
DIGEST

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HB 496 Engrossed

2025 Regular Session

Hebert

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.