

2020 Regular Session

SENATE BILL NO. 65

BY SENATOR TALBOT

AUTOMOBILE INSURANCE. Creates an exemption for members of the armed services to avoid a penalty for lapse of automobile coverage. (8/15/20)

1 AN ACT

2 To amend and reenact R.S. 22:1284.1 and 1964(7)(j) and R.S. 32:861.1, relative to  
3 automobile insurance; to provide for a definition of "lapse in coverage"; to provide  
4 for nondiscriminatory treatment of persons with a lapse in coverage; to provide for  
5 an unfair trade practice for discriminatory treatment of persons with a lapse in  
6 coverage; to provide for an exemption from the Motor Vehicle Safety Responsibility  
7 Law due to out-of-state services in the uniformed services; to provide for a  
8 notification procedure for the service member exemption; and to provide for related  
9 matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 22:1284.1 and 1964(7)(j) are hereby amended and reenacted  
12 to read as follows:

13 §1284.1. Motor vehicle insurance; consideration of lapse in coverage prohibited

14 A. No insurer shall increase the premium rate or increase or add a surcharge  
15 on any policy of motor vehicle insurance when such action is based solely on  
16 consideration of a lapse in coverage, as defined in this Section, ~~regarding the insured~~  
17 ~~as provided in this Section.~~

1                   B. As used in this Section, a "lapse in coverage" is that period ~~of time~~ during  
 2                   which the owner of a motor vehicle ~~who formerly maintained~~ **ceases to maintain**  
 3                   liability coverage on a vehicle, as required ~~under~~ **by** the Motor Vehicle Safety  
 4                   Responsibility Law, **by complying with the requirements of either of the**  
 5                   **following:**

6                   (1) ~~first voluntarily surrenders~~ **R.S. 32:861(A)(3) relative to surrendering**  
 7                   the vehicle's license plate to the office of motor vehicles ~~and then ceases to maintain~~  
 8                   a policy of insurance or other security as required by the Motor Vehicle Safety  
 9                   Responsibility Law.

10                   (2) **R.S. 32:861.1 relative to notifying the office of motor vehicles of**  
 11                   **service out-of-state in the uniformed services.**

12                   C. Any insurer who violates the provisions of this Section shall refund to the  
 13                   insured person the amount of premium ~~which was paid that exceeded~~ **in excess of**  
 14                   the amount ~~of premium which~~ **that** would have been charged if the insurer had  
 15                   complied with this Section. ~~The commissioner of insurance shall promulgate rules~~  
 16                   ~~and regulations to enforce the provisions of this Section.~~

17                   D. Notwithstanding any other provisions of law to the contrary, one or more  
 18                   lapses in coverage, as defined in this Section, shall not be the sole basis for an  
 19                   insurer's denial of an application for a policy of motor vehicle insurance nor shall  
 20                   such lapse in coverage be considered by an insurer in determining the rates for such  
 21                   a policy. In addition, no insurer shall require that such coverage be provided by  
 22                   another insurer based solely upon such a lapse in coverage.

23   \*       \*       \*

24                   §1964. Methods, acts, and practices which are defined as unfair or deceptive

25                   The following are declared to be unfair methods of competition and unfair  
 26                   or deceptive acts or practices in the business of insurance:

27   \*       \*       \*

28                   (7) Unfair discrimination.

29   \*       \*       \*



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The original instrument was prepared by Cheryl Cooper. The following digest, which does not constitute a part of the legislative instrument, was prepared by Xavier Alexander.

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## DIGEST

SB 65 Engrossed

2020 Regular Session

Talbot

Present law requires a person who is required to have automobile insurance to surrender the license plate of the vehicle to the office of motor vehicles to avoid a penalty for a lapse in coverage.

Present law exempts a member of the armed services on active duty overseas from the Motor Vehicle Safety Responsibility Law (MVSRL).

Proposed law retains present law and allows an exception from the MVSRL for a member of the U.S. armed services who is being deployed out of state. Provides that a service member being deployed out of state shall not be subject to the MVSRL if the member notifies his insurance company by affidavit of his deployment concurrent with the cancellation of liability security on the vehicle.

Present law requires that the affidavit set forth the date upon which the vehicle shall no longer be in use, the intended period of nonuse, and site storage address of the vehicle. Requires the owner of the vehicle to attach a copy of his orders for deployment.

Proposed law requires the insurance company to notify the commissioner of the Department of Public Safety and Corrections of the cancellation related to the insured's deployment within fifteen days of cancellation.

Present law provides that no insurer shall increase premium rate or add surcharge for lapse coverage if insured complies by voluntarily surrendering the vehicle license plate and ceases to maintain insurance on the vehicle.

Proposed law retains present law and further provides that no insurer shall increase a premium rate or add surcharge for lapse coverage if the insured is a member of the armed services and notifies the office of motor vehicle that he is on active duty and wishes to discontinue the use of the vehicle registration in his name.

Present law provides for unfair methods of competition and unfair or deceptive acts or practices in the business of insurance.

Proposed law retains present law and further declares that a violation of R.S. 22:1284.1 is an unfair method of competition and unfair or deceptive acts or practice in the business of insurance.

Effective August 15, 2020.

(Amends R.S. 22:1284.1 and 1964(7)(j) and R.S. 32:861.1)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Transportation, Highways, and Public Works to the original bill

1. Provides exemption for lapse in coverage to armed service members in active duty out of state.

2. Adds that a violation of R.S. 22:1284.1 is an unfair or deceptive act or practice in the business of insurance.
3. Replaces requirement to submit affidavit with notice requirement.
4. Technical amendments.