HOUSE SUMMARY OF SENATE AMENDMENTS

HB 496 2025 Regular Session

Hebert

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

Synopsis of Senate Amendments

1. Specifies that penalties do not apply to an insured's first lapse in coverage if the lapse is 90 days or less.

2. Makes present and proposed law effective on Jan. 1, 2026.

Digest of Bill as Finally Passed by Senate

<u>Present law</u> 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. <u>Proposed law</u> generally retains <u>present law</u>.

<u>Present law</u> applies the prohibition unless the insurer gives 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.

Proposed law repeals present law.

<u>Proposed law</u> modifies <u>present law</u> 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. Authorizes insurers to increase rates or surcharges for any subsequent lapses.

<u>Proposed law</u> 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 the prior lapse.

<u>Proposed law</u> 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 a surcharge.

<u>Present law</u> 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.

Proposed law retains present law.

Effective Jan. 1, 2026.

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