



LOUISIANA DEPARTMENT OF INSURANCE
TIMOTHY J. TEMPLE
COMMISSIONER

ADVISORY LETTER 2025-01

**TO: ALL PROPERTY AND CASUALTY INSURERS INCLUDING SURPLUS
LINES INSURERS AND PRODUCERS**

FROM: TIMOTHY J. TEMPLE, COMMISSIONER OF INSURANCE

RE: POLICY FEES OF SURPLUS LINES INSURANCE POLICIES

DATE: JANUARY 17, 2025

Advisory Letter 2025-01¹ is being issued to provide guidance regarding the application of taxes on policy fees and provide guidance to the insurance industry. The purpose of Advisory Letter 2025-01 is to emphasize that, per [La. R.S. 22:855 et. seq.](#), “policy fees” are subject to premium tax.

The LDI reminds surplus lines and commercial lines insurers and producers that the imposition of any fee or charge for insurance or the procurement thereof shall be considered premium unless specifically exempted by statute. The Louisiana Insurance Code broadly defines the term premium to encompass all consideration given for the purchase or continuance of insurance unless specifically exempted by statute. In pertinent part, [La. R.S. 22:46\(20\)](#) states:

"Premium" means all sums charged, received, or deposited as consideration for the purchase or continuance of insurance for a definitely stated term, and shall include any assessment, membership, policy, survey, inspection, service or similar fee or charge made by an insurer as a part of the consideration for the purchase or continuance of insurance.


In pertinent part, [La. R.S. 22:855\(A\)](#) requires that the premium quoted by the insurer...shall be inclusive of all fees, charges, premiums or other consideration charged for the insurance or for the procurement thereof. Additionally, [La. R.S. 22:855\(C\)](#) mandates that each policy delivered to the insured shall have the full and accurate dollar amount of the premium disclosed on the policy, which shall be inclusive of all fees, charges, premiums, or other consideration charged for the insurance or for the procurement thereof.

¹ On October 4, 2012, the Louisiana Department of Insurance (LDI) issued Advisory Letter 2012-03 to address issues concerning producer compensation. Specifically, Advisory Letter 2012-03 discussed La. R.S. 22:1567 et. seq., and the exceptions to that general rule set forth in La. R.S. 22:855 et. seq., regarding premium disclosure and policy fees. On April 12, 2023, Advisory Letter 2012-03-R rescinded Advisory Letter 2012-03.

Under both [La. R.S. 22:855 \(A\) and \(C\)](#), not only must the consideration paid for the insurance be included in the premium quoted and the premium disclosed on the policy, but also any consideration paid to procure such insurance. This means any fee, charge or consideration, regardless of its name, that must be paid by an insured to acquire or obtain the insurance, must be clearly described and itemized by the insurer or producer in both the quote to the insured and on the policy delivered to the insured. It is insufficient for an insurer or producer to include such charges in an insurance quote but omit them from the policy delivered to the insured or vice-versa. [La. R.S. 22:855 \(A\) and \(C\)](#) are independent requirements and the omission of any fees or charges for the insurance or the procurement thereof under either one is prohibited.

If there are any questions or concerns regarding Advisory Letter 2025-01, please contact the Office of Management and Finance at 225-342-1012 or electronically at public@ldi.la.gov.

Baton Rouge, Louisiana this 17th day of January 2025.



TIMOTHY J. TEMPLE
COMMISSIONER OF INSURANCE