

2022 Regular Session

SENATE BILL NO. 162

BY SENATOR TALBOT

INSURANCE POLICIES. Provides certain requirements for the cancellation or nonrenewal of property insurance policies. (1/1/23)

1 AN ACT

2 To enact R.S. 22:887(K) through (O) relative to the cancellation or nonrenewal of a property
3 insurance policy; to provide certain requirements for an insurer to cancel or
4 nonrenew a property insurance policy if property is damaged by a named storm or
5 windstorm; to provide terms and conditions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:887(K) through (O) are hereby enacted to read as follows:

8 §887. Cancellation by insurer; changes to homeowner's insurance policies

9 * * *

10 **K. If the governor declares a state of emergency pursuant to R.S. 29:724,**
11 **an insurer shall not cancel or nonrenew an insurance policy that provides**
12 **property coverage for a property that is located in this state, and the property**
13 **is damaged by a named storm or windstorm that is located in an area subject**
14 **to the declaration of the state of emergency, until ninety days after the property**
15 **has been repaired.**

16 **L. A structure subject to Subsection K of this Section is considered to be**
17 **repaired when the structure is substantially completed and restored to the**

1 extent that the structure is insurable under a similar property insurance policy
 2 offered by another insurer that writes property insurance policies in this state,
 3 except for the Louisiana Citizens Property Insurance Corporation.

4 M. If an insurer elects to cancel or nonrenew a property insurance policy
 5 pursuant to Subsection K of this Section, the insurer shall provide the insured
 6 at least a ninety-day notice that the insurer intends to cancel or nonrenew the
 7 insured's property insurance policy. Nothing in this Subsection shall prevent an
 8 insurer from canceling or nonrenewing the insured's property insurance policy
 9 ninety days after the repairs are complete for the same reasons the insurer
 10 would otherwise have canceled or nonrenewed the property insurance policy
 11 but for the limitations of Subsection K of this Section.

12 N. An insurer may cancel or nonrenew a property insurance policy
 13 subject to Subsection K of this Section prior to the property being repaired if
 14 the cancellation or nonrenewal is based on one of the following:

15 (1) Upon a ten-day written notice for nonpayment of premium.

16 (2) Upon a thirty-day written notice based on one of the following:

17 (a) For a material misrepresentation or fraud that is related to the claim.

18 (b) If the insurer determines that the insured has unreasonably caused
 19 a delay in the repair of the dwelling.

20 (c) If the insurer has paid the policy limits.

21 (3) Upon a written request from the insured.

22 O. The commissioner may promulgate rules and issue orders as may be
 23 necessary to implement the provisions of this Section.

24 Section 2. This Act shall become effective on January 1, 2023.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

Present law requires any insurer to give a written notice when an insurance policy is canceled or nonrenewed and requires the notice be given to the insured, and to any known person shown on the policy to have an interest in any loss that may occur.

Proposed law retains present law and adds if the governor declares a state of emergency for a named storm or windstorm the insurer cannot cancel or nonrenew an insurance policy providing coverage for property located in this state, subject to the declaration of the state of emergency, and the property was damaged as a result of the named storm or hurricane until 90 days after the property has been repaired.

Proposed law provides a structure is considered repaired when it is substantially completed and restored to the extent the property would be insurable under a similar property insurance policy offered by another insurer writing property insurance coverage in this state, except for the Louisiana Citizens Property Insurance Corporation.

Proposed law provides if the insurer elects to cancel or nonrenew a property insurance policy, then requires the insurer to send at least a 90-day written notice to the insured that the insurer intends to cancel or nonrenew the insured's property insurance policy.

Proposed law provides an insurer can cancel or nonrenew a property insurance policy prior to the property based on one of the following:

- (1) Upon ten days' written notice for nonpayment of premium.
- (2) Upon 30 days' written notice based on one of the following:
 - (a) For material misrepresentations or fraud related to the claim.
 - (b) When an insurer determines an insured has unreasonably caused a delay in the repair of the dwelling.
 - (c) When an insurer has paid the policy limits.
- (3) Upon written request from an insured.

Proposed law authorizes the commissioner to promulgate necessary rules and issue orders to implement proposed law.

Effective January 1, 2023.

(Adds R.S. 22:887(K - O))