form to claimants that is the same or substantially similar to the form prescribed by the commissioner of insurance (commissioner). Further requires insurers to file their proof of loss forms with the commissioner and obtain approval prior to requiring claimants use of forms.

Proposed law requires insurers that mandate a proof of loss statement to provide the form to the claimant within 10 business days of receiving the claim. Further requires an insurers to make the proof of loss statement form easily accessible on their respective websites.

Proposed law provides that if an insurer requires a proof of loss statement, the insurer's receipt of the claimant's completed proof of loss statement will be the only means of constituting satisfactory proof of loss, as required by present law (R.S. 22:1892 and 1892.2). Further requires insurers to notify claimants of whether the claimant's submission was complete or incomplete within 10 business days of receiving the form.

Proposed law establishes a model form for proof of loss statements and permits insurers to use the form with their preferred font, format, and trade dress.

Proposed law authorizes the commissioner to promulgate and adopt rules in accordance with the APA to implement and enforce proposed law related to proof of loss statements.

Present law requires an insurer to pay reasonable expenses incurred by a third-party claimant who obtains alternative transportation when the claimant is without the use of his personal vehicle; the claimant has filed a property damage claim on the vehicle; and the insurer's inaction causes the claimant to be deprived of the vehicle's use for more than 5 working days, excluding Saturdays, Sundays, and holidays.

Proposed law retains present law and clarifies 5 working days as 5 business days.

Present law provides that if an insurer fails to pay the third-party claimant within 30 days of receiving adequate written proof and demand, and the insurer's failure is found to be arbitrary, capricious, or without probable cause, the insurer must pay the third-party claimant's reasonable expenses and a penalty not to exceed 10% of the reasonable expenses or \$1,000, whichever is greater, along with reasonable attorney fees.

Proposed law retains present law but increases a portion of the potential penalty from \$1,000 to \$2,500.

Proposed law provides that if an insurer fails to provide rental vehicle coverage to a first-party insured who is entitled to coverage within 3 business days of receiving the insured's written request, and the insurer's failure is found to be arbitrary, capricious, or without probable cause, the insurer must pay the first-party insured's reasonable expenses and a penalty not to exceed 50% of the reasonable expenses or \$2,500, whichever is greater.

Present and proposed law requiring insurers to promptly address rental vehicle claims does not apply when an insurer is investigating coverage under a reservation of rights.

Proposed law limits reasonable expenses to the insured's rental costs or other expenses incurred due to the insured's inability to use the insured vehicle during the time when rental coverage was not authorized.

(Amends R.S. 22:1892(A)(7), (B)(4), and (B)(5)(intro. para.) and (b); Adds R.S. 22:1892(A)(8) and 1892.3)