

INDEPENDENT INSURANCE AGENTS & BROKERS OF LOUISIANA
9818 BLUEBONNET BOULEVARD
BATON ROUGE, LA 70810
TEL: 225/819-8007
FAX: 225/819-8027
www.iiabl.com

Technical Advisory

TA 149

February 15, 2000

**SUBJECT: Special Meeting of the Louisiana Insurance Rating Commission
Non-Standard Private Passenger Automobile Insurance Company
Policy Fees**

BACKGROUND: The Louisiana Insurance Rating Commission (LIRC) met on Tuesday, February 15, 2000, to discuss insurance company policy fees on non-standard private passenger automobile insurance policies. The LIRC had concerns that insurance company practices with regard to such policy fees varied widely. The purpose of the meeting was to gather information and establish standard guidelines on how insurance company policy fees should be addressed.

MAIN POINTS: The LIRC asked representatives from the non-standard automobile insurance companies to discuss how policy fees are applied. Several insurance company representatives addressed various aspects of how insurance company policy fees are charged and why the industry feels that they are necessary.

The Rating Commission seemed to be convinced fairly quickly that insurance company policy fees are appropriate on new business. Some Rating Commission members questioned whether or not the fees were appropriate on renewal business.

Ultimately the LIRC established guidelines for maximum non-standard private passenger insurance company policy fees of \$40 on new business and \$40 on renewal business. Industry representatives asked that implementation be delayed to allow companies to make the necessary adjustments. LIRC agreed to begin implementation on new rate filings starting with the March 2000 LIRC meeting. All non-standard private passenger automobile insurance carriers will be required to comply with the new guidelines, effective October 2000.

It is important to note that IIAL contacted the LIRC before this meeting to clarify the difference between agency fees and insurance company policy fees. The LIRC guidelines only apply to policy fees charged by insurance companies.

**NECESSARY
ACTION:**

Circulate this Technical Advisory to appropriate personal lines agency staff.