

2024 Regular Session

HOUSE BILL NO. 510

BY REPRESENTATIVE GLORIOSO

INSURANCE/PROPERTY: Provides relative to mandatory binding arbitration with respect to property insurance policies

1 AN ACT

2 To enact R.S. 22:1892.2, relative to property insurance; to provide for mandatory binding  
3 arbitration under certain circumstances; to provide for endorsements; to provide for  
4 requirements of arbitration and selected arbitrators; and to provide for related  
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1892.2 is hereby enacted to read as follows:

8 §1892.2. Arbitration or other type of binding mediation; property insurance policies;  
9 endorsements; requirements

10 A. An insurer writing property insurance policies in this state shall not  
11 require a policyholder to participate in mandatory binding arbitration unless all of  
12 the following apply:

13 (1) The mandatory binding arbitration requirements are contained in a  
14 separate endorsement attached to the property insurance policy.

15 (2) The premium that a policyholder is charged for the policy includes an  
16 actuarially sound credit or premium discount for the mandatory binding arbitration  
17 endorsement.

18 (3)(a) The policyholder signs a form, prescribed by the commissioner,  
19 electing to accept mandatory binding arbitration, and such form notifies the

1 policyholder of the rights forfeited in exchange for the credit or premium discount,  
2 including but not limited to the right to a trial by jury.

3 (b) At a minimum, the commissioner shall include in the form described in  
4 this Paragraph the following information in boldfaced type no smaller than eighteen  
5 point font:

6 "PLEASE READ THIS SECTION CAREFULLY BECAUSE IT AFFECTS  
7 YOUR LEGAL RIGHTS, REQUIRES YOU TO ARBITRATE DISPUTES, AND  
8 LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF.

9 Arbitration is a process in which persons with a dispute waive their rights to  
10 file a lawsuit, proceed in court, and have a jury trial to resolve their disputes and,  
11 instead, agree to submit their disputes to a neutral third person (an "arbitrator") for  
12 a final decision. Each party to the dispute has an opportunity to present some  
13 evidence to the arbitrator. Pre-arbitration discovery may be limited. Arbitration  
14 proceedings are private and less formal than court trials. The arbitrator will issue a  
15 final and binding decision resolving the dispute, which may be enforced as a court  
16 judgment. Your appeal rights may be limited as a court rarely overturns an  
17 arbitrator's decision."

18 (4)(a) The endorsement establishes that an insurer will comply with the  
19 mediation provisions set forth in R.S. 22:2651 et seq. before the initiation of  
20 arbitration.

21 (b) Within the endorsement required in this Paragraph, the insurer may  
22 require that the arbitration process is in lieu of the appraisal process.

23 (5) The insurer offers the policyholder a policy that does not require the  
24 policyholder to participate in mandatory binding arbitration.

25 B. An arbitration pursuant to this Section shall take place in this state at a  
26 location within the judicial district in which the insured's premises is located.

27 C.(1) The selected arbitrator shall be an attorney licensed to practice in this  
28 state and shall meet the minimum requirements for insurance arbitrators as  
29 prescribed by the commissioner.

1           (2) The arbitrator may issue judgments that include an award of penalties,  
 2           attorney fees, and any other damages allowed by any provision of law applicable to  
 3           the claim.

4           D. Except as otherwise provided in this Section, arbitration pursuant to this  
 5           Section shall be governed by the Louisiana Binding Arbitration Law, R.S. 9:4201 et  
 6           seq.

7           E. This Section does not apply to surplus lines insurers as defined in R.S.  
 8           22:46 or otherwise restrict or prohibit the use of mandatory arbitration provisions by  
 9           surplus lines insurers.

#### 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 510 Reengrossed

2024 Regular Session

Glorioso

**Abstract:** Authorizes mandatory binding arbitration with respect to property insurance under certain circumstances.

Proposed law prohibits an insurer writing property insurance policies from requiring a policyholder to participate in mandatory binding arbitration unless all of the following apply:

- (1) The mandatory binding arbitration requirements are contained in a separate endorsement attached to the property insurance policy.
- (2) The premium charged for the policy includes an actuarially sound credit or premium discount for the mandatory binding arbitration endorsement.
- (3) The policyholder signs a form prescribed by the commissioner electing to accept mandatory binding arbitration, and such form notifies the policyholder of rights forfeited in exchange for the credit or premium discount.
- (4) The endorsement establishes that an insurer will comply with the mediation provisions in present law (R.S. 22:2651 et seq.) before the initiation of arbitration.
- (5) The insurer offers the policyholder a policy that does not require the policyholder to participate in mandatory binding arbitration.

Proposed law requires the commissioner to include specific information in the form that a policyholder may sign to elect acceptance of mandatory binding arbitration.

Proposed law authorizes an insurer to require within an endorsement that the arbitration process is in lieu of the appraisal process.

Proposed law requires arbitration to take place in the state of La. at a location within the judicial district in which the insured's premises is located.

Proposed law requires the selected arbitrator to be an attorney licensed to practice in the state of La. Requires the arbitrator to meet the minimum requirements for insurance arbitrators as prescribed by the commissioner.

Proposed law authorizes the arbitrator to issue judgments that include an award of penalties, attorney fees, and any other damages allowed by law. Further requires arbitration to be governed by the La. Binding Arbitration Law in present law (R.S. 9:4201 et seq.).

Proposed law does not apply to surplus lines insurers nor restrict or prohibit the use of mandatory arbitration provisions by surplus lines insurers.

(Adds R.S. 22:1892.2)

#### Summary of Amendments Adopted by House

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

1. Add that proposed law does not apply to surplus lines insurers or otherwise restrict or prohibit the use of mandatory arbitration provisions by surplus lines insurers.
2. Make technical changes.

#### The House Floor Amendments to the engrossed bill:

1. Require the commissioner to include certain specific information in the form that a policyholder may sign to elect acceptance of mandatory binding arbitration.