
DIGEST

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HB 499 Original

2021 Regular Session

Tarver

Abstract: Requires an insurer to pay insurance proceeds resulting from a declared disaster directly to the claimant.

Present law requires insurance settlement proceeds by check or draft made payable jointly to a claimant and a mortgage holder to be deposited into an escrow account with interest earned to be payable to the claimant in accordance with present law.

Proposed law retains present law but provides that an insurer shall pay proceeds of less than 25% of the initial claim up to a maximum of \$25,000 shall be paid directly to the insured party without including the mortgage holder as a payee.

Present law requires that when damaged property is repaired or replaced to the mortgage holder's satisfaction, the balance in escrow is to be paid to the claimant along with any accrued interest.

Proposed law repeals present law.

Proposed law requires that for settlement proceeds over \$25,000, a mortgage holder shall cooperate fully with the claimant in disbursing the funds.

Proposed law requires the mortgage holder to release the deposited funds to the claimant upon inspection by the mortgage holder through a site visit or by submission of photo or video evidence demonstrating the repair progress.

Present law defines settlement proceeds as funds paid on an insurance claim resulting from Hurricanes Katrina or Rita where the funds equal \$25,000 or more.

Proposed law retains present law but changes the applicability from claims resulting from Hurricanes Katrina and Rita to claims resulting from a declared disaster.

Proposed law does not limit the ability of a mortgage holder to offer a claimant more favorable terms.

Present law requires mortgage holders to release jointly payable insurance proceeds for a residential immovable property for claims resulting from Hurricanes Katrina or Rita to release the funds within 30 days of a written request by the borrower.

Proposed law retains present law but changes the applicability from claims resulting from Hurricanes Katrina or Rita to claims resulting from a declared disaster.

(Amends R.S. 6:337 and 338(A))