LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

September 5, 2017

The Honorable John A. Alario
President of the Senate
P.O. Box 94183
Baton Rouge, LA 70804

Via email
apa.senatepresident@legis.la.gov

The Honorable Taylor F. Barras
Speaker of the House
P.O. Box 94062
Baton Rouge, LA 70804

Via email
apa.housespeaker@legis.la.gov

The Honorable John R. Smith
Senate Committee on Insurance
P.O. Box 94183
Baton Rouge, LA 70804

Via email
apa.s-ins@legis.la.gov

The Honorable Kirk Talbot
House Committee on Insurance
P.O. Box 94062
Baton Rouge, LA 70804

Via email
apa.h-ins@legis.la.gov

RE: Rule Summary Report – Notice of Intent to Amend Rule Number 3 – Advertisements of Accident and Sickness Insurance

Dear Gentlemen:

The Louisiana Department of Insurance (LDI) hereby submits the following report required by La. R.S. 49:968(D)(1)(b) and announces its intention to proceed with rulemaking by finalizing the amendment of Rule Number 3 as presented in the Notice of Intent (NOI) published in the Louisiana Register on June 20, 2017, (Rule Number 3 – Advertisements of Accident and Sickness Insurance, Vol. 43, No. 06). A copy of this report has been placed on the LDI website in accordance with R.S. 49:968(D)(1)(c).

The purpose of the amendment to Rule Number 3 is to remove the requirement that insurers file a certificate of compliance in regards to advertisements. The filing of the certificate of compliance has proven to be overly burdensome on the Department of Insurance as the Department already has the ability to inspect advertisement material to

determine compliance. Therefore, the requirement of filing additional paperwork certifying compliance has been deemed no longer necessary.

As noticed in the NOI, the public and all interested persons were provided an opportunity to submit comments to the LDI on the proposed amendment. The LDI received no comment submissions.

Therefore, subject to legislative oversight, the LDI intends to submit the amendment to Rule Number 3 to the Office of the State Register for publication. For your review and consideration, a copy of the NOI regarding the amendment to Rule Number 3 as it appeared in the Louisiana Register on June 20, 2017, is attached.

If you have any questions or need any clarification please contact Ryan Boyle, Attorney with the LDI who assisted the Commissioner in the preparation of the amendment to Rule Number 3. Mr. Boyle can be reached at (225) 219- 7851, or electronically at rboyle@ldi.la.gov.

Sincerely,

Ryan Boyle
Staff Attorney
Louisiana Department of Insurance

Enclosure: Notice of Intent to Amend Rule Number 3 – Advertisements of Accident and Sickness Insurance, Vol. 43, No. 06). A copy of this report has been placed on the LDI website in accordance with R.S. 49:968(D)(1)(c).

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

The proposed changes to Regulation 32 may provide greater efficiency in the processing of claims when a person is covered under more than one plan. The amended regulation includes an Appendix C which clarifies the explanation for secondary plans calculation of benefits and the use of the benefit reserve to pay claims.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed changes to Regulation 32 will have no impact upon competition and employment in the state.

Denise Gardner	Evan Brasseaux
Deputy Commissioner	Staff Director
1706#051	Legislative Fiscal Office

NOTICE OF INTENT

Department of Insurance
Office of the Commissioner

Rule 3—Advertisements of Accident and Sickness Insurance (LAC 37:XI.Chapter 13)

The Department of Insurance, pursuant to the authority of the Louisiana Insurance Code, R.S. 22:1 et seq., and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., gives notice of its intent to amend Rule Number 3—Advertisements of Accident and Sickness Insurance. The purpose of amending this rule is to remove the requirement under LAC 37:XI.Chapter 31, Rule Number 3 that insurers file a certificate of compliance in regards to advertisements.

Title 37
INSURANCE
Part XI. Rules

Chapter 13. Rule Number 3—Advertisements of Accident and Sickness Insurance

§1301. Purpose

A. The purpose of these rules is to assure truthful and adequate disclosure of all material and relevant information in the advertising of accident and sickness insurance. This purpose is intended to be accomplished by the establishment of, and adherence to, certain minimum standards and guidelines of conduct in the advertising of accident and sickness insurance in a manner which prevents unfair competition among insurers and is conducive to the accurate presentation and description to the insurance buying public of a policy of such insurance offered through various advertising media. This rule is being amended to remove the requirement that insurers file a certificate of compliance in regards to advertisements.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, amended by the Department of Insurance, Office of the Commissioner, LR 43:

§1333. Enforcement Procedures

A. ...

B. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, amended by the Department of Insurance, Office of the Commissioner, LR 43:

§1337. Effective Date

A. This rule shall become effective upon final publication.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, amended by the Department of Insurance, Office of the Commissioner, LR 43:

Family Impact Statement

1. Describe the effect of the proposed regulation on the stability of the family. The proposed amended regulation should have no measurable impact upon the stability of the family.

2. Describe the effect of the proposed regulation on the authority and rights of parents regarding the education and supervision of their children. The proposed amended regulation should have no impact upon the rights and authority of children regarding the education and supervision of their children.

