

RÉSUMÉ DIGEST

ACT 625 (HB 609)

2024 Regular Session

Firment

Existing law authorizes appraisals of property and authorizes the commissioner of insurance (commissioner) to collect fees from appraisers.

New law further authorizes the commissioner to collect fees from umpires employed in an appraisal process.

Existing law provides a requisite form for standard fire insurance policies.

Existing law prohibits a person from purporting to be an appraiser unless he is registered with the commissioner and has paid the required fees. Further requires an appraiser to renew registration on an annual basis.

New law extends existing law to umpires and otherwise retains existing law.

Existing law authorizes the commissioner to enforce existing law. Authorizes the commissioner to order a person to cease and desist from committing violations or acting as an appraiser.

New law extends existing law to umpires. Further authorizes the commissioner to rescind the registration of any person who violates new and existing law.

New law authorizes a person aggrieved by a decision, act, or order of the commissioner to demand a hearing in accordance with the APA.

New law defines "appraiser", "claimant", "good cause", "immediate family", "party", "umpire", and "umpire selection panel".

New law requires an appraisal process under the following conditions:

- (1) An insurer has accepted coverage for a claim, in full or in part.
- (2) The claimant and insurer have a dispute as to the amount of loss the insurer will pay for the accepted portion of the claim under the policy.
- (3) The policy is issued, delivered, or renewed in the state of La.
- (4) The property that is the subject of the claim is located in the state of La. or the dispute is subject to jurisdiction in the state of La.
- (5) The claimant or insurer demands an appraisal.

New law does not authorize the commissioner to regulate the practice of law.

New law subjects an umpire appointed by a court to the supervision of the appointing court for the performance of his duties.

New law requires the insurer and claimant to each select an appraiser upon a demand for appraisal. Further requires respective appraisers to select an umpire if the appraisers are unable to agree on the amount of loss.

New law authorizes a judge to select an umpire if the appraisers are unable to agree on an umpire.

New law requires the selected umpire to participate in the resolution of the dispute if the appraisers fail to reach an agreement and instruct the umpire, in writing, to begin work.

New law authorizes either appraiser to instruct the umpire to begin work if the period for the appraisers to complete their work has expired.

New law requires an appraiser to have at least 3 years of experience in the profession in which he is licensed. Requires an appraiser to be a licensed professional engineer; a licensed

architect; a licensed adjuster; a licensed public adjuster; or a licensed general contractor. Further requires an appraiser to have experience or training in estimating property damage.

New law provides for conflicts of interest and obligates an appraiser to notify the parties of any potential conflicts of interest. Further provides conflicts of interest that would disqualify an appraiser.

New law provides a registration process for interested appraisers. Further outlines the information for applicants to provide for registration.

New law requires the commissioner to publish a list of registered appraisers on the La. Dept. of Insurance's (LDI's) website. Further provides for the list to contain the names, contact information, preferred types of claims, and preferred geographic areas of each appraiser.

New law requires an appraiser to do all of the following:

- (1) Consider all information provided by the parties and any other reasonably available evidence material to the claim.
- (2) Carefully decide all issues submitted for determination regarding the amount of loss.
- (3) Give the parties and the other appraiser an itemized written appraisal.
- (4) Conduct the appraisal process to advance the fair and efficient resolution of the matter.

New law prohibits appraisers from doing the following:

- (1) Permitting outside pressure to affect the appraisal.
- (2) Delegating the duty to decide to any other person.
- (3) Communicating with an umpire without including the other party or the party's appraiser.
- (4) Charging a fee for services if the appraiser withdraws or abandons the appraisal.

New law requires an umpire to be either a qualified appraiser or an attorney licensed in the state of La. with experience in first-party property damage litigation.

New law provides relative to conflicts of interest. Further requires an umpire to disclose to parties any potential conflicts of interest.

New law provides for the registration process for interested umpires. Further outlines the information for applicants to provide for registration.

New law requires the commissioner to publish the list of registered umpires on LDI's website. Further provides for the list to contain the names, contact information, preferred types of claims, and preferred geographic areas of each umpire.

New law provides for an umpire selection panel. Provides that if appraisers do not agree to an umpire from the umpire selection panel, each appraiser may object and may agree, in writing, to the commissioner selecting an umpire from the umpire selection panel using a random selection method. Further provides that if the appraisers do not both agree in writing to the random selection, a judge will appoint the umpire.

New law authorizes an appraiser or party to object to an umpire for good cause shown within 10 days after the party or appraiser receives the selection panel.

New law requires a judge selecting an umpire to select an umpire qualified pursuant to new law.

New law provides the job responsibilities of an umpire, lists prohibited activities, and specifies prohibited communications. Further requires any potential umpire on the commissioner's umpire list to comply with new law.

New law requires each responsible party to pay the following:

- (1) His own appraiser fees and expenses.
- (2) Half of the reasonable and necessary costs incurred for the umpire's fee and expenses.
- (3) Half of any reasonable and necessary costs incurred to conduct the appraisal.

New law prohibits parties from paying an appraiser or umpire on a contingent fee basis, percentage of the decision, barter arrangement, gift, favor, or in-kind exchange.

New law provides for an extension of deadlines in certain circumstances. Further requires any deadline extension to be filed where the property is located when a suit has been filed.

New law authorizes appraisers to jointly agree to extend a deadline.

New law requires notices, requests, and other items submitted to the commissioner to be hand delivered, mailed, or sent in an otherwise acceptable manner.

Existing law requires residential property insurance policies to contain an appraisal clause and provides specific language.

New law provides certain requirements for insurers' payments of appraisal awards, including timeframes and extensions of time for payment. Further authorizes an insurer to file a motion to vacate an appraisal award for good cause.

New law applies to policies of property insurance issued, delivered, or renewed on or after Jan. 1, 2025.

Effective August 1, 2024.

(Amends R.S. 22:821(B)(34)(intro. para.), 1311(F)(2), 1807.1-1807.27, and 1892(G))