
DIGEST

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HB 489 Engrossed

2023 Regular Session

Huval

Abstract: Provides relative to a ratemaking system utilized by insurers and rate service organizations.

Present law gives the commissioner of insurance the exclusive authority to accept, review, and approve any application for insurance rates or rate changes for all lines of property and casualty insurance. Present law further provides that the commissioner shall exercise his authority in accordance with present law.

Proposed law repeals present law.

Proposed law provides that every authorized insurer and every rate service organization designated by an insurer for the filing of rates pursuant to proposed law shall file, with the commissioner, all rates and any supplementary rate information and all changes and amendments made by it for use in this state within 30 days after it becomes effective.

Proposed law provides that if a rate service organization files prospective loss costs on behalf of a member insurer with the commissioner, each member insurer that adopts the rate service organization's prospective loss costs shall file the loss cost adjustment and loss cost modification factors applicable to the prospective loss costs filed by the rate service organization. Proposed law further provides that the aforementioned information shall be prescribed on a form approved by the commissioner.

Proposed law requires each member insurer, that does not adopt or that delays adoption of the loss costs filed by the rate service organization, to notify the commissioner of that decision within 30 days.

Proposed law exempts marine, inland marine and transportation risks, which by general custom of business are not written according to manual rates and rating plans.

Present law provides that, upon written application by an insurer or rate service organization, the commissioner may authorize a filing he has reviewed to become effective before the expiration of the waiting period. Present law further provides that a filing shall be deemed to meet the requirements of present law, unless disapproved in writing by the commissioner within the 45-day waiting period.

Proposed law repeals present law.

Present law provides, unless notified by the commissioner that a filing is incomplete or disapproved, the insurer or rating organization may commence use of the filed rates upon expiration of 45 days from the date of receipt from the commissioner.

Proposed law repeals present law.

Proposed law allows the commissioner to require the filing of the following supporting data:

- (1) The experience and judgment of the filer.
- (2) The experience and judgment of other insurers or rate service organizations.
- (3) The filer's interpretation of any statistical data relied upon.
- (4) A description of the methods used in making the rates.
- (5) A description of the methods used and statistics relied on by the insurer in developing a loss cost modification factor and providing a loss cost adjustment.
- (6) A description of the methods used and statistics relied on by the rate service organization in developing its prospective loss costs filing.

Proposed law prohibits the commissioner from requiring an insurer to file the insurer's final rate pages that combine the prospective loss costs separately filed by the rate service organization with the loss cost modification factor filed by the insurer.

Proposed law allows the commissioner to exempt any insurance rate, rating class, rating rule or rating program, or type of filing which in his opinion is not desirable or necessary for the protection of the public.

Present law provides that the commissioner may determine if there is an existing competitive or noncompetitive market and he may require reasonable notice for a public hearing prior to determining if a market is noncompetitive. Present law further provides that if, after a public hearing, the commissioner determines the market to be noncompetitive, all rate filings shall follow the provisions of present law without regard to the exception specified in present law.

Proposed law repeals present law.

Proposed law provides that if, after a hearing, the commissioner declares a particular market to be noncompetitive, the commissioner shall order that all rates or rate changes and all supplementary rate information be filed within 30 days before the effective date. Proposed law further provides that the order shall remain in effect until the commissioner determines that a competitive market has been restored.

Proposed law provides that if the commissioner finds that a rate is not in compliance with present

law, he shall issue an order specifying how it is not in compliance. Proposed law further provides that in addition to the order, the commissioner shall issue a statement providing that within 75 days after issuance that the rate will no longer be effective.

Proposed law allows any insurer, rate service organization, or advisory organization to request a public hearing and have an order issued in accordance with the provisions of present law.

Present law provides that no provision of present law shall prohibit the commissioner from conducting market conduct exams to ensure the rates being charged by insurers are not inadequate, excessive, or unfairly discriminatory.

Proposed law retains present law.

(Amends R.S. 22:1451(B)-(F); Adds R.S. 22:1451(G)-(L))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.