



- (2) Expenses used to reduce the liability limits only include reasonable attorney fees and expenses directly connected to the insurer's defense of a specific liability claim on behalf of an insured and other litigation expenses directly arising from the defense of the claim.
- (3) Expenses are not to exhaust the entire amount of liability coverage.

Proposed law authorizes the commissioner to:

- (1) Limit the amount of defense expenses used to reduce the liability limits or establish a minimum amount of liability coverage from which defense expenses cannot be deducted.
- (2) Limit or define the amount of expenses that reduce the liability limits for all or specific type of insurance coverage.

Requires that each policy or contract include a separate notice or inclusion on the declaration page stating that the policy or contract includes defense expenses which may be deducted from the liability limits. Requires that notice prominently printed or stamped in bold on the policy or contract and shall not be less than a 10-pt. type.

Effective August 1, 2021.

(Adds R.S. 22:1272)