

2025 Regular Session

HOUSE BILL NO. 356

BY REPRESENTATIVE BRAUD

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

INSURANCE/PROPERTY: Creates the Stated Value Homeowner's Policy Act

1 AN ACT

2 To enact Subpart D-2 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised Statutes
3 of 1950, to be comprised of R.S. 22:1346.1 through 1346.5, relative to property and
4 casualty insurers; to create the Stated Value Homeowner's Policy Act; to require
5 insurers to offer a stated value homeowner's policy option to consumers; to provide
6 requirements for homeowners opting for such policies; to establish minimum policy
7 value standards; to provide for rulemaking; to provide for enforcement, penalties,
8 and severability; to provide for an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Subpart D-2 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised
11 Statutes of 1950, comprised of R.S. 22:1346.1 through 1346.5, is hereby enacted to read as
12 follows:

13 SUBPART D-2. STATED VALUE HOMEOWNER'S POLICY ACT

14 §1346.1. Definitions

15 As used in this Section, the following terms have the following meanings:

16 (1) "Homeowner" means a person who holds the title to a residential
17 property located within the jurisdiction of this state.

18 (2) "Property and casualty insurer" refers to any company, association, or
19 exchange authorized and licensed by the department to transact property and casualty
20 insurance business within the state.

1 (3) "Stated value homeowner's policy" means a homeowner's insurance
2 policy under which the insured has the option to declare a stated value for the insured
3 residential property, which is agreed upon by the insurer as the amount of insurance
4 coverage, irrespective of the current market value of the property.

5 §1346.2. Requirement to offer stated value homeowner's policy

6 A. All property and casualty insurers operating within this state shall offer
7 a stated value homeowner's policy option to consumers, allowing for the insurance
8 coverage to be based on a stated value of the residential property as declared by the
9 homeowner, rather than solely on the market value of the property.

10 B. An insurer shall prominently disclose stated value policy offerings in all
11 insurance policy proposals, agreements, and renewal documents provided to
12 consumers.

13 §1346.3. Homeowner requirements

14 A. A homeowner electing a stated value homeowner's policy shall submit to
15 his insurer a written payoff statement from the financial institution or any other
16 entity holding a mortgage on the property. This statement shall accurately reflect the
17 outstanding balance or the nature of the mortgage on the homeowner's property at
18 the time the homeowner applies for or renews an insurance policy. In addition to the
19 financial statement required in this Subsection, a homeowner shall also provide to
20 his insurer a mortgage certificate from the clerk of court indicating the presence or
21 absence of a mortgage on the property.

22 B. All property and casualty insurers shall provide a coverage limit for the
23 residential property that is equal to the unpaid principal balance as stated on the
24 payoff statement.

25 C. Before issuing any policy that limits coverage on the residential property
26 equal to the unpaid principal balance of all mortgage loans on the policy, the
27 property and casualty insurer shall obtain a statement signed by insureds which
28 contains the following notice in boldfaced type no smaller than eighteen point font:

1 "YOU ARE ELECTING TO PURCHASE COVERAGE AT A LIMIT THAT
2 IS EQUAL TO ONLY THE UNPAID PRINCIPAL BALANCE OF THE
3 MORTGAGE LOANS ON YOUR HOME. ACCORDINGLY, IN THE EVENT OF
4 THE TOTAL LOSS OF YOUR HOME OR A LOSS FOR WHICH THE COST TO
5 REPAIR YOUR HOME EXCEEDS THE UNPAID BALANCE ON YOUR
6 MORTGAGE LOAN, YOU WILL INCUR SIGNIFICANT FINANCIAL LOSSES,
7 INCLUDING THE POTENTIAL LOSS OF SOME OF YOUR HOME'S EQUITY."

8 §1346.4. Minimum policy value

9 An insurer shall not issue a stated value homeowner's policy for a sum less
10 than the verified outstanding balance of any mortgage on the homeowner's property,
11 ensuring that the insurance coverage adequately reflects the financial obligations
12 associated with the property.

13 §1346.5. Enforcement and regulation; penalties; severability

14 A. The department shall enforce the provisions of this Subpart and may
15 adopt, amend, and repeal administrative rules in accordance with the Administrative
16 Procedure Act for the implementation and enforcement of this Subpart.

17 B. Property and casualty insurers found in violation of this Subpart are
18 subject to penalties as prescribed in the Louisiana Insurance Code, including but not
19 limited to fines, suspension, or revocation of a license to operate within the state.

20 C. If any provision of this Subpart or its application to any person or
21 circumstance is held to be invalid, the invalidity does not affect the remainder of this
22 Subpart that can be given effect without the invalid provision or application.

23 Section 2. This Act shall be known and may be cited as the "Stated Value
24 Homeowner's Policy Act."

25 Section 3. This Act shall become effective upon signature by the governor or, if not
26 signed by the governor, upon expiration of the time for bills to become law without signature
27 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
28 vetoed by the governor and subsequently approved by the legislature, this Act shall become
29 effective on the day following such approval.

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 356 Original

2025 Regular Session

Braud

Abstract: Creates the Stated Value Homeowner's Policy Act to provide homeowners an option to choose coverage based on the stated value of residential property.

Proposed law defines "stated value homeowner's policy", "property and casualty insurer", and "homeowner".

Proposed law requires property and casualty insurers to offer a stated value homeowner's policy option to consumers, allowing for insurance coverage based on a stated value of the residential property as declared by the homeowner, rather than solely on the market value of the property.

Proposed law requires an insurer to prominently disclose stated value policy offerings in all insurance policy proposals, agreements, and renewal documents provided to consumers.

Proposed law requires homeowners electing a stated value homeowner's policy to submit to insurers a written payoff statement from the financial institution or other entity holding a mortgage on the property to accurately reflect the outstanding balance or nature of the mortgage on the property at the time of applying for or renewing the insurance policy. Further requires homeowners to provide a mortgage certificate from the clerk of court indicating the presence or absence of a mortgage on the property.

Proposed law requires property and casualty insurers to provide a coverage limit for the residential property that is equal to the unpaid principal balance as stated on the payoff statement. Further requires the insurer to obtain a statement signed by insureds which contains a certain notice informing the insured of the election of a limit equal to only the unpaid principal balance of the mortgage loan. Further provides other information related to the homeowner's risk.

Proposed law prohibits an insurer from issuing a stated value homeowner's policy for a sum less than the verified outstanding balance of any mortgage on the homeowner's property, ensuring that the insurance coverage adequately reflects the financial obligations associated with the property.

Proposed law requires the La. Dept. of Insurance (LDI) to enforce proposed law. Authorizes the LDI to adopt, amend, and repeal administrative rules in accordance with the APA for implementation and enforcement of proposed law.

Proposed law provides penalties as prescribed in the La. Insurance Code against property and casualty insurers found in violation of proposed law.

Proposed law provides that if any application of proposed law is held to be invalid, the application of remaining portions of proposed law are not affected.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 22:1346.1-1346.5)