

---

## 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 601 Original

2023 Regular Session

Huval

**Abstract:** Provides for bad faith claims against insurers.

Present law provides for general definitions.

Proposed law retains present law and further defines "arbitrary, capricious, or without reasonable cause", "catastrophic loss", "disinterested", and "undisputed amount".

Present law provides for the payment and adjustment of claims that derive from policies other than life, health, and accident coverage.

Proposed law retains present law and adds "immovable property".

Present law stipulates that all insurers issuing any type of contract, other than those specified in R.S. 22:1811, 1821, and present law, shall pay the amount due to an insured within 30 days after receipt of satisfactory proofs of loss from the insured.

Proposed law retains present law and makes technical changes.

Present law stipulates that all insurers issuing any type of contract, other than those specified in R.S. 22:1811, 1821, and present law, shall pay the amount of any third party property damage claim and of any reasonable medical expenses claim due to any bona fide third party claimant within 30 days after written agreement of settlement of the claim from any third party claimant.

Proposed law retains present law and makes technical changes.

Present law provides that an insurer shall initiate loss adjustment of a property damage claim and of a claim for reasonable medical expenses within 14 days after notification of loss by the claimant.

Proposed law retains present law but changes the time period from 14 days to 15 days.

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

Proposed law retains present law and makes technical changes.

Present law provides that in the case of a catastrophic loss, the insurer shall initiate loss adjustment

of a property damage claim within 30 days after notification of loss by the claimant.

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

Proposed law retains present law and makes technical changes.

Proposed law provides that claims for penalties and attorney fee's are subject to a liberative prescriptive period of 2 years.

Proposed law provides that all insurers adjusting an insurance policy that covers immovable property shall transmit payment of the undisputed amount of the claim due to an insured within 30 days after receipt of satisfactory proof of loss from the insured.

Proposed law provides a definition for and clarifies the term "satisfactory proofs of loss."

Proposed law provides that an insurer shall acknowledge receipt of a claim, initiate loss adjustment, and request any necessary items, statements, and forms within 15 days after notification of loss by the insured. Proposed law further provides that the acknowledgment of receipt shall be transmitted via United States Postal Services, a private commercial carrier, electronic delivery, or hand delivery.

Proposed law provides that an insurer's failure to initiate the loss adjustment of a property claim within 15 days after notification of the loss by the insured shall subject the insurer to penalties. Proposed law further provides for exceptions for catastrophic losses.

Proposed law provides that in the case of a catastrophic loss, the insurer shall acknowledge receipt of a claim, initiate loss adjustment of the property damage claim, and request from the insured any items, statements, and forms that the insurer reasonably believes will be required from the insured within 30 days after notification of loss by the insured.

Proposed law authorizes an insurer to make additional requests for information or conduct additional inspections. Proposed law further provides that to initiate this process, the additional request or inspection must be deemed necessary.

Proposed law provides that an insurer has 15 days to accept or reject a claim after receiving all items, statements, or inspecting the property. Proposed law further sets forth the exceptions to the 15 day period.

Proposed law provides that an insurer shall issue a copy of the insurer's field adjuster report, relative to the insured's property damage claim, to the insured within 15 days of receiving a request for such from the insured.

Present law provides that the insurer shall provide the insured with a statement indicating the dollar amount of insurance settlement proceeds paid under each type of coverage or issue separate checks for payment of each type of coverage.

Proposed law provides that if an insurer issues a check, draft, or other negotiable instrument that is jointly payable to an insured and a mortgagee or a mortgage servicer as payment of insurance settlement proceeds for multiple types of coverage, the insurer shall provide with the check, draft, or other negotiable instrument a statement indicating the dollar amount of insurance settlement proceeds paid under each type of coverage.

Proposed law provides for penalties for an insured who violates this provision of law.

Proposed law defines "damaged property" and "depreciation."

Proposed law provides that no insurer shall intentionally or unreasonably delay, for more than three calendar days, exclusive of Saturdays, Sundays, and legal holidays, the issuance of a settlement of an insurance claim.

Proposed law provides that an insurer shall not recommend the use of a particular preferred vendor or recommended contractor without informing the insured or claimant that the insured or claimant is under no obligation to use the preferred vendor or recommended contractor to complete repairs, replacement, restoration, or remediation of the insureds property.

Proposed law provides that in the adjustment or settlement of first-party losses under fire and extended coverage policies, an insurer is required to include general contractors and profit in payments for losses when the services of a general contractor are reasonably foreseeable.

Proposed law provides that the deduction of prospective contractor overhead, prospective contractor profit, and sales tax in determining the actual cash value of an adjustment or settlement is not allowed on replacement cost policies or on actual cash value policies.

Proposed law provides that 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 provides for the implementation, initiation, and guidelines of the appraisal process.

Present law sets forth the acts that constitute a breach of the insurer's duties.

Proposed law retains present law and reformulates the standard necessary to constitute a breach.

Proposed law clarifies the applicable standard and makes technical changes.

Present law provides for the penalties and damages imposed upon an insurer that does not pay an insured within a specified time period.

Proposed law repeals present law but codifies certain provisions in proposed law.

(Amends R.S. 22: 1892(A)(1)-(4); Adds R.S. 22:46(29)-(32), 1892(B)(1)(c), and 1892.2; Repeals

R.S. 22:1892(A)(5) and (6), (B)(6), and (E)-(G))