

RÉSUMÉ DIGEST

ACT 476 (HB 496)

2025 Regular Session

Hebert

Existing law generally prohibits an insurer from increasing premium rates or adding a surcharge on a motor vehicle insurance policy when the increase is based solely on lapse in coverage. New law generally retains existing law.

Prior law applied the prohibition unless the insurer gave written notice informing the insured that he was advised of the requirement to do one 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.

New law repeals prior law.

New law modifies existing law to prohibit an insurer from increasing premiums or adding surcharges based on an insured's first lapse in coverage if the lapse does not exceed 90 days.

New law authorizes insurers to increase rates or surcharges for any subsequent lapses; however, new law requires insurers to treat a subsequent lapse as a first-time lapse if the insured maintained continuous coverage for at least 5 consecutive years following a lapse in coverage.

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

Existing law prohibits insurers from denying an insurance application solely because of a lapse in coverage. Prohibits insurers from requiring the insured to seek coverage from another insurer due to a lapse in coverage. New law retains existing law.

Effective January 1, 2026.

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