

2022 Regular Session

HOUSE BILL NO. 558

BY REPRESENTATIVE WILLARD

INSURANCE CLAIMS: Provides for claims settlement practices

1 AN ACT

2 To amend and reenact R.S. 22:1973(B)(5) and to enact R.S. 22:1892(A)(6), relative to
3 claims settlement practices; to provide a time frame within which insurers shall make
4 a proof of loss determination and begin the claims settlement process; and to provide
5 for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1973(B)(5) is hereby amended and reenacted and R.S.
8 22:1892(A)(6) is hereby enacted to read as 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 claims
11 during emergency or disaster; penalties; arson-related claims suspension
12 A.

13 * * *

14 (6) All insurers issuing any type of contract, other than those specified in
15 R.S. 22:1811, 1821, and Chapter 10 of Title 23 of the Louisiana Revised Statutes of
16 1950, shall make a determination as to whether it has received satisfactory proof of
17 loss and begin the claims settlement process within ninety days of receiving a claim
18 from an insured.

19 * * *

1 §1973. Good faith duty; claims settlement practices; cause of action; penalties

2 * * *

3 B. Any one of the following acts, if knowingly committed or performed by
4 an insurer, constitutes a breach of the insurer's duties imposed in Subsection A of this
5 Section:

6 * * *

7 (5) Failing to pay the amount of any claim due any person insured by the
8 contract within sixty days after receipt of satisfactory proof of loss from the claimant
9 when such failure is arbitrary, capricious, or without probable cause. An insurer
10 shall make a determination as to whether it has received satisfactory proof of loss
11 and begin the claims settlement process within ninety days of receiving a claim from
12 an insured.

13 * * *

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 558 Original

2022 Regular Session

Willard

Abstract: Provides for claims settlement practices.

Present law provides that insurers shall pay the amount of any claim due any insured within 30 days after receipt of satisfactory proofs of loss.

Present law provides that insurers shall make a written offer to settle any property damage claim, including any third-party claim, within 30 days after receipt of satisfactory proofs of loss.

Proposed law retains present law and provides that an insurer shall make a determination as to whether it has received satisfactory proof of loss and begin the claims settlement process within 90 days of receiving a claim from an insured.

Present law provides that an insurer who knowingly fails to pay the amount of any claim due any person insured by the contract within 60 days after receipt of satisfactory proof of loss from the claimant when such failure is arbitrary, capricious, or without probable cause shall be considered to have breached its duty to act in good faith.

Present law provides that in addition to any general or special damages to which a claimant is entitled for an insurer breaching its duty to act in good faith, the claimant may be awarded penalties assessed against the insurer in an amount not to exceed two times the damages sustained or \$5,000, whichever is greater.

Proposed law retains present law and provides that an insurer shall make a determination as to whether it has received satisfactory proof of loss and begin the claims settlement process within 90 days of receiving a claim from an insured.

(Amends R.S. 22:1973(B)(5); Adds R.S. 22:1892(A)(6))