

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 148

February 8, 2000

**SUBJECT: COMMERCIAL LINES INSURANCE POLICY FORM DEREGULATION
LOUISIANA DEPARTMENT OF INSURANCE REGULATION 72**

BACKGROUND: In 1999, LRS 22:620F was adopted, providing that "insurers negotiating with and insuring special commercial entities shall be exempt from the form filing and approval requirements of this section." It mandates that the Commissioner of Insurance promulgate rules and regulations necessary to implement the new law. This includes defining the type of commercial entity which qualifies for exemption.

Regulation 72 establishes the standards which must be complied with by insurers desiring to write insurance with unapproved policy forms.

MAIN POINTS: A "Special Commercial Entity" is defined as a person who meets the criteria for an "exempt commercial policyholder."

An "exempt commercial policyholder" is any person who applies for or procures commercial risk insurance, of the kinds provided for in Section 9011, and meets the following criteria:

- Has and maintains aggregate annual commercial insurance premiums, excluding workers' compensation and employers' liability, and professional liability insurance premiums, of more than two hundred thousand (\$200,000) dollars in the preceding fiscal year. To determine whether this threshold has been met, premiums paid to one or more insurers are to be added together to reach the total aggregate.
- At the time the policy is issued, the policyholder must have (1) if a single company not less than fifty (50) employees; (2) if a member of an affiliated group not less than one hundred (100) employees collectively; (3) if a municipality a population of not less than fifty thousand (50,000); and (4) if a public entity an operating budget of not less than twenty (\$20,000,000) million dollars for the most recently completed calendar or fiscal year, whichever applies.
- Has signed the certification form as provided for in Section 9015B of this regulation.

Exempt status is premised upon the volume of premium dollars, plus the number of employees for businesses, or population size for municipalities, or operating budget for public entities, and the execution of a certification form by the policyholder. Section 905 addresses the disclosure and certification form requirements.

LRS 22:620F requires the Commissioner to periodically review the definition of exempt commercial policyholder. Therefore, Section 9017 requires insurers to maintain certain data which must be available for inspection by the Commissioner. This procedure will aid the Commissioner in his study of the continued effectiveness of the exemption provided for under this regulation.

According to the proposed regulation, exemption from filing and prior approval does not entitle insurers to write insurance contracts which contain unlawful provisions or provisions which conflict with the public policy of Louisiana.

**NECESSARY
ACTION:**

Circulate the enclosed regulation to all commercial lines agency staff.