3. Describe the effect of the proposed regulation on the functioning of the family. The proposed amended regulation should have no direct impact upon the functioning of the family.

4. Describe the effect of the proposed regulation on family earnings and budget. The proposed amended regulation should have no direct impact upon family earnings and budget.

5. Describe the effect of the proposed regulation on the behavior and personal responsibility of children. The proposed amended regulation should have no impact upon the behavior and personal responsibility of children.

6. Describe the effect of the proposed regulation on the ability of the family or a local government to perform the function as contained in the Rule. The proposed amended regulation should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the Rule.

Poverty Impact Statement

1. Describe the effect on household income, assets, and financial security. The proposed amended regulation should have no effect on household income assets and financial security.

2. Describe the effect on early childhood development and preschool through postsecondary education development. The proposed amended regulation should have no effect on early childhood development and preschool through postsecondary education development.

3. Describe the effect on employment and workforce development. The proposed amended regulation should have no effect on employment and workforce development.

4. Describe the effect on taxes and tax credits. The proposed amended regulation should have no effect on taxes and tax credits.

5. Describe the effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance. The proposed amended regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

Small Business Analysis

The impact of the proposed regulation on small businesses as defined in the Regulatory Flexibility Act has been considered. It is estimated that the proposed action is not expected to have a significant adverse impact on small businesses. The agency, consistent with health, safety, environmental and economic welfare factors has considered and, where possible, utilized regulatory methods in the drafting of the proposed regulation that will accomplish the objectives of applicable statutes while minimizing the adverse impact of the proposed regulation on small businesses.

1. Identification and estimate of the number of the small businesses subject to the proposed Rule. The proposed amended regulation should have no measurable impact upon small businesses.

2. The projected reporting, record keeping, and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record. The proposed amended regulation should have no measurable impact upon small businesses.

3. A statement of the probable effect on impacted small businesses. The proposed amended regulation should have no measurable impact upon small businesses.

4. Describe any less intrusive or less costly alternative methods of achieving the purpose of the proposed Rule. The proposed amended regulation should have no measurable impact on small businesses; therefore, will have no less intrusive or less cost alternative methods.

Provider Impact Statement

1. Describe the effect on the staffing level requirements or qualifications required to provide the same level of service. The proposed amended regulation will have no effect.

2. The total direct and indirect effect on the cost to the provider to provide the same level of service. The proposed amended regulation will have no effect.

3. The overall effect on the ability of the provider to provide the same level of service. The proposed amended regulation will have no effect.

Public Comments

All interested persons are invited to submit written comments on the proposed regulation. Such comments must be received no later than July 20, 2017, by 4:30 p.m. and should be addressed to Ryan Boyle, Louisiana Department of Insurance, and may be mailed to P.O. Box 94214, Baton Rouge, LA 70804-9214, faxed to (225) 342-1632, or emailed to rboyle@ldi.la.gov. If comments are to be shipped or hand-delivered, please deliver to Poydras Building, 1702 North Third Street, Baton Rouge, LA 70802.

James J. Donelon
Commissioner

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES
RULE TITLE: Rule 3—Advertisements of Accident and Sickness Insurance

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule change will not result in costs or savings to the state or local governmental units. The purpose of amending Rule 3 is to remove the requirement that insurers file a certificate of compliance with their annual statement regarding advertisements of Accident and Sickness Insurance. Each insurer will continue to be required to maintain a complete file containing every advertisement. These advertisements are subject to regular or periodic inspection by the Louisiana Department of Insurance (LDI).

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule change will have no impact on state or local governmental revenues.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rule change will not impose any costs or economic benefits to directly affected persons or non-governmental groups.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule change will have no impact upon competition and employment in the state.

Denise Gardner	Evan Brasseaux
Deputy Commissioner	Staff Director
1706#049	Legislative Fiscal Office

NOTICE OF INTENT

Department of Insurance
Office of the Commissioner

Rule 3A—Advertisement of Medicare Supplement Insurance (LAC 37:XI.Chapter 1)

The Department of Insurance, pursuant to the authority of the *Louisiana Insurance Code*, R.S. 22:1 et seq., and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., hereby gives notice of its intent to amend Rule Number 3A—Advertisement of Medicare Supplement Insurance. The purpose of amending this Rule is to remove the requirement under LAC 37:XI.Chapter 1, Rule Number 3A, that insurers file a certificate of compliance in regards to advertisements.

Title 37
INSURANCE
Part XI. Rules

Chapter 1. Rule Number 3A—Advertisement of Medicare Supplement Insurance

§101. Purpose

A. - D. ...

E. The purpose of this rule is to provide prospective purchasers with clear and unambiguous statements in the advertisements of Medicare supplement insurance; to assure the clear and truthful disclosure of the benefits, limitations and exclusions of policies sold as Medicare supplement insurance. This purpose is intended to be accomplished by the establishment of guidelines and permissible and impermissible standards of conduct in the advertising of Medicare supplement insurance in a manner which prevents unfair, deceptive, and misleading advertising and is conducive to accurate presentation and description to the insurance-buying public through the advertising media and material used by the insurance agents and companies. This