

Bills

SLS 20RS-819

ORIGINAL

2020 Regular Session SENATE BILL NO. 477

NO. 477

BY SENATOR WARD

INSURANCE POLICIES. Provides relative to business interruption insurance. (gov sig)

AN ACT To enact R.S. 22:1272 and 1273, relative to property insurance; to require insurers to cover certain claims related to business interruption; to provide for required notice; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1272 is hereby enacted to read as follows:

§ 1272. **Business interruption; 2020 pandemic** A. Notwithstanding any other provision of law to the contrary, every policy of insurance in force in this state on March 11, 2020, and thereafter insuring against loss or damage to property that includes the loss of use, loss of occupancy, or business interruption shall be construed to include among the perils covered under that policy, coverage for business interruption due to imminent threat posed by **COVID- 19** as provided in Proclamation Number 25 JBE 2020, declaring the existence of a statewide public health emergency.

B. The coverage required by this Section shall indemnify the insured, subject to the limits of the policy, for any loss of business or business interruption for the duration of the declared state of emergency.

C. The provisions of this Section shall be applied retroactively to March 11, 2020, and shall apply to losses incurred during the declared state of emergency.

Section 2. R.S. 22:1273 is hereby enacted to read as follows:

§ 1273. **Business interruption insurance; notice of exclusions** A. Every policy of **insurance** covering **business interruption** delivered or issued for delivery in this state on and after August 1, 2020, shall include a notice of all exclusions on a form prescribed by the commissioner of insurance.

The form shall be provided by the insurer and signed by the named insured or his legal representative.

B. The signed form shall be conclusively presumed to become a part of the policy or contract when issued and delivered, irrespective of whether physically attached thereto. A properly completed and signed form creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions. The form signed by the insured or his legal representative which initially accepts coverage with the exclusions shall remain valid for the life of the policy and shall not require the completion of a new form when a renewal, reinstatement, substitute, or amended policy is issued to the same named insured by the same insurer or any of its affiliates.

C. Any change to an existing policy, regardless of whether the change creates new coverage, does not create a new policy and does not require the completion of a new form. For the purpose of this Section, a new policy shall mean an original contract of insurance which an insured enters into through the completion of an application on the form required by the insurer.

D. The requirements of this Section shall apply to any property **insurance** covering any **business interruption** which occurs in this state and involves a Louisiana business.

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by LG Sullivan.

DIGEST

SB 477 Original 2020 Regular Session Ward

Proposed law requires every policy of insurance in force in this state on March 11, 2020, and thereafter insuring against loss or damage to property that includes the loss of use and occupancy and business interruption to be construed to include coverage for business interruption due to the threat posed by **COVID- 19** as provided in Proclamation Number 25 JBE 2020, declaring the existence of a statewide public health emergency. Requires the coverage to

indemnify the insured, subject to the limits of the policy, for any loss of business or business interruption. Applies retroactively to March 11, 2020, to losses incurred during the declared state of emergency.

Proposed law requires every policy of **insurance** covering **business interruption** delivered or issued for delivery in this state on and after August 1, 2020, to include a notice of all exclusions on a form prescribed by the commissioner of insurance. Requires the form to be provided by the insurer and signed by the named insured or his legal representative.

Proposed law provides that the signed form shall be conclusively presumed to become a part of the policy or contract and creates a rebuttable presumption that the insured knowingly contracted for coverage with the stated exclusions.

Proposed law applies to any property **insurance** covering any **business interruption** that occurs in La. and involves a La. business.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds R.S. 22:1272 and 1273)