

First Extraordinary Session, 2005

SENATE BILL NO. 72

BY SENATOR ADLEY

INSURERS. Requires insurers to itemize coverages and to prohibit certain special deductibles in certain circumstances. (gov sig)

1 AN ACT  
2 To enact R.S. 22:696, relative to requiring insurers to itemize the coverages which are  
3 included in the payments made by the insured; to prohibit application of certain  
4 special deductibles on claims for damages under certain circumstances; to provide  
5 for application of the prohibition; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:696 is hereby enacted to read as follows:

8 **§696. Delivery of fire insurance contract; disclosure of coverage; special**  
9 **damage deductible; conditional implementation in disaster areas**

10 **A. No fire insurance policy shall be delivered or issued for delivery in**  
11 **this state with respect to any residential property unless the insurer advises the**  
12 **insured in writing on the face of the policy, or as an insert in the front of the**  
13 **policy, as to which coverages are included in the policy for which the insured**  
14 **has paid premiums. The insurer shall disclose whether or not the insured has**  
15 **coverage for flooding, wind or mold and whether an increased deductible is**  
16 **required for hurricane damage.**

17 **B. Notwithstanding any other provision of law to the contrary, in any**

1            **case in which a policy of insurance includes a special deductible for flood or**  
2            **wind damage to property caused by a disaster, as defined in R.S. 29.723, or for**  
3            **flood or wind damage which occurs within a specified time after a hurricane or**  
4            **tropical storm makes landfall, then such deductible shall not apply under the**  
5            **terms of the policy unless the property on which the claim is filed is located in**  
6            **an area designated by the President of the United States as a disaster area**  
7            **pursuant to Chapter 68 of Title 42 of the United States Code and the insured is**  
8            **eligible for financial assistance, under the individuals and households programs**  
9            **of the Federal Emergency Management Agency, in repairing the damaged**  
10           **property.**

11                    **C. The provisions of Subsection B shall apply retroactively to August 1,**  
12                    **2005.**

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

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Carla S. Roberts.

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#### DIGEST

Present law requires insurance companies who write standard homeowner's insurance policies, which are referred to as "standard fire insurance" policies, to use certain forms and include certain provisions in the written policies.

Proposed law requires an insurance carrier who sells standard fire insurance policies to disclose to the insured of a home if the insured has coverage for flooding, wind or mold and whether there is an increased deductible for hurricane damage. The disclosure shall be made on the cover of the policy or as an insert in the written policy.

Proposed law prohibits use of a specific insurance policy deductible for flood or wind damages caused by a disaster, as defined under the La. Homeland Security and Emergency Assistance and Disaster Act, or which damage occurs within a specified time after a hurricane or tropical storm makes landfall unless the damaged property is located in the area designated by the president of the United States as a disaster area pursuant to 42 USC Chapter 68 and the insured is eligible for financial assistance in repairing the property under FEMA's individuals and households program.

Proposed law applies retroactively to August 1, 2005.

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

(Adds R.S. 22:696)