HLS 23RS-627 ENGROSSED

2023 Regular Session

HOUSE BILL NO. 252

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BY REPRESENTATIVE ROBBY CARTER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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 for
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	* * *
0	C. As used in this Subpart, the following definitions shall be applicable
1	apply:
12	* * *
13	(7) "Expenses" means that portion of a rate attributable to acquisition, field
4	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
8	* * *
9	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.

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(3) Expenses. The expense provisions shall reflect the operating methods of the insurer, the past expense experience of the insurer, and anticipated future 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 rates or making rate filings.

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 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.

Proposed law excludes advertisement expenses from the definition of "expenses" in present law.

Present law 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.

Proposed law 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))

Summary of Amendments Adopted by House

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

1. Make technical changes.