2024 Regular Session

HOUSE BILL NO. 387

BY REPRESENTATIVE ROBBY CARTER

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

1	AN ACT		
2	To amend and reenact R.S. 22:1452(C)(introductory paragraph) and (7) and 1454(B)(3),		
3	relative to rate making and rate filing; to prohibit the use of advertising expenses in		
4	rate setting; to modify definitions; and to provide for related matters.		
5	Be it enacted by the Legislature of Louisiana:		
6	Section 1. R.S. 22:1452(C)(introductory paragraph) and (7) and 1454(B)(3) are		
7	hereby amended and reenacted 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	apply:		
12	* * *		
13	(7) "Expenses" means that portion of a rate attributable to acquisition, field		
14	supervision, collection expenses, general expenses, taxes, licenses, and fees and does		
15	not include loss adjustment expenses or advertising expenses.		
16	* * *		
17	§1454. Rating standards and methods		
18	* * *		
19	B. In determining whether rates are excessive, inadequate, or unfairly		
20	discriminatory, consideration may be given to the following items:		
21	* * *		

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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 filings.
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)]

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Abstract: Prohibits an insurer from using advertising expenses in setting rates or making rate filings with the commissioner of insurance.

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

<u>Proposed law</u> excludes advertisement expenses from the definition of "expenses". Otherwise retains <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> prohibits an insurer from using or considering advertisement expenses in losses or expenses when setting rates or making rate filings. Otherwise retains <u>present law</u>.

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