

First Extraordinary Session, 2005

SENATE BILL NO. 16

BY SENATORS SCHEDLER, BARHAM, BOASSO, CAIN, DARDENNE, HOLLIS, KOSTELKA, LENTINI, MALONE, MICHOT, QUINN, ROMERO AND THEUNISSEN AND REPRESENTATIVES ALEXANDER, BEARD, BOWLER, BRUNEAU, BURNS, CROWE, DOVE, DOWNS, ERDEY, GEYMANN, GREENE, HUTTER, JOHNS, KATZ, KENNARD, KLECKLEY, LABRUZZO, LAMBERT, LANCASTER, MARTINY, MCVEA, MORRISH, PITRE, T. POWELL, M. POWELL, SCALISE, SCHNEIDER, SMILEY, JANE SMITH, STRAIN, TOOMY, TRAHAN, TUCKER, WADDELL, WALSWORTH, WHITE AND WINSTON

INSURERS. Requires that settlement monies on claims arising under homeowners insurance policies be placed in interest-earning escrow accounts with the interest accruing to the claimant under such policy. (gov sig)

AN ACT

To enact R.S. 22:658(E), relative to settlement monies on claims arising under homeowners insurance policies; to require placement of monies into interesting-bearing accounts with the interest payable to the homeowner; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:658(E) is hereby enacted to read as follows:

§658. Payment and adjustment of claims, policies other than life and health and accident; personal vehicle damage claims; penalties; arson-related claims suspension

* * *

E.(1) Every payment made in settlement of a property damage claim shall be paid by check or draft of the insurer to the order of the claimant to whom payment of the claim is due under the policy provisions, or his attorney, or upon direction of the claimant to a person specified.

(2) If the settlement check or draft is made payable jointly to the claimant and a person holding a security interest in the damaged property, then the settlement proceeds shall be placed in an interest-bearing escrow account

1 and the interest on the proceeds of the funds deposited shall accrue to the
2 benefit of the claimant.

3 (3) When the damaged property is replaced or otherwise repaired to the
4 satisfaction of the person holding the security interest in the property, any
5 remaining balance in the escrow account shall be paid to the claimant together
6 with all interest that accrued while the funds were in escrow.

7 Section 2. This Act shall become effective upon signature by the governor or, if not
8 signed by the governor, upon expiration of the time for bills to become law without signature
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become
11 effective on the day following such approval.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Thomas L. Tyler.

DIGEST

Proposed law requires that every payment by an insurer made in settlement of a property damage claim be paid by check or draft of the insurer to the order of the claimant to whom payment is due under the policy provisions, or his attorney, or upon direction of the claimant to a person specified.

Requires that if the settlement check or draft is made payable jointly to the claimant and a person holding a security interest in the damaged property, then the settlement proceeds are to be placed in an interest-bearing escrow account. Requires that the interest on the monies accrue to the benefit of the claimant. Requires that when the damaged property is replaced or otherwise repaired to the satisfaction of the person holding a security interest in the property, then any remaining monies in the escrow account are to be paid to the claimant together with the interest that accrued.

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

(Adds R.S. 22:658(E))