
DIGEST

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HB 496 Reengrossed

2025 Regular Session

Hebert

Abstract: Provides for an insured's lapse in coverage, authorizes increases for repetitive lapses in coverage, and repeals certain related exemptions.

Present law generally prohibits an insurer from increasing the premium rate or increasing or adding a surcharge on a motor vehicle insurance policy when the increase is based solely on lapse in coverage. Proposed law generally retains present law.

Present law applies the prohibition unless the insurer gives written notice informing the insured that he was advised of the requirements to do either of the following:

- (1) Surrender the vehicle's license plate to the office of motor vehicles (OMV).
- (2) Notify OMV of out-of-state duty in the uniformed services.

Proposed law repeals present law.

Proposed law modifies present law to prohibit an insurer from increasing premiums or adding surcharges based on an insured's first lapse in coverage. Authorizes an insurer to increase rates or surcharges for any subsequent lapses in coverage.

Proposed law mandates an insurer to treat an insured's first subsequent lapse as a first-time lapse, provided the insured maintained continuous coverage for at least 5 consecutive years following the prior lapse.

Proposed law specifies that an insurer's removal of a discount, due to an insured no longer qualifying for the discount, does not constitute a premium rate increase or a surcharge.

Present law prohibits an insurer from denying an application for insurance based solely on a lapse in coverage. Prohibits an insurer from requiring the insured to seek coverage from another insurer solely due to a lapse in coverage.

Proposed law retains present law.

(Amends R.S. 22:1284.1(A) and (D); Repeals R.S. 22:1284.1(B))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Prohibit an insurer from increasing premiums or adding surcharges based on an insured's first lapse in coverage. Authorize an insurer to increase rates or surcharges for any subsequent lapses in coverage.
2. Retain the definition of "lapse in coverage" and delete certain language prohibiting insurers' consideration of lapses in coverage.

The House Floor Amendments to the engrossed bill:

1. Mandate an insurer to treat an insured's first subsequent lapse as a first-time lapse, provided the insured maintained continuous coverage for at least five consecutive years following the prior lapse.
2. Specify that an insurer's removal of a discount, due to an insured no longer qualifying, does not constitute a premium rate increase or a surcharge.
3. Make technical changes.