

Regular Session, 2010

SENATE BILL NO. 150

BY SENATOR DUPLESSIS

INSURANCE RATES. Provides relative to automobile insurance rates after a voluntary lapse in coverage occurs. (8/15/10)

1 AN ACT

2 To enact R.S. 22:1284.1, relative to motor vehicle insurance; to prohibit an increase in the  
3 premium rate when there is a lapse in coverage under certain circumstances; and to  
4 provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1284.1 is hereby enacted to read as follows:

7 **§1284.1. Motor vehicle insurance; consideration of lapse in coverage**  
8 **prohibited**

9 **A. No insurer shall increase the premium rate or increase or add a**  
10 **surcharge on any policy of motor vehicle insurance when such action is based**  
11 **on consideration of a lapse in coverage regarding the insured as provided in this**  
12 **Section.**

13 **B. As used in this Section, a "lapse in coverage" is that period of time,**  
14 **not to exceed twenty-four months, during which the owner of a motor vehicle**  
15 **who formerly maintained liability coverage on a vehicle, as required under the**  
16 **Motor Vehicle Safety Responsibility Law, voluntarily surrenders the vehicle's**  
17 **license plate to the office of motor vehicles and ceases to maintain a policy of**

1           insurance or other security as required by the Motor Vehicle Safety  
2           Responsibility Law.

3           C. Any insurer who violates the provisions of this Section shall refund  
4           to the insured person the amount of premium which would have been charged  
5           if the insurer had complied with this Section. The insured shall be entitled to  
6           attorney fees in a suit to enforce the provisions of this Section.

7           D. Notwithstanding any other provisions of law to the contrary, one or  
8           more lapses in coverage shall not be the sole basis for an insurer's denial of an  
9           application for a policy of motor vehicle insurance nor shall such lapse in  
10          coverage be considered by an insurer in determining the rates for such a policy.  
11          In addition, no insurer shall require that such coverage be provided by another  
12          insurer based solely upon such a lapse in coverage.

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

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#### DIGEST

Proposed law prohibits an insurer from increasing the rate or increasing or adding a surcharge when such action is based on consideration of a lapse in coverage.

Proposed law defines "lapse in coverage" as period of time not to exceed 24 months, during which the owner of a motor vehicle who formerly maintained liability coverage on a vehicle, as required under the Motor Vehicle Safety Responsibility Law, voluntarily surrenders the vehicle's license plate to the office of motor vehicles and ceases to maintain a policy of insurance or other security as required by the Motor Vehicle Safety Responsibility Law.

Proposed law requires any insurer who violates this Section to refund to the insured person the amount of premium which would have been charged if the insurer had complied with proposed law. Authorizes the insured to collect payment of attorneys fees in a suit to enforce proposed law.

Proposed law requires that one or more lapses in coverage shall not be the sole basis for an insurer's denial of an application for a policy of motor vehicle insurance nor shall such lapse in coverage be considered by an insurer in determining the rates for such a policy. No insurer shall require that such coverage be provided by another insurer based solely upon such a lapse in coverage.

Effective August 15, 2010.

(Adds R.S. 22:1284.1)