

One-Year Reporting Requirement of Claims-Made Policy Is Void under Louisiana Statute

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The Court of Appeal of Louisiana has held that the reporting requirement of a claims-made policy is void because it violates a Louisiana statute, which prohibits an insurer from limiting an insured's right of action against an insurer to less than one year. *Leblanc v. Raggio*, No. 00-CS-2407, 2002 La. App. LEXIS 238 (La. Ct. App. Feb. 20, 2002).

In this case, a client sued her attorney and his insurer to recover damages resulting from the attorney's legal malpractice. The insurer moved for summary judgment because the legal malpractice claim was not made or reported during the one-year policy period. The trial court granted the summary judgment motion, but the appellate court reversed based on Section 22:629 of the Louisiana Revised Statutes, which prohibits an insurer from limiting an insured's "right of action against the insurer...to a period of less than one year from the time when the cause of action accrues." La. Rev. Stat. § 22:629. The court determined that the provision in a claims-made policy that an insurer is not liable for a claim unless it was made or reported during the policy period violates this statute and therefore is void. The court reasoned that the reporting requirement "effectively reduced prescriptive periods such that a claimant has less than one year from the date of the accrual of his or her cause of action to commence an action." Thus, the court held that the two-year legal malpractice statute of limitation would apply to the case.