SLS 22RS-235 ORIGINAL

2022 Regular Session

SENATE BILL NO. 208

BY SENATOR STINE

1

PROPERTY INSURANCE. Requires an insurer pay increased penalties for not timely paying a property insurance claim that is related to a catastrophic event. (8/1/22)

AN ACT

2	To amend and reenact R.S. 22:1892(B)(1)(b) relative to increased penalties for insurers
3	failing to pay property insurance claims that is related to a catastrophic event; to
4	provide certain penalties for insurers not timely paying property insurance claims
5	related to a catastrophic event; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 22:1892(B)(1)(b) is hereby amended and reenacted to read as
8	follows:
9	§1892. Payment and adjustment of claims, policies other than life and health and
10	accident; vehicle damage claims; extension of time to respond to
11	claims during emergency or disaster; penalties; arson-related claims
12	suspension
13	* * *
14	B.(1)(a) * * *
15	(b)(i) In the case of a presidentially or gubernatorially declared disaster,
16	failure to make such payment within thirty days after receipt of such satisfactory
17	written proofs and demand therefor or failure to make a written offer to settle any

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1 property damage claim, including a third-party claim, within thirty days after receipt 2 of satisfactory proofs of loss of that claim, as provided in Paragraphs (A)(1) and (4) 3 of this Section, respectively, or failure to make such payment within thirty days after written agreement or settlement as provided in Paragraph (A)(2) of this Section when 4 such failure is found to be arbitrary, capricious, or without probable cause, shall 5 subject the insurer, in addition to the amount of the loss, to a penalty, in addition 6 to the amount of the loss, of equal to fifty percent damages on the amount found to 7 8 be due from the insurer to the insured, or two thousand five hundred dollars, 9 whichever is greater, payable to the insured, 10 (ii) If the insurer fails to make such payment as provided in Paragraph 11 (A)(2) of this Section after sixty days, the insurer shall be subject to a penalty, 12 in addition to the amount of the loss, equal to one hundred percent of damages 13 on the amount found to be due as well as reasonable attorney fees, or five thousand dollars, whichever is greater to the insured. 14 (iii) If the insurer fails to make such payment as provided in Paragraph 15 16 (A)(2) of this Section after one hundred twenty days or more the insurer shall be subject to a penalty equal to one hundred fifty percent damages on the 17 amount found to be due as well as reasonable attorney fees and costs, or ten 18 19 thousand dollars, whichever is greater to the insured. 20 (iv) or in the event If a partial payment or tender has been made, fifty percent 21 of the difference between the amount paid or tendered and the amount found to be 22 due as well as reasonable attorney fees and costs or two thousand five hundred dollars, whichever is greater. The penalties, if awarded, shall not be used by the 23 insurer in computing either past or prospective loss experience for the purpose of 24 25 setting rates or making rate filings.

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

## DIGEST 2022 Regular Session

Stine

<u>Present law</u> provides that failure to make payment within 30 days after receipt of satisfactory written proofs and demand therefor or failure to make a written offer to settle any property damage claim within 30 days after receipt of satisfactory proofs of loss of that claim, or failure to make a payment within 30 days after written agreement or settlement subjects the insurer to a penalty of 50% damages on the amount found due from the insurer to the insured, of \$2500, whichever is greater, or in the event a partial payment or tender has been made, 50% of the difference between the amount paid or tendered and the amount found to be due as well as reasonable attorney fees and costs.

<u>Proposed law</u> retains <u>present law</u> but increases the penalties for an insurer failing to pay property insurance claims related to a catastrophic event after 60 days to 100% damages on the amount found due or \$5,000, whichever is greater, and paying reasonable attorney fees and costs. Further, if after 120 days the insurer fails to pay for a property insurance claim related to a catastrophic event, to 150% damages on the amount found due or \$10,000, whichever is greater, and paying reasonable attorney fees and costs.

Effective on August 1, 2022.

SB 208 Original

(Amends R.S. 22:1892(B)(1)(b))