

June 21, 2001

The Honorable Michael S. Baer
Secretary of the Senate
State Capitol
Baton Rouge, LA 70804

Re: Senate Bill No. 1107 by Senator John Hainkel
INSURANCE DEPARTMENT: Limits the authority of the Louisiana Insurance Rating
Commission. (1/1/02)

Dear Mr. Baer:

As indicated above, Senate Bill No. 1107 generally sought to transfer authority for approval of insurance rate changes from a public commission appointed by the governor, the Louisiana Insurance Rating Commission, to an administrative body, the state insurance department.

A delicate balance exists in all economic-consumer areas in which state government regulates the rates which the private sector may charge Louisiana citizens for vital services, such as for insurance in this case. Significant change could easily upset this delicate balance and thereby cause substantial disorder and inordinately higher insurance rates for Louisiana citizens.

As I have said publicly already, I am convinced that a change in governance of this magnitude should not be made without very thorough study and significant public input and discussion. In any case, if there is a need for change, my administration is prepared to discuss ways in which the Louisiana Insurance Rating Commission might operate in a more efficient and less adversarial manner. To that end, I have already assigned a member of my staff to work with the commission to review these areas.

For these reasons I have vetoed Senate Bill No. 1107 and am returning it to you.

Sincerely,

M.J. "Mike" Foster, Jr.

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