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POLITICAL SUBDIVISIONS - LOUISIANA

Police Jury of Calcasieu Parish v. Indian Harbor Insurance Co.

Supreme Court of Louisiana - October 25, 2024 - So.3d - 2024 WL 4579035 - 2024-00449 (La. 10/25/24)

Political subdivision brought action against its domestic property insurers to recover for damage caused by hurricanes. Insurers removed case and filed motions to compel arbitration and stay proceedings based on clauses in foreign insurers' policies.

The United States District Court for the Western District of Louisiana certified questions.

The Supreme Court held that:

- Arbitration is prohibited by statute;
- As a matter of first impression, insurance policy with political subdivision is "public contract" within meaning of statute banning in public contracts any provision which requires suit or arbitration proceeding to be brought in forum or jurisdiction outside of state; and
- Domestic insurer may not use equitable estoppel to enforce arbitration via a foreign insurer's policy.

Statutory amendment which states that ban on insurance policy provisions depriving state courts of jurisdiction or venue of action against insurer do not prohibit forum or venue selection clause in policy form not subject to approval by Department of Insurance does not irreconcilably conflict with the ban and thus does not implicitly repeal it; forum selection clauses primarily concern location where parties can pursue litigation, but arbitration clauses primarily concern method of dispute resolution depriving any court of jurisdiction, and amendment creates limited exception in which forum or venue selection clause is permitted in certain types of insurance contracts and does not plainly indicate arbitration clauses are also permitted.

Insurance policy with political subdivision is "public contract" within meaning of statute banning in public contracts any provision which requires suit or arbitration proceeding to be brought in forum or jurisdiction outside of state or requires interpretation of the agreement according to laws of another jurisdiction.

Domestic insurer may not use equitable estoppel to enforce arbitration via a foreign insurer's policy; contrary finding would violate state's positive law prohibiting arbitration in Louisiana-issued insurance policies and invite domestic insurers' misuse a doctrine of last resort to ceaselessly rely on insurance policies of foreign insurers to compel arbitration.

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