

New 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.

New 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.

New law requires any insurer who violates new 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 new law.

New 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.

New law requires the commissioner of insurance to promulgate rules and regulations to enforce the provisions of new law.

Effective August 15, 2010.

(Adds R.S. 22:1284.1)