

# TECHNICAL ADVISORY

TA 171

December 18, 2000

**SUBJECT:** Experience Modifier Issued by Louisiana Department of Insurance

**BACKGROUND:** On November 15, 2000, the Louisiana Insurance Rating Commission (LIRC) approved three filings submitted by the Insurance Services Office (ISO) regarding experience modifiers. LIRC Bulletin #2000-04 is attached to fully explain the effects of these filings.

**MAIN POINTS:** Effective April 1, 2001, all property and casualty insurance companies writing commercial automobile liability, commercial automobile physical damage or commercial general liability insurance in Louisiana must begin using the new experience rating plans initiated by the filings.

Beginning April 1, 2001, the calculation and issuance of all experience modifiers will be the responsibility of the insurance company. The Louisiana Department of Insurance (LDI) will no longer issue experience modifiers on or after April 1, 2001.

LDI will audit the calculation of modifiers through December 31, 2001. Upon request, insurance companies must forward to LDI all data, factors and worksheets used by the insurance company in their calculation of an experience modifier. After that date, LDI will audit the experience modifier calculation less frequently. In these cases, the audit will often be combined with a consumer inquiry audit or market conduct audit.

**NECESSARY ACTION:** Circulate this Technical Advisory, along with LIRC Bulletin #2000-04, to your agency's commercial lines personnel.