



## LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON  
COMMISSIONER

### BULLETIN NO. 2016-03

**TO: ALL PROPERTY AND CASUALTY INSURERS LICENSED AND/OR DOING BUSINESS IN THE STATE OF LOUISIANA**

**FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE**

**RE: SCHEDULE RATING PLANS FOR COMMERCIAL PROPERTY AND CASUALTY INSURERS**

**DATE: APRIL 19, 2016**

The Louisiana Department of Insurance (LDI) issues Bulletin 2016-03 to rescind LDI Bulletin 09-03 and to amend and restate its position relative to an insurer's use and implementation of schedule rating plans.

In the course of analyzing the numerous schedule rating plans that have been presented to the LDI for review and approval, the LDI has found it necessary to revisit its position relative to the maximum credit or debit percentage set forth for each scheduled characteristic outlined in a proposed schedule rating plan. LDI Bulletin 09-03 set forth the guideline that the LDI shall, in its review and approval of schedule rating plans, consider whether a proposed schedule rating plan illustrates "A ten percent (10%) maximum debit or credit per scheduled characteristic or a twenty-five percent (25%) maximum aggregate debit or credit across all scheduled characteristics."

Please note that the LDI will maintain its guideline, as previously set forth in Bulletin 09-03, that schedule rating plans should be structured such that a plan limits its maximum credit or debit to a twenty-five percent (25%) aggregate across all scheduled characteristics. However, due to current business practices in the insurance industry, the LDI no longer deems it necessary to maintain its guideline relative to a specific limitation on credits or debits for each scheduled characteristic in a schedule rating plan.

In conjunction with the aforementioned revised guideline, the LDI, in its review and approval of schedule rating plans, will continue to consider factors including but not limited to:

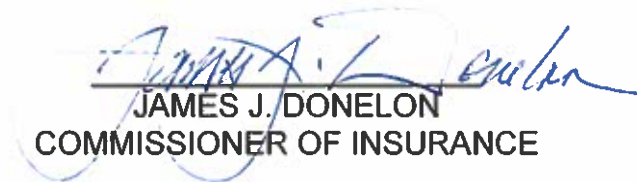
1. A minimum qualifying premium that is reasonable for the risk classification, and;
2. A reasonable number of scheduled characteristics.

It is imperative that all insurers be reminded that schedule rating plans must be filed with the LDI prior to implementation pursuant to La. R.S. 22:1451 et seq. All proposed debits and credits must be adequately supported with credible data and must not produce inadequate or unfairly discriminatory rates in a competitive market pursuant to La. R.S. 22:1454 (A).

The LDI, in observance of its authority to accept, review and approve any application for commercial insurance rates, reserves the right to request additional and/or more specific information with regard to any aspect of a rate filing, including but not limited to any proposed schedule rating plans.

For questions or comments, please contact the Louisiana Department of Insurance, Office of Property and Casualty, Insurance Rating Division, by phone at (225) 342-5203 or by email at [OPC@ldi.la.gov](mailto:OPC@ldi.la.gov).

Baton Rouge, Louisiana, this 19th day of April 2016.



JAMES J. DONELON  
COMMISSIONER OF INSURANCE