

2024 Regular Session

HOUSE BILL NO. 510

BY REPRESENTATIVE GLORIOSO

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

1 AN ACT

2 To enact R.S. 22:1892.2, relative to property insurance; to provide for mandatory binding
3 arbitration under certain circumstances; to provide for endorsements; to provide for
4 requirements of arbitration and selected arbitrators; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1892.2 is hereby enacted to read as follows:

8 §1892.2. Arbitration or other type of binding mediation; property insurance policies;
9 endorsements; requirements

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

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

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

18 (3) The policyholder signs a form, prescribed by the commissioner, electing
19 to accept mandatory binding arbitration, and such form notifies the policyholder of

1 the rights forfeited in exchange for the credit or premium discount, including but not
2 limited to the right to a trial by jury.

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

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

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

10 B. An arbitration pursuant to this Section shall take place in this state at a
11 location within the judicial district in which the insured's premises is located.

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

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

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

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

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 510 Engrossed

2024 Regular Session

Glorioso

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

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 electing to accept mandatory binding arbitration, and such form notifies 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 is 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. Further requires arbitration to be governed by the La. Binding Arbitration Law in present law (R.S. 9:4201 et seq.).

Proposed law does not apply to surplus lines insurers nor restrict or prohibit the use of mandatory arbitration provisions by surplus lines insurers.

(Adds R.S. 22:1892.2)

Summary of Amendments Adopted by House

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

1. Add that proposed law does not apply to surplus lines insurers or otherwise restrict or prohibit the use of mandatory arbitration provisions by surplus lines insurers.
2. Make technical changes.