HLS 22RS-136 ORIGINAL

2022 Regular Session

HOUSE BILL NO. 116

1

BY REPRESENTATIVE ROBBY CARTER

INSURANCE/RATES: Provides for the exclusion of advertising expenses in setting rates or making rate filings

AN ACT

2	To amend and reenact R.S. 22:1452(C)(7) and 1454(B)(3), relative to rate making and rate
3	filing; to prohibit the use of advertising expenses in rate setting; to provide
4	definitions; and to provide for related matters.
5	Be it enacted by the Legislature of Louisiana:
6	Section 1. R.S. 22:1452(C)(7) and 1454(B)(3) are hereby amended and reenacted
7	to read as follows:
8	§1452. Purpose of rate regulation; construction; definitions
9	* * *
10	C. As used in this Subpart, the following definitions shall be applicable:
11	* * *
12	(7) "Expenses" means that portion of a rate attributable to acquisition, field
13	supervision, collection expenses, general expenses, taxes, licenses, and fees and does
14	not include loss adjustment expenses or advertising expenses.
15	* * *
16	§1454. Rating standards and methods
17	* * *
18	B. In determining whether rates are excessive, inadequate, or unfairly
19	discriminatory, consideration may be given to the following items:
20	* * *

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1 (3) Expenses. The expense provisions shall reflect the operating methods
2 of the insurer, the past expense experience of the insurer, and anticipated future
3 expenses. Advertisement expenses of an insurer shall not be used by the insurer or
4 considered in any manner in the loss or expense experience for the purpose of setting
5 rates or making rate filing.
6 * * * *

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 116 Original

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Robby Carter

Abstract: Prohibits the use of advertising expenses by the insurer in setting rates or making rate filings with the commissioner of insurance.

Present law defines "expenses" for the purposes of present law.

<u>Proposed law</u> excludes advertisement expenses from the definition of "expenses" in <u>present law</u>.

<u>Present law</u> provides that when determining whether rates are excessive, inadequate, or unfairly discriminatory, expenses may be considered if the expense provisions reflect the operating methods of the insurer, the past expense experience of the insurer, and anticipated future expenses.

<u>Proposed law</u> provides that advertisement expenses of an insurer shall not be used by the insurer or considered in the losses or expenses when setting rates or making rate filings.

(Amends R.S. 22:1452(C)(7) and 1454(B)(3))