INSURANCE CLAIMS. Provides for catastrophe claims process disclosure. (1/1/23)

AN ACT

To enact R.S. 22:1897, relative to the insurance claims process; to provide a policyholder a catastrophe claim process disclosure form; to provide for rules and regulations; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1897 is hereby enacted to read as follows:

§1897. Catastrophe claim process disclosure form; rules and regulations

A. The commissioner of insurance shall promulgate all rules and regulations concerning a catastrophe claims process disclosure form that shall include but not be limited to the following:

(1) An explanation on how the claim process works, subject to the terms and conditions of the insurance policy.

(2) An explanation on how the supplemental claim process works, subject to the terms and conditions of the insurance policy.

(3) An explanation on how to calculate the percentage of the insured value of the property for a hurricane, named storm, wind, and hail deductibles.

(4) An explanation on the difference between the actual cash valuation...
and the replacement cost valuation.

(5) The rights and protections a policyholder has under state law.

(6) An explanation on the duties a policyholder has in order to settle an insurance claim.

(7) An explanation of what a policyholder needs to properly document an insurance claim.

(8) An explanation of the procedure a policyholder must follow to file a complaint with the department if the policyholder is not satisfied with either the claim process or the claim settlement.

(9) An explanation to let a policyholder know that if a policyholder files an insurance claim for damages to a property that has a mortgage loan, the policyholder needs to immediately notify the lender or mortgage servicer for that property to let the lender or servicer know an insurance claim has been filed.

(10) An explanation to let a policyholder know that if a policyholder receives an insurance settlement for damages on a property that has a mortgage loan, the policyholder may need to contact the lender or servicer for that property, as the lender or mortgage servicer may be a named payee on the check, and if so, the policyholder will need the lender or mortgage servicer to endorse the check in order to receive the funds.

(11) The process for filing a complaint with the Office of Financial Institutions if there is any dissatisfaction with how the lender or mortgage servicer handled the disbursement of the insurance proceeds.

B.(1) If the governor declares a state of emergency pursuant to R.S. 29:724, an insurer settling a property insurance claim that arises out of a state of emergency shall send to a policyholder filing a property insurance claim, the catastrophe claim process disclosure form promulgated by the commissioner.

(2) The insurer shall send the catastrophe claim process disclosure form to the policyholder no later than the initial investigation of the claim by an
adjuster. The disclosure form may be sent by United States mail, electronic
delivery, or hand delivery.

C. Nothing in this Section shall be construed to provide any policyholder
with a civil cause of action.

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.

DIGEST
SB 163 Engrossed 2022 Regular Session Talbot

Proposed law requires the commissioner to promulgate certain rules and regulations relative
to a catastrophe claim process disclosure form that includes but is not limited to the
following:

(1) Explains how the claim process works, subject to the terms and conditions of the
insurance policy.

(2) Explains how the supplemental claim process works, subject to the terms and
conditions of the insurance policy.

(3) Explains how to calculate the percentage of the insured value of the property for a
hurricane, named storm, wind, and hail deductibles.

(4) Explains the differences between the actual cash valuation and the replacement cost
valuation.

(5) The rights and protections a policyholder has under state law.

(6) Explains the duties a policyholder has in order to settle an insurance claim.

(7) Explains the procedure for a policyholder to properly document an insurance claim.

(8) Explains how a policyholder can file a complaint with the department if the
policyholder is not satisfied with either the claim process or the claim settlement.

(9) Explains to the policyholder that if he has a mortgage loan and he filed an insurance
claim on that property, the policyholder needs to immediately notify the lender or
mortgage services that a claim was filed.

(10) Explains to the policyholder that if he has a mortgage loan and he received an
insurance settlement check that the policyholder needs to contact his lender or
mortgage servicer as the lender or mortgage servicer may need to endorse the check
in order for the policyholder to receive the funds.

(11) Provides a process for filing a complaint with the Office of Financial Institutions if
there is any dissatisfaction with how the lender or mortgage servicer handled the
disbursements of the insurance proceeds.

Proposed law provides that if the governor declares a state of emergency, requires insurers
settling a property insurance claim that arises out of a state of emergency to send the
policyholder who files a property insurance claim, the catastrophe claim process disclosure

Coding: Words which are struck through are deletions from existing law;
words in boldface type and underscored are additions.
Proposed law requires an insurer send the disclosure form to the policyholder no later than the initial investigation of the claim by an adjuster, and the disclosure form can be sent by US mail, electronic delivery, or hand delivery.

Proposed law provides that nothing in this law can be construed to provide any policyholder with a civil cause of action.

Effective on January 1, 2023.

(Add R.S. 22:1897)

Summary of Amendments Adopted by Senate

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

1. Add an explanation letting the policyholder know that if he has a mortgage loan, and the policyholder files an insurance claim for damages that the policyholder needs to immediately notify the lender or mortgage servicer that he filed a claim.

2. Add an explanation letting the policyholder know that if the policy owner receives an insurance settlement check and the policyholder has a mortgage loan that he may need to contact the lender or mortgage servicer because the lender or mortgage servicer will need to endorse the check in order to receive funds.

3. Add a process for the policyholder to file a complaint with the Office of Financial Institutions if there is any dissatisfaction with how the lender or mortgage servicer handled the disbursement of fund.