

2024 Regular Session

HOUSE BILL NO. 613

BY REPRESENTATIVE FIRMENT

INSURANCE/RATES: Provides relative to the ratemaking system utilized by insurers and rating organizations relative to rate filings

1 AN ACT

2 To amend and reenact R.S. 22:1451, 1464(A)(2) and (D), and 1465(A)(2) and (B)(1) and to  
3 enact R.S. 22:1465(A)(4) and (D), relative to ratemaking systems; to provide relative  
4 to insurers and rate service organizations; to provide for rate filing approval and  
5 disapproval; to provide for notification periods; to provide for incomplete or  
6 disapproved rate filings; to provide for inadequate or discriminatory rate filings; to  
7 prohibit causes of action; to provide for an effective date; and to provide for related  
8 matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 22:1451, 1464(A)(2) and (D), and 1465(A)(2) and (B)(1) are hereby  
11 amended and reenacted and R.S. 22:1465(A)(4) and (D) are hereby enacted to read as  
12 follows:

13 §1451. Systems for ratemaking

14 A. ~~As used in this Subpart, the term "commissioner" shall mean the~~  
15 ~~commissioner of insurance.~~

16 B. ~~The commissioner shall have the exclusive authority to accept, review,~~  
17 ~~and approve any application for insurance rates or rate changes for all lines of~~  
18 ~~property and casualty insurance. The commissioner shall exercise his authority in~~  
19 ~~accordance with the provisions of this Section.~~

1           ~~C.(1) Subject to the exception specified in Subsection D of this Section, each~~  
2           ~~filing submitted to the commissioner shall be on file for a waiting period of~~  
3           ~~forty-five days before it becomes effective. Upon written application by the insurer~~  
4           ~~or rating organization, the commissioner may authorize a filing which the~~  
5           ~~commissioner has reviewed to become effective before the expiration of the waiting~~  
6           ~~period. At the expiration of the forty-five day waiting period, the filing shall be~~  
7           ~~deemed approved unless prior to day forty-five the filing has been affirmatively~~  
8           ~~approved or disapproved by order of the commissioner. Approval of any such filing~~  
9           ~~by the commissioner shall constitute a waiver of any unexpired portion of this~~  
10           ~~waiting period. The commissioner may by rule, regulation, or order reduce or~~  
11           ~~eliminate the waiting period specified in this Subsection. For any filing that is~~  
12           ~~disapproved, the insurer may appeal the disapproval to the Nineteenth Judicial~~  
13           ~~District Court within fifteen days from the receipt of written notice of disapproval.~~

14           ~~(2) Unless notified by the commissioner that a filing is disapproved pursuant~~  
15           ~~to this Subpart, the insurer or rating organization may commence use of the filed~~  
16           ~~rates upon expiration of forty-five days from the date of receipt by the commissioner.~~

17           Every authorized insurer shall file with the commissioner all rates,  
18           supplementary rate information, and all supporting information for risks to be written  
19           by the insurer in this state. The rates and information submitted pursuant to this  
20           Subpart are deemed approved unless the insurer is notified otherwise by the  
21           commissioner in writing within thirty days of the filing.

22           ~~D. B.~~ Insurers negotiating with and insuring commercial entities, except with  
23           regard to workers' compensation and medical malpractice insurance, with at least ten  
24           thousand dollars in annual insurance premiums, ~~shall be~~ are required to file insurance  
25           rates or rate changes for such entities with the commissioner for informational  
26           purposes only. The commissioner may by rule, regulation, or order reduce or  
27           eliminate the annual premium threshold for those entities that enables rate filings to  
28           be made under this Subsection.

1           ~~E. C. All provisions of this Section shall be~~ This Section is applicable when  
2           a competitive market in property and casualty lines insurance exists. The  
3           commissioner may determine if there exists a competitive or noncompetitive market  
4           pursuant to the provisions of R.S. 22:1453, including requiring reasonable notice and  
5           a public hearing prior to determining a market to be noncompetitive. If, after a  
6           public hearing, the commissioner determines the market to be noncompetitive, all  
7           rate filings ~~shall follow the provisions of Subsection C of this Section without regard~~  
8           ~~to the exception specified in Subsection D of this Section. An aggrieved party~~  
9           ~~affected by the commissioner's decision, act, or order may demand a hearing in~~  
10          ~~accordance with Chapter 12 of this Title, R.S. 22:2191 et seq~~ are deemed approved  
11          unless the insurer is notified otherwise by the commissioner in writing within sixty  
12          days of the filing.

13           D. Nothing in this Section shall be construed to prohibit the commissioner  
14          from approving a filing prior to the expiration of the notification periods provided  
15          for in this Section.

16           ~~F. E. No provision of~~ Nothing in this Section shall be construed to prohibit  
17          the commissioner from conducting market conduct exams to ensure the rates being  
18          charged by insurers are not inadequate, excessive, or unfairly discriminatory.

19           ~~G. F. The commissioner shall not disapprove a filing that is in compliance~~  
20          ~~with Subsection C of this Section~~ the provisions of this Subpart on the basis of time  
21          that has elapsed since the most recent ~~rate approval by the commissioner~~ filing by  
22          the insurer.

