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## TECHNICAL ADVISORY

**TA #111**

**October 15, 1997**

**SUBJECT:** Louisiana Insurance Rating Commission (LIRC)  
October 14, 1997, Meeting

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### BACKGROUND:

Following are some highlights from the regular October meeting of the Louisiana Rating Commission. Most of these items are self-explanatory rate adjustments. We have included both rate filings that have been approved and some which have been disapproved to give you an overall sense of the LIRC meeting.

One item of particular note was a filing by the National Council of Compensation Insurance (NCCI) for approval of a revised experience modification plan. IIAL opposed the plan for the following reasons:

1. The IIAL Technical Affairs Committee calculated new experience modifications based upon application of the new plan to existing accounts. Although the plan was supposed to have an overall zero impact on overall modifications, the IIAL Technical Committee found that in many cases the new experience modification plan actually decreased credit modifications and increased debit modifications. IIAL objected to the new plan based upon what we perceived to be an increase in modified premiums.
2. The plan penalizes insureds that carefully manage and pay small claims themselves. IIAL has asked NCCI to consider small deductible and other programs which would encourage insureds to become more involved in claims management. IIAL objected to the revised plan because it discouraged such small claims management.
3. Texas refused to approve the new NCCI plan. If Louisiana approved the new plan, which would generally increase the experience modification factors for Louisiana contractors, Louisiana contractors would be at a serious competitive disadvantage with their Texas competitors.



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IIAL discussed our objections to the proposed NCCI revised experience modification plan with the Rating Commission. The Rating Commission disapproved the NCCI experience modification plan at the October 14 meeting.

**MAIN POINTS:**

Following is a brief outline summary of some highlights of the October 14, 1997, meeting of the Louisiana Insurance Rating Commission:

Company Name	Rate/Rule	Outcome
<b>American Interstate Insurance Co. Workers Compensation</b>	Gulf of Mexico Extension	Approved
<b>American Association of Insurance Services Mobile-Homeowners Program</b>	Initial Filing	Approved
<b>Lumbermens Mutual Casualty Company Commercial Automobile</b>	+15.0%	Disapproved
<b>National Union/AIG Commercial Automobile</b>	+15%	Approved
<b>New Hampshire Insurance Company Commercial Automobile</b>	+21.9%	Approved
<b>Property Insurance Association of LA Business Owners Program</b>	-6.3%	Approved
<b>Patients' Compensation Fund Excess Medical Malpractice</b>	+5.2%	Approved
<b>Safeco Insurance Company of America Commercial Automobile</b>	+16.3%	Disapproved
<b>Colorado Casualty Insurance Company Commercial Automobile</b>	-25%	Approved
<b>American Indemnity Company Personal Auto Revision</b>	+4.2%	Approved



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