

Louisiana Department of Insurance

Legislative Priorities

2024 Regular Session



LDI Louisiana
Department of
Insurance

[1]

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Property Insurance

- HB 120 by Rep. Willard – LA Fortify Homes Sunset Removal
- SB 295 by Sen. Cloud – File and Use
- SB 323 by Sen. Talbot – Fair Claims Process Revisions
- HB 611 by Rep. Firment – 3 Year Rule Modifications
- SB 113 by Sen. Talbot – Citizens Exemption

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HB 120 – LA Fortify Homes Sunset Removal

- Repeals the sunset date for the LA Fortify Homes Program, currently set to terminate July 1, 2025.
- Homes built to the fortified roof standard have been proven time and time again to better withstand hurricane force damage than homes with traditional roofs.
- Many LA residents have already acquired a fortified roof with the help of the LA Fortify Homes Program, and with the passage of this bill the program will be able to continue to help our citizens.

[3]

3

SB 295 – File and Use

- Changes the prior approval process for property and casualty rate filings to a file and use process.
- Our ratemaking system has long been overregulated, slow to market, and difficult to operate.
- Under file and use, insurers are now able to start using actuarially justified rates upon filing with the LDI, and the commissioner has 30 days following receipt of the filing to review.
- If the commissioner determines that a filing is in violation of the law, he can require the insurer to collect additional premium or refund any sums deemed to be in violation of the law, as applicable.
- Effective May 7, 2024.

[4]

4

SB 323 – Fair Claims Process Revisions

- Eliminates one of the two penalty statutes dealing with property insurance losses.
- Clarifies that in a catastrophic loss situation, an insurer's clock to pay claims starts when it receives satisfactory proof of loss in writing.
- Increases the timeframe to make payment on a claim - 60 days from written proof of loss to pay residential property damage claims - 90 days from written proof of loss to pay commercial property claims.
- Establishes a cure period in catastrophe property damage claims.
- Requires the insurer and insured to act in good faith.
- Effective July 1, 2024.

[5]

HB 611 – 3 Year Rule Modifications

- Makes the 3-year rule inapplicable to policies that are not vested by August 1, 2024.
- Insurers will be allowed to non-renew up to 5% of its policies subject to the 3-year rule per calendar year.
- An insurer could non-renew more than 5% of its policies subject to the 3-year rule in a calendar year if approved by the commissioner of insurance.
- Insurers may begin to non-renew policies subject to the 3-year rule effective January 1, 2025.

[6]

SB 113 – Citizens Exemption

- Places a cap on damages against Citizens at policy limits
- The cap does not affect attorney fee awards or judicial interest
- Reduces the surcharge on Citizens policies to zero for policies issued from January 1, 2025 to December 31, 2027

[7]

Auto Insurance

- HB 336/SB 355 by Rep. Chenevert/Sen. Stine – Third Party Litigation Finance Disclosure
- HB 337 by Rep. McFarland – Direct Action
- SB 84 by Sen. Seabaugh – Offer of Judgment
- HB 423 by Rep. Melerine – Collateral Source
- HB 315 by Rep. Johnson – 2 Year Prescriptive Period
- HB 24 by Rep. Melerine – Housley Presumption (Not Passed)

[8]

HB 336/SB 355 – Third Party Litigation Finance Disclosure

- Makes discoverable litigation financing agreements, which consist of a third party investing in a lawsuit in exchange for a stake in the outcome of the lawsuit.
- There are concerns that these arrangements complicate the ability to fairly resolve a dispute and hide conflicts of interest or potentially unethical or illegal conduct.
- This bill does not prohibit or outlaw these arrangements but simply requires their disclosure.

[9]

HB 337 – Direct Action

- Repeals Louisiana's direct action law, which permits a plaintiff to sue an insurer directly under the defendant's liability insurance policy.
- The bill allows for the insurer to be sued directly in certain limited circumstances, such as a coverage dispute.
- The prevailing rule in 47 of the 50 states is that an auto insurer cannot be a party to a lawsuit when its insured is party to the lawsuit.
- This bill puts Louisiana in line with those 47 states.
- Effective 08/01/2024

[10]

SB 84 – Offer of Judgment

- This bill provides that if the final judgment is in favor of the defendant and is at least 25% less than the amount in the offer of judgment, the defendant is entitled to an attorney fee award from the plaintiff.
- This will encourage early settlements within a reasonable range and discourage plaintiffs from overvaluing their cases and suing improper defendants.
- This bill puts Louisiana in closer alignment with other states who have an offer of judgment as a procedural vehicle.

(11)

HB 423 – Collateral Source

- Currently the law only allows the amount billed by a health care provider to be admissible in court.
- This creates “phantom damages” in lawsuits wherein the amount actually paid was less than the amount billed, which increases the cost of litigation and ultimately drives up the cost of insurance for consumers.
- Currently the law also allows plaintiffs to recover 40% over the amount billed when the case is before a jury.
- This bill allows the amount actually paid to be admissible.
- The bill also reduces the 40% overage to no more than 30%.

(12)

HB 315 – 2 Year Prescriptive Period

- Currently, plaintiffs have one year from the date of the injury to file a lawsuit.
- Most states have a 2-year prescriptive period for filing these sorts of lawsuits, and these bills help put us more in line with those states.
- Effective July 1, 2024

[13]

13

HB 24 – Housley Presumption (Not Passed)

- To recover damages in a personal injury lawsuit, the plaintiff must prove that the defendant's conduct caused the plaintiff's injuries.
- Currently, it is presumed that if there is no evidence of an injury and an injury is found after an accident, then the accident caused the injury.
- This shifts the burden of proof to the defendant and relieves the plaintiff of proving causation
- The bill would have repealed this presumption, but it was not passed out of Senate Committee.

[14]

14

Questions?



[15]