\* \* \*

24          §1464. Rate filing

25           A.

\* \* \*

27           (2) ~~When~~ If a filing made pursuant to this Subsection is not accompanied by  
28          the information upon which the insurer or rating organization supports the rate filing,  
29          and the commissioner does not have sufficient information to determine whether the

1 rate filing meets the requirements of this Subpart, ~~it~~ he shall require such insurer or  
2 rating organization to furnish the information upon which it supports its filing, and  
3 the ~~waiting~~ notification periods provided in ~~R.S. 22:1451(C)(1)~~ R.S. 22:1451 shall  
4 commence as of the date the information is furnished to complete the filing.

5 \* \* \*

6 D. All rates, supplementary rate information, and any supporting information  
7 filed ~~under~~ pursuant to this Subpart ~~shall be~~ are open to public inspection upon  
8 expiration of the ~~forty-five-day period as set forth in R.S. 22:1451(C)(1)~~ notification  
9 period applicable pursuant to R.S. 22:1451, or upon disapproval, except for  
10 information which is deemed confidential, trade secret, or proprietary by the insurer  
11 or filer.

12 \* \* \*

13 §1465. Disapproval of filings; rates; procedures

14 A.

15 \* \* \*

16 (2) If within the ~~forty-five-day waiting period or any extension of this~~  
17 notification period as provided in R.S. 22:1451, the commissioner finds that a filing  
18 does not meet the requirements of this Subpart, he shall send to the insurer or rating  
19 organization which made such filings written notice of disapproval of such filing,  
20 ~~specifying wherein he finds~~ specify the reasons why such filing fails to meet the  
21 requirements of this Subpart, and ~~stating~~ state that such filing shall ~~not become~~  
22 effective become ineffective as of the date the written notice is sent, at which time  
23 the insurer's or rating organization's most recently approved filing shall resume  
24 effectiveness.

25 \* \* \*

26 (4) If the commissioner determines that a rate filing is inadequate or unfairly  
27 discriminatory pursuant to the provisions of this Subpart, he may direct the insurer  
28 to collect additional premium to ensure that the rate is adequate or require a refund  
29 of any sums deemed discriminatory.

1           B.(1) Any insurer whose rate filing is returned as incomplete more than once  
2           or disapproved ~~or not acted upon within forty-five days from the date of receipt by~~  
3           ~~the commissioner under this Subsection~~ shall be given a public hearing upon written  
4           request made within thirty days of the return of the rate filing, disapproval of the rate  
5           filing, or inaction of the commissioner.

6   \*       \*       \*

7           D. Nothing in this Section shall be interpreted to create a private cause of  
8           action.

9           Section 2. This Act shall become effective upon signature by the governor or, if not  
10          signed by the governor, upon expiration of the time for bills to become law without signature  
11          by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
12          vetoed by the governor and subsequently approved by the legislature, this Act shall become  
13          effective on the day following such approval.

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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)]

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HB 613 Original                                   2024 Regular Session                                   Firmment

**Abstract:** Provides relative to the ratemaking system utilized by insurers and rating organizations submitting rate filings to the commissioner of insurance.

Present law authorizes the commissioner of insurance (commissioner) to accept, review, and approve any application for insurance rates or changes for all lines of property and casualty insurance. Requires the commissioner to exercise his authority according to present law.

Proposed law deletes present law.

Present law generally authorizes the commissioner to approve an insurer's rate filing, upon written application by an insurer or rating organization, within the 45-day waiting period prescribed in present law. Further provides that a rate filing is deemed approved by the commissioner unless the commissioner affirmatively approves or disapproves the filing within the 45-day waiting period.

Proposed law deletes present law.

Proposed law requires every authorized insurer to file with the commissioner all rates, supplementary rate information, and all supporting information for risks to be written by the insurer. Further provides that rates and submitted information are deemed approved unless the insurer is notified otherwise in writing by the commissioner within 30 days of the filing.

Present law provides that if, after a public hearing, the commissioner determines the market to be noncompetitive, insurers are required to make all rate filings in accordance with the 45-day waiting period prescribed present law.

Proposed law deletes present law to provide that rate filing information is deemed approved unless the commissioner notifies the insurer in writing within 60 days of the filing. Further authorizes the commissioner to approve a filing prior to expiration of notification periods.

Present law requires the commissioner to specify his reasons for disapproving the filing of an insurer or rating organization and prohibits effectiveness of a disapproved filing.

Proposed law modifies present law to provide that a disapproved filing is ineffective as of the date the commissioner sends written notice of disapproval. Further provides that the insurer's or rating organization's most recently approved filing will resume effectiveness.

Proposed law authorizes the commissioner to direct an insurer to collect additional premium or refund of any sums if he deems the insurer's rate filing as inadequate or unfairly discriminatory.

Proposed law does not create a private cause of action.

Proposed law makes technical changes to citations and references.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1451, 1464(A)(2) and (D), and 1465(A)(2) and (B)(1); Adds R.S. 22:1465(A)(4) and (D))