

2022 Regular Session

SENATE BILL NO. 163

BY SENATORS TALBOT, BERNARD, FESI, JACKSON, ROBERT MILLS, PEACOCK,
SMITH AND STINE

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

1 AN ACT

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

5 Be it enacted by the Legislature of Louisiana:

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

7 **§1897. Catastrophe claim process disclosure form; rules and regulations**

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

11 **(1) An explanation on how the claim process works, and how the insurer**
12 **should communicate with the insured, subject to the terms and conditions of the**
13 **insurance policy.**

14 **(2) An explanation on how the supplemental claim process works, and**
15 **how the insurer should communicate with the insured, subject to the terms and**
16 **conditions of the insurance policy.**

17 **(3) An explanation on how to calculate the percentage of the insured**

1 value of the property for a hurricane, named storm, wind, and hail deductibles.

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

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

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

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

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

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

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

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

26 (12) The process for utilizing the Hurricane Mediation Program when
27 there is a disputed residential property insurance claim for property damage.

28 B.(1) If the governor declares a state of emergency pursuant to R.S.
29 29:724, an insurer settling a property insurance claim that arises out of a state

1 of emergency shall send to a policyholder filing a property insurance claim, the
 2 catastrophe claim process disclosure form promulgated by the commissioner.

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

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

9 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 Reengrossed

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, and how the insurer should communicate with the insured, subject to the terms and conditions of the insurance policy.
- (2) Explains how the supplemental claim process works, and how the insurer should communicate with the insured, 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.
- (12) Provides a process for utilizing the Hurricane Mediation Program when there is a disputed residential property insurance claim for damaged property.

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 form.

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.

Senate Floor Amendments to engrossed bill

- 1. Adds an explanation on how the insurer should communicate with the insured.
- 2. Adds an explanation on how the insurer should communicate with the insured.
- 3. Makes a technical change.
- 4. Adds the process on how an insured can utilize the Hurricane Mediation Program when there is a disputed residential property insurance claim for property damage.