

## NOTICE OF INTENT

### Department of Insurance Office of the Commissioner

#### Regulation 70—Replacement of Life Insurance and Annuities (LAC 37:XIII.Chapter 89)

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 Regulation 70—Replacement of Life Insurance and Annuities by repealing §8905(11).

The purpose of the amendment to Regulation 70 is to remove the exemption from the regulation of any insurer that markets under the Home Service Marketing Distribution System, as R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Acts 2009, No. 485, §3 and to update statutory references that have changed due to recodification of Title 22 of the Louisiana Revised Statutes.

### Title 37

### INSURANCE

### Part XIII. Regulations

#### Chapter 89. Regulation 70—Replacement of Life Insurance and Annuities

#### Subchapter A. General Provisions

#### §8905. Exemptions

A.1—A.10. ...

A.11. Repealed.

B. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, R.S. 22:910 and R.S. 22:1141(C)(2).

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 37:318 (July 2011), amended LR:

#### §8917. Violations and Penalties

A. Any failure to comply with this regulation shall be considered a violation of R.S. 22:1964. Examples of violations include:

A.1.—C. ...

D. Violations of this regulation shall subject the violators to penalties as provided by R.S. 22:1969, 1970, and any other applicable provisions of law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11 and R.S. 22:910.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 37:318 (July 2011), amended LR:

## **FAMILY IMPACT STATEMENT**

### **Attachment to Regulation 70**

#### **REPLACEMENT OF LIFE INSURANCE AND ANNUITIES**

**I. 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.

**II. 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.

**III. 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.

**IV. 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.

**V. 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.

**VI. 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**

## **Attachment to Regulation 70**

### **REPLACEMENT OF LIFE INSURANCE AND ANNUITIES**

#### **I. 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.

#### **II. 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.

#### **III. Describe the effect on employment and workforce development.**

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

#### **IV. Describe the effect on taxes and tax credits.**

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

#### **V. 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 STATEMENT

### Attachment to Regulation 70

#### REPLACEMENT OF LIFE INSURANCE AND ANNUITIES

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.

**I. 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.

**II. 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.

**III. A statement of the probable effect on impacted small businesses.**

The proposed amended regulation should have no measurable impact upon small businesses.

**IV. 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**

**Attachment to Regulation 70**

**REPLACEMENT OF LIFE INSURANCE AND ANNUITIES**

**I. 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.

**II. 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.

**III. The overall effect on the ability of the provider to provide the same level of service.**

The proposed amended regulation will have no effect.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

**Person Preparing Statement:** Anita R. Robert  
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Baton Rouge, LA  
70804-9214

**Department:** Louisiana Department of Insurance  
**Office:** Management & Finance  
**Rule Title:** Replacement of Life Insurance and Annuities  
**Effective Date:** Upon Publication

**SUMMARY  
(Use Complete Sentences)**

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

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

The proposed rule change will not result in additional costs or savings for state or local governmental units. The proposed revision aligns the administrative rules with present practice and statute by removing the exemption from Regulation 70 for any insurer that markets under the Home Service Marketing Distribution System. The rule revision is necessary because R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Act 485 of 2009.

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

The proposed rule change will not affect revenue collections for state or local governmental units.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS. (Summary)**

There are no estimated costs and/or economic benefits to directly affected persons or non-governmental groups as a result of the proposed rule change. The proposed revision aligns the administrative rules with present practice and statute by removing the exemption from Regulation 70 for any insurer that markets under the Home Service Marketing Distribution System. The rule revision is necessary because R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Act 485 of 2009.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT. (Summary)**

The proposed rule change will not affect competition or employment.

\_\_\_\_\_  
Nicholas J. Lorusso, Chief Deputy Commissioner  
La. Department of Insurance

\_\_\_\_\_  
Legislative Fiscal Officer or Designee

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Date of Signature

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriated legislative oversight subcommittee in its deliberations on the proposed rule.

- A.** provide a brief summary of the content of the rule (if proposed for adoption or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the Notice of Intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of the current and proposed rules with amended portions indicated).

