

2025 Regular Session

HOUSE BILL NO. 496

BY REPRESENTATIVES HEBERT, BAMBURG, BAYHAM, BERAULT, BILLINGS,
BOYD, BOYER, BRYANT, BUTLER, CARRIER, ROBBY CARTER, CARVER,
COATES, DEVILLIER, EDMONSTON, FISHER, GLORIOSO, JORDAN,
LAFLEUR, LARVADAIN, LYONS, MARCELLE, MCFARLAND, MILLER,
MOORE, NEWELL, SCHLEGEL, STAGNI, TAYLOR, AND WYBLE

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE/AUTOMOBILE: Provides relative to lapses in required insurance coverage

1 AN ACT

2 To amend and reenact R.S. 22:1284.1(A) and (D) and to repeal R.S. 22:1284.1(B), relative
3 to lapses in required liability insurance coverage; to repeal references to certain
4 exemptions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1284.1(A) and (D) are hereby amended and reenacted to read as
7 follows:

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

9 A.(1)(a) ~~No~~ An insurer shall not increase the premium rate or increase or add
10 a surcharge on any policy of motor vehicle insurance ~~when such action is based~~
11 ~~solely on consideration of a~~ based on an insured's first lapse in coverage, as defined
12 ~~in this Section.~~ Any subsequent lapse in coverage may result in an increased
13 premium rate or surcharge on a policy. Each time an insured maintains continuous
14 coverage for five or more consecutive years following a lapse in coverage, the
15 insurer shall treat the first subsequent lapse in coverage as a first lapse for the
16 purposes of this Section.

17 (b) As used in this Section, "lapse in coverage" or "lapse" means any period
18 during which the owner of a motor vehicle ceases to maintain liability coverage on
19 a vehicle as required by the Motor Vehicle Safety Responsibility Law.

1 (2) The withdrawal of a discount for which an insured no longer qualifies
2 shall not be deemed an increase in the premium rate or a surcharge as used in this
3 Subsection.

4 * *

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

11 Section 2. R.S. 22:1284.1(B) is hereby repealed in its entirety.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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.