



PCI TESTIFIES

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PCI Testifies at Louisiana Senate Insurance Committee Hearing on Regulation 105

PCI testified yesterday in opposition to Regulation 105 before the Louisiana Senate Insurance Committee which voted to reject this proposed regulation that addresses rate filing time frames.

The proposed regulation would prevent the insurance commissioner from accepting an application for an overall statewide rate increase for any property and casualty insurance product or program if the applicant requests that the rate increase be implemented within 12 months of the effective dates of the most recently approved overall statewide rate increase.

Commissioner Donelon testified that he needs this regulation to stop companies from filing every six months in order to lull consumers to sleep with incremental rate hikes. He argued that his statutory authority to "accept rate filings" also gives him the authority to reject those filings.

PCI filed comments on the proposal arguing that the commissioner does not have statutory authority to adopt this regulation since his rate regulatory functions are specifically limited to disapprove rates that are inadequate, excessive or unfairly discriminatory. Additionally, PCI and all of the other trades filed a joint letter with the House and Senate Insurance Committees requesting an oversight committee hearing on the proposal. Both committees must approve the regulation before it can be adopted.

PCI's testimony focused on the statutory authority issue and pointed out that the legislature removed statutory language in 2007 that had limited insurers to one rate filing in a twelve month period and that this effort by the commissioner is a direct usurpation of legislative authority.

A motion was made to reject Regulation 105 and it was passed by acclamation. Since a regulation must be approved by both the House and Senate Committees it appears that the House Insurance Committee will not hold a hearing on the regulation. The governor could possibly overrule the Senate committee and approve the regulation and PCI is working with our industry allies to try to head off that action.

PCI will continue to stay engaged on these issues and will keep members informed of any developments.

PCI is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write \$202 billion in annual premium, 35 percent of the nation's property casualty insurance. Member companies write 42 percent of the U.S. automobile insurance market, 27 percent of the homeowners market, 33 percent of the commercial property and liability market and 34 percent of the private workers compensation market.

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