The proposed rule removes the exemption from Regulation 70 of any insurer that markets under the Home Service Marketing Distribution System, as R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Acts 2009, No. 485, §3. The proposed rule will provide clarity to persons and entities regulated by the LA Dept. of Insurance by removing an exemption no longer supported by current law.

- B.** summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.

The Department of Insurance is tasked with administering the Insurance Code, which regulates the business of insurance in all of its phases. The proposed amendment to Regulation 70 is promulgated to remove an exemption due to the repeal of the definition of the Home Service Marketing Distribution System by Acts 2009, No. 485, §3.

- C.** compliance with Act 11 of the 1986 First Extraordinary Session:

- (1) Will the proposed rule change result in any increase in expenditure of funds? If so, specify the amount and the source.

No increase in expenditure of funds is anticipated as a result of the proposed regulation.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

\_\_\_\_\_ No. If no, provide justification as to why this rule change should be published at this time.

**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET**

**I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM ACTION PROPOSED.**

1. **What is the anticipated increase (decrease) in costs to implement the proposed action?**

LDI does not anticipate any implementation costs (savings) as a result of the proposed regulation.

<b>COSTS</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>
<b>OPERATING EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PROFESSIONAL SERVICES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER CHARGES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUIPMENT</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>MAJOR REPAIR/CONSTR</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>POSITIONS (Number)</b>	<b>0</b>	<b>0</b>	<b>0</b>

2. **Provide a narrative explanation of the costs or savings shown in “A.1” above, including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.**

The proposed rule change will not result in additional costs or savings for state or local governmental units. The proposed revision aligns the administrative rules with present practice and statute by removing the exemption from Regulation 70 for any insurer that markets under the Home Service Marketing Distribution System. The rule revision is necessary because R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Act 485 of 2009.

3. **Sources of funding for implementing the proposed rule or rule change.**

<b>SOURCE</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>
<b>STATE GENERAL FUND</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>AGENCY SELF-GENERATED</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>DEDICATED</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FEDERAL FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER (SPECIFY)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

4. **Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?**

No additional funding is necessary to implement the proposed regulation.

**B. COSTS OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.**

1. **Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.**

The proposed regulation will have no impact on local governmental revenues.

2. **Indicate the sources of funding of local governmental unit(s) which will be affected by these cost or savings.**

No source of funding is necessary; there is no impact on local governmental units as a result of the proposed regulation.



**FISCAL AND ECONOMIC IMPACT STATEMENT  
WORKSHEET  
(Continued)**

**II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS**

**A. What increase (decrease) in revenues can be anticipated from the proposed action?**

The proposed regulation will not affect revenue collections for state or local governmental units.

<b>SOURCE</b>	<b>FY 19/20</b>	<b>FY 20/21</b>	<b>FY 21/22</b>
<b>STATE GENERAL FUND</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>AGENCY SELF-GENERATED</b>	<b>0</b>	<b>0</b>	0
<b>DEDICATED</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FEDERAL FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OTHER (SPECIFY)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

**B. Provide a narrative explanation of each increase or decrease in revenues shown in “A”. Describe all data, assumptions and other methods used in calculating these increases or decreases.**

**III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS.**

**A. What persons or non-governmental groups would be directly affected by the proposed action?**

**For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.) they may have to incur as a result of the proposed action.**

There are no estimated costs and/or economic benefits to directly affected persons or non-governmental groups as a result of the proposed rule change. The proposed revision aligns the administrative rules with present practice and statute by removing the exemption from Regulation 70 for any insurer that markets under the Home Service Marketing Distribution System. The rule revision is necessary because R.S. 22:1553(C), which defined the Home Service Marketing Distribution System, was repealed by Act 485 of 2009.

**B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.**

**IV. EFFECTS ON COMPETITION AND EMPLOYMENT.**

**Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.**

The proposed rule change will not affect competition or employment.

### **Public Comments**

Interested persons who wish to make comments may do so by writing to Lisa Henson, Staff Attorney, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, or by faxing comments to (225) 342-1632. Comments will be accepted through the close of business, 4:30 p.m., September 20, 2019.

James J. Donelon  
Commissioner