

GREEN SHEET REDIGEST

HB 379

2025 Regular Session

Wright

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

DIGEST

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.

Effective August 1, 2025.

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

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the engrossed bill

1. Requires form to include statement advising insured may also be responsible for payment of the costs of arbitration.