

Regular Session, 2003

SENATE CONCURRENT RESOLUTION NO. 139

BY SENATORS HEITMEIER AND LENTINI

A CONCURRENT RESOLUTION

To urge and request the commissioner of insurance to provide reports regarding certain effects of the implementation "flexible rating" in Senate Bill No. 721 on property and casualty insurance rates in Louisiana.

WHEREAS, Senate Bill No. 721 of this 2003 Regular Session of the Legislature has become law without the governor's signature; and

WHEREAS, that law will now permit insurers to increase to ten percent in any twelve month period their "overall average rate level" for all coverages combined for both personal and commercial lines, without prior approval of the Louisiana Insurance Rating Commission; and

WHEREAS, the proponents of such "flexible rating" system have assured the legislature, the governor, and the public in general that the enactment of such law will have beneficial effects on insureds within the state; and

WHEREAS, the proponents have insisted that enacting a law allowing insurance companies to automatically raise their "overall average rates" ten percent a year will soon result in a decrease in the premiums paid by insureds in the state because such automatic increases will cause current insurers to write more policies in the state and induce other insurers to enter the state; and

WHEREAS, Senate Bill No. 721 does not provide protection against some insureds suffering rate increases considerably higher than ten percent because of automatic increases in "overall average rates".

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana requests the commissioner of insurance to provide written reports by May 1, 2004 and February 1, 2005 to the president of the Senate, the speaker of the House of Representatives, the Senate and House committees on insurance, and the Insurance Rating Commission regarding the following effects of the implementation of "flexible rating" in Senate Bill No. 721 on the property and casualty insurance business in Louisiana for the period beginning from January 1, 2004 to April 15, 2004 for the first report and from January 1, 2004 to January 1, 2005 for the second report:

(1) How many property and casualty insurers increased their overall average rate level for all coverages combined for both personal and commercial lines ten percent above the insurer's rates in effect without prior approval of the commission?

(2) How many of those insurers increased such overall average rate level five percent or more above the insurer's rates in effect without prior approval of the commission?

(3) By estimate or otherwise, how many individual insureds suffered, or will suffer, a rate increase above ten percent because of the increases permitted during the time period of the report without prior approval?

(4) By estimate or otherwise, how many more policies (both number and percentage) were sold by each of the property and casualty insurance companies doing business in the state on June 1, 2003, compared to the number and percentage for the 2001, 2002, and 2003 calendar years?

(5) How many property and casualty insurance companies began doing

business in the state after June 1, 2003, and, by estimate or otherwise, how many more policies (both number and percentage) were sold by each company?

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of insurance and the Louisiana Insurance Rating Commission.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES