Thibaut **HB No. 635**

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

INSURANCE/AUTOMOBILE. Provides for notice to insureds relative to liability insurance cancellation fees assessed by the office of motor vehicles.

DIGEST

Proposed law provides as follows:

(1) Present law requires every registered motor vehicle in the state of La. to be covered by (compulsory) automobile liability policy with certain limits. Upon cancellation of this coverage, fees are assessed by the office of motor vehicles.

Proposed law provides that no fee will be assessed against a vehicle owner who cancels the compulsory automobile liability policy if he turns in the vehicle's license plate to the office of motor vehicles within 10 days of the date that the office of motor vehicles sends him a notice.

(2) Present law provides that if the owner or lessee of a registered vehicle wishes to discontinue use of the vehicle and cancel the insurance without being assessed the fees by the office of motor vehicles, he shall send a written statement and affidavit to the office of motor vehicles within 10 days of the cancellation, stating the intended period of nonuse. The owner or lessee may also surrender the vehicle's license plates to the office of motor vehicles within the same time period.

Proposed law requires that the owner or lessee of a registered vehicle send the written statement and affidavit of nonuse prior to the cancellation of insurance; otherwise retains present law.

(3) Present law provides for fees against a vehicle owner when the compulsory automobile liability insurance cancels and is not reinstated by the eleventh day after cancellation. The fees are assessed beginning at the eleventh day after cancellation and are as follows: $25 if the vehicle is uninsured for a period of 11 to 30 days; $100 if the vehicle is uninsured for a period of 31 to 90 days; and $200 if the vehicle is uninsured for a period in excess of 90 days. No fee is charged when a vehicle has been uninsured for a period of 10 days or less.

Proposed law changes present law by assessing the fee against a vehicle owner beginning on the first day after cancellation, unless he surrenders the vehicle's license plate to the office of motor vehicles within 10 days of notice from the office of motor vehicles. If the license plate is not surrendered to the office of motor vehicles and the vehicle is still in use, the $25 fee will be assessed when the vehicle is uninsured for a period of one to 30 days. Otherwise retains present law.

(4) Present law requires the office of motor vehicles to notify any person whose compulsory automobile liability insurance has cancelled before taking administrative action.

Proposed law requires this notice to inform the subject that he has 10 calendar days from the date of the notice to surrender the vehicle's license plates to the office of motor vehicles in order to avoid the administrative fees.

(5) Present law provides that legitimate reasons for cancellation of compulsory liability insurance include transfer of ownership of the vehicle.

Proposed law adds the surrender of the license plate as another legitimate reason for cancellation. Otherwise retains present law.

Prepared by Cheryl Horne.

(6) Proposed law makes technical changes.

(Amends R.S. 32:861(A)(3), 863(A)(3)(a) and (B), and 863.2(A)(1), (2), (6),(B), (E)(1), and (2); adds R.S. 22:885(E))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the engrossed version of the bill.

1. Makes technical changes.