

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 **solely on consideration of a lapse in coverage, as defined in this Section,**
12 **regarding the insured as provided in this Section.**

13 **B. As used in this Section, a "lapse in coverage" is that period of time**
14 **during which the owner of a motor vehicle who formerly maintained liability**
15 **coverage on a vehicle, as required under the Motor Vehicle Safety**
16 **Responsibility Law, first voluntarily surrenders the vehicle's license plate to the**
17 **office of motor vehicles and then ceases to maintain a policy of insurance or**

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

2 C. Any insurer who violates the provisions of this Section shall refund
 3 to the insured person the amount of premium which was paid that exceeded the
 4 amount of premium which would have been charged if the insurer had complied
 5 with this Section. The commissioner of insurance shall promulgate rules and
 6 regulations 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, as defined in this Section, shall not be the sole basis for
 9 an insurer's denial of an application for a policy of motor vehicle insurance nor
 10 shall such lapse in coverage be considered by an insurer in determining the
 11 rates for such a policy. In addition, no insurer shall require that such coverage
 12 be provided by another insurer based solely upon such a lapse in coverage.

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

DIGEST

Duplessis (SB 150)

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

Proposed law defines "lapse in coverage" as period of time 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, first voluntarily surrenders the vehicle's license plate to the office of motor vehicles and then 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 proposed law to refund to the insured person the amount of premium which was paid that exceeded the amount of premium which would have been charged if the insurer had complied with 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.

Proposed law requires the commissioner of insurance to promulgate rules and regulations to enforce the provisions of proposed law.

Effective August 15, 2010.

(Adds R.S. 22:1284.1)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original bill.

1. Removes the requirement that the lapse in coverage cannot exceed 24 months.
2. Requires any insurer who violates the provisions in proposed law to refund to the insured person the amount of premium which was paid that exceeded the amount of premium which would have been charged if the insurer had complied with proposed law.
3. Removes the provision that the insured be entitled to attorney fees.
4. Requires the commissioner of insurance to promulgate rules and regulations to enforce the provisions of proposed law.