

2022 Regular Session

SENATE BILL NO. 355

BY SENATOR SMITH

FINANCIAL INSTITUTIONS. Provides relative to financial institutions. (8/1/22)

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AN ACT

To enact R.S. 6:424, relative to financial institutions; to provide for duties and responsibilities of a financial institution; to provide for unfair and deceptive trade practices; to provide for circumstances, conditions, penalties, and procedures; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 6:424 is hereby enacted to read as follows:

**§424. Financial institutions; property loss**

**A. When a property owner has an insurance claim for property loss due to a natural disaster declared by the governor or any other property loss, the financial institution servicing the mortgage on the affected property shall assist the property owner in any way possible to ensure the affected property is rebuilt or repaired in the quickest, most efficient manner possible.**

**B. In order to assist the property owner as provided in Subsection A of this Section, the financial institution shall, at a minimum, do all of the following:**

**(1) Provide the property owner with a single point of contact within the financial institution.**

- 1                    **(2) Establish and implement a standard formula for the release of**  
 2                    **insurance claim proceeds held by the financial institution to the property owner.**
- 3                    **(3) Provide for an appeal process of any decision by the financial**  
 4                    **institution that fails to assist the property owner in the rebuilding or repair of**  
 5                    **the affected property.**
- 6                    **C. Failure of a financial institution to comply with the provisions of this**  
 7                    **Section shall constitute a violation of this Chapter and subject the financial**  
 8                    **institution to any penalties provided in this Chapter. In addition, a violation of**  
 9                    **this Chapter shall constitute an unfair or deceptive practice or act and subject**  
 10                   **the financial institution to any penalties as provided in R.S. 51:1405 et seq.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Michelle Ridge.

DIGEST

SB 355 Original                    2022 Regular Session                    Smith

Present law provides for the regulation of financial institutions.

Proposed law requires a financial institution to assist a property owner that has an insurance claim for property loss in any way possible to ensure the affected property is rebuilt or repaired in the quickest, most efficient manner possible.

Proposed law provides that to assist the property owner, the financial institution shall, at a minimum, do the following:

- (1) Provide the property owner with a contact within the financial institution.
- (2) Establish and implement a standard formula for the release of insurance claim proceeds held by the financial institution to the property owner.
- (3) Provide for an appeal process of any decision that fails to assist the property owner in the rebuilding or repair of the affected property.

Proposed law penalizes a financial institution that fails to comply with proposed law with penalties established in present law and provides that a violation of proposed law also be considered an unfair or deceptive practice or act and subject the financial institution to penalties as provided in the Unfair Trade Practices Law.

Effective August 1, 2022.

(Adds R.S. 6:424)