SLS 22RS-267

ENGROSSED

2022 Regular Session

SENATE BILL NO. 122

BY SENATOR TALBOT

AUTOMOBILE INSURANCE. Requires insurers provide coverage for the temporary use of a motor vehicle not owned by the insured. (8/1/22)

1	AN ACT
2	To amend and reenact R.S. 22:1282 and R.S. 22:1296(A), relative to insurers providing
3	coverage for the temporary use of a motor vehicle not owned by the insured; to
4	provide terms and conditions; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 22:1282 and 1296(A) are hereby amended and reenacted to read as
7	follows:
8	§1282. Standard motor vehicle insurance form; prohibited provisions
9	A. No motor vehicle liability insurance policy nor any uninsured motorist
10	coverage for bodily injury shall limit the coverage of, or the amount that can be
11	recovered by, the named insured, or the spouse or other family member of the named
12	insured, or express or implied permissive users, for whom the policy provides
13	coverage, to any amount less than the highest policy limit provided in the policy for
14	the respective coverage or potential recovery.
15	B. No motor vehicle liability insurance policy nor any uninsured motorist
16	<u>coverage for bodily injury shall limit the coverage of, or the amount that can be</u>
17	recovered by, the named insured, or the spouse or other family member of the

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1	named insured for whom the policy provides coverage, to any amount less than
2	the highest policy limit provided in the policy for the respective coverage or
3	potential recovery when any non-owned motor vehicle is in the custody of or
4	being operated by the insured on a temporary basis with the express or implied
5	permission of the vehicle owner.
6	C. Any recovery pursuant to this Section is limited to damages actually
7	sustained.
8	D. Any provision of a motor vehicle insurance policy issued in, or for
9	delivery in, the state of Louisiana that is not in accord with this Section is contrary
10	to the public policy of this state and shall be null and unenforceable.
11	* * *
12	§1296. Coverage of temporary, substitute, and rental vehicles
13	A. Every approved insurance company reciprocal or exchange, An insurer
14	writing automobile liability, physical damage, or collision insurance, shall extend
15	coverage to a non-owned temporary motor vehicle or to a substitute motor
16	vehicle as defined in the applicable insurance policy and to a rental motor
17	vehicle any and all such insurance coverage in effect in the original policy or
18	policies. Where an insured has coverage on a single or multiple vehicles, at least one
19	of which has comprehensive and collision or liability insurance coverage, those
20	coverages shall apply to the <u>non-owned</u> temporary <u>or</u> substitute motor vehicle, as
21	defined in the applicable insurance policy, or rental motor vehicle. Such insurance
22	shall be primary. However, if other automobile insurance coverage or financial
23	responsibility protection is purchased by the insured for the temporary substitute or
24	rental motor vehicle, that coverage shall become primary. The coverage purchased
25	by the insured shall not be considered a collateral source.
26	* * *

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Beth O'Quin.

SB 122 Engrossed

DIGEST 2022 Regular Session

Talbot

<u>Present law</u> provides a prohibition for motor vehicle insurance policy and uninsured motorist coverage for bodily injury cannot limit the coverage of, or the amount that can be recovered by the named insured, the spouse or other family member of the named insured when the insured has implied or permissive use of the motor vehicle and the policy cannot limit the coverage to anything less than the highest policy limit for respective coverage or potential recovery.

<u>Proposed law</u> retains <u>present law</u> but adds non-owned motor vehicles that are in the custody of, or operated by the named insured, spouse, or other family member cannot be limited for bodily injury to less than the highest amount provided in the policy for respective or potential coverage.

<u>Present law</u> requires insurers writing automobile liability insurance, physical damage insurance or collision insurance is required to extend coverage for an insured's temporary use of a motor vehicle as defined in the applicable insurance policy and to rental vehicles any and all coverage in effect in the insured's original policy or policies. If an insured has coverage on a single or multiple vehicles, at least one must have comprehensive, collision, or liability insurance coverage, and the coverages shall apply to the temporary substitute vehicle, as defined in the applicable insurance policy, or rental motor vehicle. Requires insurance is primary, except if other automobile insurance coverage or financial responsibility protection is purchased by the insured for the temporary substitute or rental motor vehicle, then that coverage is primary. Further, the coverage purchased by the insured is not considered a collateral source.

<u>Proposed law</u> retains <u>present law</u> but includes coverage for a non-owned temporary motor vehicle or a substitute vehicle as defined in the applicable insurance policy.

Effective August 1, 2022.

(Amends R.S. 22:1282 and 22:1296(A))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the original <u>bill</u>

- 1. Makes technical changes.
- 2. Adds a prohibition for motor vehicle liability insurance policies and uninsured motorist coverage for bodily injury cannot limit the coverage or the amount recovered by the named insured, the spouse, or a family member from providing less than the highest limit provided in the policy for the respective coverage or potential recovery involving the insured has custody or is operating a non-owned vehicle on a temporary based with express or implied consent from the motor vehicle owner.
- 3. Provides recovery for an owned motor vehicle and a non-owned motor vehicle is limited to damages actually sustained.

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- 4. Provides coverage to a non-owned temporary motor vehicle to a substitute motor vehicle as defined in the applicable policy.
- 5. Adds non-owned temporary motor vehicle to present law.