

2022 Regular Session

HOUSE BILL NO. 856

BY REPRESENTATIVE GEYMANN

INSURANCE/PROPERTY: Provides for an appraisal clause in residential property insurance policies

1 AN ACT

2 To amend and reenact R.S. 22:1892(G), relative to the appraisal clause required in all  
3 residential property insurance policies; to provide notice that lawsuits regarding a  
4 policy will be held in abatement in certain circumstances; to provide for the courts'  
5 discretion in setting a deadline for timely demanding appraisal; to provide for  
6 enforcement; to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:1892(G) is hereby amended and reenacted 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 \* \* \*

13 G. ~~On or after January 1, 2022~~ Beginning July 1, 2022, residential property  
14 insurance policies shall contain the following provision, (with permission to  
15 substitute the words "this company" with a more accurate descriptive term for the  
16 insurer):

17 "Appraisal. If you and this Company fail to agree as to the amount of loss,  
18 either party may demand that the amount of the loss be set by appraisal. If either  
19 party makes a written demand for appraisal, each party shall select a competent  
20 appraiser and notify the other party of their appraiser's identity within twenty days

1 of receipt of the written demand for appraisal. The appraisers shall select a  
2 competent and impartial umpire; but, if after fifteen days the appraisers have not  
3 agreed upon who will serve as umpire, the umpire shall be appointed by a judge of  
4 the court of record in which the property is located. The appraisers shall then  
5 appraise the loss. If the appraisers submit written notice of an agreement as to the  
6 amount of the loss to this Company, the amount agreed upon shall set the amount of  
7 the loss. If the appraisers fail to agree within thirty days, the appraisers shall submit  
8 their differences along with any supporting documentation to the umpire, who ~~must~~  
9 shall appraise the loss. The appraisers may extend the time to sixty days for which  
10 they shall agree upon the amount of loss or submit their differences and supporting  
11 documents to the umpire, if the extension is agreed to by the appraisers from both  
12 parties. A written agreement signed by the umpire and either party's appraiser shall  
13 set the amount of the loss, pursuant to the appraisal process, but shall not preclude  
14 either party from exercising its rights under the policy or the law. Each appraiser  
15 shall be paid by the party selecting that appraiser. Other expenses of the appraisal  
16 and the expenses of the umpire shall be divided and paid in equal shares by you and  
17 this Company. If there is an appraisal award, all applicable policy terms, limits,  
18 deductibles, and conditions will still apply. If you file a lawsuit relative to this  
19 policy against this Company prior to a demand for appraisal, the lawsuit will be held  
20 in abatement ~~until the execution of an appraisal award~~ during the period between a  
21 timely demand for appraisal and the deadline for execution of an appraisal award,  
22 pursuant to this clause. The court of record in which the property is located may  
23 enforce the deadlines of this clause, set a reasonable deadline for timely demanding  
24 appraisal after all parties have filed pleadings in a lawsuit, and require compliance  
25 with discovery and disclosure obligations relative to aspects of the lawsuit unrelated  
26 to the appraisal."

27 Section 2. This Act shall become effective July 1, 2022.

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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)]

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HB 856 Reengrossed

2022 Regular Session

Geymann

**Abstract:** Provides for an appraisal clause in residential property insurance policies.

Present law provides that beginning Jan. 1, 2022, residential property insurance policies shall contain a provision that outlines a process whereby the amount of a loss may be set through appraisal, if an insurer and insured do not agree on the amount of the loss and the insurer or insured makes a demand for such.

Proposed law changes the date that the appraisal provision shall begin to be included in residential property insurance policies from Jan. 1, 2022 to July 1, 2022.

Present law provides that the appraisal provision shall provide that if an insured files a lawsuit against an insurer, relative to a residential property insurance policy, prior to a demand for appraisal, the lawsuit will be held in abatement until the execution of an appraisal award.

Proposed law amends the appraisal provision to provide that if an insured files a lawsuit relative to his policy prior to a demand for appraisal, the lawsuit will be held in abatement during the period between a timely demand for appraisal and the deadline for execution of an appraisal award.

Proposed law amends the appraisal provision to provide that the court of record in which the property is located may enforce the deadlines in the appraisal clause, set a reasonable deadline for timely demanding appraisal after all parties have filed pleadings, and require compliance with discovery and disclosure obligations relative to aspects of the lawsuit unrelated to the appraisal.

Effective July 1, 2022.

(Amends R.S. 22:1892(G))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Amend the appraisal provision to provide that if an insured files a lawsuit relative to his policy prior to a demand for appraisal, the lawsuit will be held in abatement during the period between a timely demand for appraisal and the deadline for execution of an appraisal award.
2. Amend the appraisal provision to provide that the court of record in which the property is located may enforce the deadlines in the appraisal clause, set a reasonable deadline for timely demanding appraisal after all parties have filed pleadings, and require compliance with discovery and disclosure obligations relative to aspects of the lawsuit unrelated to the appraisal.
3. Make technical changes.