

2025 Regular Session

HOUSE BILL NO. 438

BY REPRESENTATIVE FIRMENT

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

INSURANCE/RATES: Provides relative to advertising expenses and prohibits use of certain expenses in setting insurance rates

1 AN ACT

2 To amend and reenact R.S. 22:1452(C)(introductory paragraph) and (7) and 1454(B)(3) and
3 to enact R.S. 22:1452(C)(9.1), relative to expenses of insurers; to provide for
4 definitions; to prohibit the use of certain expenses in setting rates; to provide for an
5 effective date; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1452(C)(introductory paragraph) and (7) and 1454(B)(3) are
8 hereby amended and reenacted and R.S. 22:1452(C)(9.1) is hereby enacted to read as
9 follows:

10 §1452. Purpose of rate regulation; construction; definitions

11 * * *

12 C. As used in this Subpart, the following definitions ~~shall be applicable~~
13 apply:

14 * * *

15 (7) "Expenses" means that portion of a rate attributable to acquisition, field
16 supervision, collection expenses, general expenses, taxes, licenses, and fees and does
17 not include loss adjustment expenses or institutional advertising expenses.

18 * * *

19 (9.1) "Institutional advertising expenses" means advertising not aimed at
20 obtaining business for a specific insurer nor providing consumers with information
21 pertinent to the decision as to whether to purchase an insurance product.

22 * * *

§1454. Rating standards and methods

* * *

B. In determining whether rates are excessive, inadequate, or unfairly discriminatory, consideration may be given to the following items:

* * *

(3) Expenses. The expense provisions shall reflect the operating methods of the insurer, the past expense experience of the insurer, and anticipated future expenses. However, an insurer shall not consider its institutional advertising expenses for the purpose of setting rates.

* * *

Section 2. This Act shall become effective on January 1, 2026.

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 438 Original

2025 Regular Session

Firmement

Abstract: Modifies the definition of "expenses" and prohibits use of "institutional advertising expenses" in setting insurance rates.

Present law defines "expenses" and specifically excludes loss adjustment expenses.

Proposed law retains present law and further excludes "institutional advertising expenses", defined as advertising expenses not aimed at obtaining business for a specific insurer nor providing consumers with information pertinent to the decision of whether to purchase an insurance product.

Present law authorizes insurers to use certain expense provisions that reflect respective operating methods, past expenses, and anticipated expenses to determine whether the insurer's rates are excessive, inadequate, or unfairly discriminatory.

Proposed law retains present law and prohibits insurers from considering its institutional advertising expenses for the purpose of setting rates.

Effective Jan. 1, 2026.

(Amends R.S. 22:1452(C)(intro. para.) and (7) and 1454(B)(3); Adds R.S. 22:1452(C)(9.1))