

GREEN SHEET REDIGEST

HB 457

2021 Regular Session

Firment

INSURANCE CLAIMS-ADJUSTR: Provides for claims adjusters

DIGEST

Present law provides for certain standards of conduct for claims adjusters including:

- (1) An adjuster shall not permit an unlicensed employee or his representative to conduct business for which a license is required.
- (2) An adjuster shall not have a financial interest in any aspect of the claim, other than the salary, fee, or other consideration established with the insurer.
- (3) An adjuster shall not acquire any interest in salvage of property subject to the contract with the insurer.
- (4) An insurer shall not solicit employment for any attorney, contractor, or subcontractor in connection with any loss the adjuster is concerned or employed.
- (5) An adjuster shall not solicit or accept compensation from any contractor or subcontractor on behalf of any insured for which the adjuster is employed.
- (6) An adjuster shall not undertake the adjustment of any claim if the adjuster is not competent or knowledgeable.
- (7) An adjuster shall not knowingly make a material misrepresentation intended to injure any person engaged in the business of insurance.
- (8) An adjuster shall not represent or act as a public adjuster.
- (9) An adjuster shall not materially misrepresent the terms and coverage of an insurance contract to an insured for the purpose of effecting settlement of a claim on less favorable terms than those provided in the insurance contract.

Proposed law repeals present law and codifies some of the provisions of present law (R.S. 22:1674).

Proposed law defines the terms "client", "department", and "person".

Proposed law provides standards of conduct for claims adjusters including:

- (1) An adjuster shall not have a direct or indirect financial interest in any aspect of the claim, other than the salary, fee, or other consideration established with the insurer.
- (2) An adjuster shall not acquire any interest in salvage of property subject to the contract with the insurer.
- (3) An adjuster shall not solicit employment for, recommend, or otherwise solicit engagement for any attorney, contractor, or subcontractor, in connection with any loss or damage for which the adjuster is employed or concerned.
- (4) An adjuster shall not solicit or accept any compensation from, by, or on behalf of any contractor or subcontractor engaged by or on behalf of any insured by which such adjuster has been, is, or will be employed or compensated.
- (5) An adjuster shall treat all claimants fairly.

- (6) An adjuster shall not approach investigations, adjustments, and settlements in a manner prejudicial to the insured.
- (7) An adjuster shall make truthful and unbiased reports of the facts after completing a thorough investigation.
- (8) An adjuster shall handle every adjustment and settlement with honesty and integrity.
- (9) An adjuster shall act with due diligence in achieving a proper disposition of the claim.
- (10) An adjuster shall promptly report violations of any provision of the Insurance Code.
- (11) An adjuster shall exercise appropriate care when dealing with elderly claimants.
- (12) An adjuster shall not negotiate or effect settlement with any third-party claimant represented by an attorney, except with the consent of the attorney.
- (13) An adjuster shall avoid any suggestion calculated to induce a witness to suppress or deviate from the truth.
- (14) An adjuster shall not advise a claimant to refrain from seeking legal advice, nor advise against the retention of counsel to protect the claimant's interest.
- (15) An adjuster shall not knowingly make any oral or written misrepresentation or statement in regards to applicable policy provisions, contract conditions, or pertinent state laws.
- (16) An adjuster shall not undertake the adjustment of any claim that exceeds the adjuster's current expertise.
- (17) An adjuster shall not permit an unlicensed employee or representative of the adjuster to conduct business for which a license is required under this Part.
- (18) An adjuster shall not act as a public adjuster.
- (19) An adjuster shall not materially misrepresent to an insured or other interested party the terms and coverage of an insurance contract.

Proposed law requires claims adjusters to read and acknowledge the claims adjuster standards of conduct upon license issuance and upon license renewal.

Proposed law provides that violation of the claims adjuster standards and conduct shall constitute grounds for administrative action against the licensee and committed an unfair trade practice.

Present law provides that a person employed only to furnish technical assistance to a licensed adjuster, including but not limited to an investigator, an attorney, an engineer, an estimator, a handwriting expert, a photographer, and a private detective, is exempt from the present law provisions of Part IV of Chapter 5 of Title 22 of the Louisiana Revised Statutes of 1950 regarding claims adjusters.

Proposed law retains present law and provides all persons employed by or contracted with an insurer and exempted under present law are subject to the good faith duties as relates to good faith duties and claims settlement practices in the Insurance Code (R.S. 22:1973).

Proposed law provides violations of proposed law does not create any civil action, create or support any cause of action, or establish any penalty not otherwise provided in proposed law.

Proposed law makes technical changes.

(Amends R.S. 22:1662(3); Adds R.S. 22:1674.1; repeals R.S. 22:1674)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Revise proposed law standards of conduct for claims adjusters.
2. Provide that engineers, estimators, and building consultants investigating certain perils are not included in the exemption in present law.
3. Change that a claims adjuster who violates the claims adjuster standards of conduct is considered to have violated unfair claim settlement practices law to a claims adjuster who violates the standards of conduct is considered to have committed an unfair trade practice.
4. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Clarify that engineers, estimators, and building consultants investigating certain perils are not included in the exemption in present law.
2. Make technical changes.

Summary of Amendments Adopted by Senate

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

1. Adds provision that adjuster exercise appropriate care when dealing with elderly claimants.
2. Adds provision that persons employed by or contracted with an insurer and exempted are still subject to the good faith duties as relates to good faith duties and claims settlement practices in the Insurance Code.
3. Adds provisions that violations of proposed law does not create any civil action, create or support any cause of action, or establish any penalty not otherwise provided in proposed law.