

2025 Regular Session

HOUSE BILL NO. 496

BY REPRESENTATIVE HEBERT

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. ~~No~~ An insurer shall not increase the premium rate or increase or add a  
10 surcharge on any policy of motor vehicle insurance ~~when such action is based solely~~  
11 ~~on consideration of a~~ based on an insured's first lapse in coverage, as defined in this  
12 Section. Any subsequent lapse in coverage may result in an increased premium rate  
13 or surcharge on a policy. For the purposes of this Section, "lapse in coverage" means  
14 any period during which the owner of a motor vehicle ceases to maintain liability  
15 coverage on a vehicle as required by the Motor Vehicle Safety Responsibility Law.

16 \* \* \*

17 D. Notwithstanding any other provisions of law to the contrary, one or more  
18 lapses in coverage, as defined in this Section, shall not be the sole basis for an  
19 insurer's denial of an application for a policy of motor vehicle insurance. ~~nor shall~~

- 1        ~~such lapse in coverage be considered by an insurer in determining the rates for such~~  
 2        ~~a policy.~~ In addition, ~~no~~ an insurer shall not require that ~~such~~ coverage be provided  
 3        by another insurer based solely upon ~~such~~ a lapse in coverage.  
 4        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 R.S. 22:1284.1(B) is hereby repealed in its entirety.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 Engrossed

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**Abstract:** Repeals certain exemptions relative to a policyholder's lapse in coverage and authorizes increases for repetitive lapses in coverage.

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 modifies present law.

Present law applies the prohibition unless the insurer gives written notice informing the policyholder 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.

Present law prohibits an insurer from denying an application for insurance based solely on a lapse in coverage. Prohibits an insurer from requiring a policyholder 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.