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## DIGEST

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HB 576 Engrossed

2025 Regular Session

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**Abstract:** Repeals relative to competitive and noncompetitive markets to generally prohibit excessive, inadequate, or unfairly discriminatory insurance rates as determined by the commissioner of insurance.

Present and proposed law generally provide regulations for rating standards and methods.

Present law defines "excessive." Provides that "excessive," as the term relates to rates, means a rate that is likely to produce a long-term profit that is unreasonably high for the insurance provided. Present law prohibits rates in competitive markets from being considered excessive.

Proposed law deletes present law and changes the definition of "excessive." Redefines the term as a rate that is likely to produce a profit that is unreasonably high for the insurance provided or the expense provision included with the rate is unreasonably high in relation to the services rendered.

Present law authorizes risk classification based on any criteria except race, color, creed, or national origin. Proposed law retains present law.

Present law prohibits rates that are inadequate or unfairly discriminatory in a competitive market. Prohibits rates that are excessive, inadequate, or unfairly discriminatory in a noncompetitive market.

Proposed law deletes present law to generally prohibit excessive, inadequate, or unfairly discriminatory rates, regardless of the market.

Present law requires the commissioner of insurance (commissioner) to disapprove a rate in a competitive market only if he determines the rate is inadequate or unfairly discriminatory. Proposed law deletes present law.

Present law requires the commissioner to disapprove a rate for use in a noncompetitive market only if he determines the rate is excessive, inadequate, or unfairly discriminatory.

Proposed law deletes present law relative to noncompetitive markets to require the commissioner's disapproval of a rate if he determines the rate is excessive, inadequate, or unfairly discriminatory.

Proposed law requires the commissioner, upon his disapproval of a rate filing or similar action, to specify interim rates upon request of the insurer. Requires interim rates to be sufficient to protect the interests of all parties.

Proposed law authorizes the commissioner to order that a specified portion of premiums collected under interim rates be placed into an escrow account. Further provides that if new rates subsequently become legally effective, the commissioner is required to order the appropriate distribution of escrowed funds or any overcharges in interim rates to policyholders; however, refunds of insignificant amounts are not required for return.

Present law (R.S. 22:1451(D), 1452(C)(4) and (15), 1453, and 1455) provides definitions and regulations for rates in competitive and noncompetitive markets.

Proposed law repeals present law.

(Amends R.S. 22:1452(C)(intro. para.) and (6), 1454(A), and 1465(A)(1); Repeals R.S. 22:1451(D), 1452(C)(4) and (15), 1453, and 1455)

### Summary of Amendments Adopted by House

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

1. Change the definition of "excessive" with respect to rates. Redefine the term to mean that the rate is likely to produce a profit that is unreasonably high for the insurance provided or the expense provision included with the rate is unreasonably high in relation to the services rendered.
2. Remove language regarding actuarial justification. Delete the word "only" to require the commissioner's disapproval of a rate that he determines to be excessive, inadequate, or unfairly discriminatory.
3. Require the commissioner, upon his disapproval of a rate filing or similar action, to specify interim rates upon request of the insurer. Require interim rates to be sufficient to protect the interests of all parties.
4. Authorize the commissioner to order that a specified portion of premiums collected under interim rates be placed into an escrow account. Provide that if new rates subsequently become legally effective, the commissioner is required to order the appropriate distribution of escrowed funds or any overcharges in interim rates to policyholders. Further provide that refunds of insignificant amounts are not required for return.