

Regular Session, 2010

SENATE BILL NO. 595

BY SENATOR QUINN

INSURANCE CLAIMS. Prohibits increase in premium, cancellation or failure to renew certain insurance policies due to presence of Chinese dry wall. (gov sig)

1 AN ACT
2 To enact R.S. 22:1272 and 1338, relative to property insurance; to prohibit certain actions
3 involving insurance policies due to the presence of certain Chinese drywall; to
4 provide penalties for violations; and to provide for related matters.
5 Be it enacted by the Legislature of Louisiana:
6 Section 1. R.S. 22:1272 and 1338 are hereby enacted to read as follows:
7 **§1272. Commercial property insurance; prohibited actions involving Chinese**
8 **drywall; penalty**
9 **A. No insurer shall cancel, fail to renew, or increase the amount of the**
10 **premium on any policy providing property, casualty, or liability insurance on**
11 **any commercial property based on the presence of Chinese drywall in the**
12 **insured property or the filing of a claim by an insured that is based on the**
13 **presence of Chinese drywall which contains elevated levels of strontium sulfide,**
14 **was imported from, or manufactured in, the People's Republic of China and**
15 **which is capable, when exposed to heat, humidity, or both, of releasing sulfur**
16 **dioxide, hydrogen sulfide, carbon disulfide, or other similar compounds into the**
17 **air or any Chinese drywall that has been designated by the United States**

1 **Consumer Product Safety Commission as a product with a product defect that**
2 **constitutes a substantial product hazard.**

3 **B. Any insurer violating the provisions of this Section shall be subject to**
4 **a penalty to be imposed by the commissioner equal to one thousand dollars for**
5 **each violation not to exceed an aggregate penalty of one hundred thousand**
6 **dollars in any six month period.**

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8 **§1338. Homeowners' insurance; prohibited actions involving Chinese drywall;**
9 **penalty**

10 **A. No insurer shall cancel, fail to renew, or increase the amount of the**
11 **premium on any homeowners' insurance policy based on the presence of**
12 **Chinese drywall in the insured property or the filing of a claim by an insured**
13 **that is based on the presence of Chinese drywall which contains elevated levels**
14 **of strontium sulfide, imported from, or manufactured in, the People's Republic**
15 **of China and which is capable, when exposed to heat, humidity, or both, of**
16 **releasing sulfur dioxide, hydrogen sulfide, carbon disulfide, or other similar**
17 **compounds into the air or any Chinese drywall that has been designated by the**
18 **United States Consumer Product Safety Commission as a product with a**
19 **product defect that constitutes a substantial product hazard.**

20 **B. Any insurer violating the provisions of this Section shall be subject to**
21 **a penalty to be imposed by the commissioner equal to one thousand dollars for**
22 **each violation not to exceed an aggregate penalty of one hundred thousand**
23 **dollars in any six month period.**

24 Section 2. This Act shall become effective upon signature by the governor or, if not
25 signed by the governor, upon expiration of the time for bills to become law without signature
26 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
27 vetoed by the governor and subsequently approved by the legislature, this Act shall become
28 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 Thomas L. Tyler.

DIGEST

Proposed law prohibits a homeowners' insurer or a commercial property, casualty, or liability insurer from canceling, failing to renew, or increasing the premium on any insurance policy when such action is based on the presence of Chinese drywall or the filing of a claim by an insured that is based on the presence of Chinese drywall which contains elevated levels of strontium sulfide, was imported from, or manufactured in, the People's Republic of China and is capable, when exposed to heat, humidity, or both, of releasing sulfur dioxide, hydrogen sulfide, carbon disulfide, or other similar compounds into the air or any Chinese drywall that has been designated by the U. S. Consumer Product Safety Commission as a product with a product defect that constitutes a substantial product hazard.

Provides penalties for violations of proposed law equal to \$1,000 for each violation not to exceed an aggregate penalty of \$100,000 in any six month period.

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

(Adds R.S. 22:1272 and 1338)