

2. The reserve to be maintained on policies issued on used vehicles shall be a reserve of not less than the unearned premium reserve which is generated when the straight line or pro-rated earnings method is applied to each policy issued on a used vehicle.

B. Premium Definition. In items §1709.A.1 and 2 the unearned premium reserves generated shall be those which are generated when the earnings method is applied to the net premium (after commissions to agents) received by the vehicle mechanical breakdown insurer.

C. Reinsurance

1. Should any vehicle mechanical breakdown insurer reinsure all or a portion of its risks through another insurance company, the sum of the reserves maintained by said reinsurance company (for the risk in question) and the reserves maintained by the vehicle mechanical breakdown insurer shall equal not less than the reserve required in §1709.A. Further, such reinsurance shall be admissible toward achieving required reserves only when said reinsurance is with a company or companies that are approved to do business in this state either as a domestic, admitted, or surplus lines insurer.

2. The commissioner shall have the right to examine any reinsurance documents or agreements that may be made between vehicle mechanical breakdown insurers and any such approved company and shall have the power to secure such financial information as he deems necessary from said approved reinsurer.

D. At such time as authority is requested to conduct the business of vehicle mechanical breakdown insurer, the applicant shall fully disclose the reserving method used or to be used by the vehicle mechanical breakdown insurer and shall also disclose any reinsurance agreements which are in existence. Further, if at any time during the conduct of business the mechanical breakdown insurer changes its method of reserving or alters its reinsurance arrangements, if any, written notice shall be given to the Insurance Commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1711. Reports

A. Each vehicle mechanical breakdown insurer shall, on or before the fifteenth day of March of each year, submit to the commissioner a report signed by the president and secretary which shall certify the premiums received by said insurer for the proceeding year. That report shall be audited by a certified public accountant and shall be attested to by him. In conjunction with, and to be submitted at the same time, a complete audited financial statement on the mechanical breakdown insurer. Such audited financial statement shall fully disclose the reserving method used and any reinsurance arrangements in force. Additionally, the audited reports shall contain the following:

1. auditor's report;
2. balance sheet;
3. statement of income and retained earnings;
4. statement of shareholder's equity;
5. statement of changes in financial position;
6. notes to financial statements, which disclose all significant accounting practices.

B. The accounting method used shall not allow for the deferring of acquisition costs, but shall recognize those costs in the period in which they were incurred.

C. The audited statement required shall cover the operations of the mechanical breakdown insurer only. A statement of a holding company, or other parent company, which includes in it the operations of the mechanical breakdown insurer shall not be acceptable to the commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1713. Penalty for Non-Compliance

A. Non-compliance with the provisions of this rule may result in the suspension, revocation or non-renewal of the Certificate of Authority issued by the Commissioner of Insurance pursuant to the provisions of Act 520 of the 1978 Regular Session of the Louisiana Legislature.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

§1715. Severability

A. If any of the provisions of this rule are held invalid, such invalidity shall not effect other provisions which can be given effect without the invalid item and to this end provisions of this rule are hereby declared severed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and Act 520 of the 1978 Regular Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 7:340 (July 1981).

Chapter 19. Rule Number 7—Legal Expense Insurers

§1901. Purpose

A. The purpose of these rules is to adopt uniform guidelines and requirements applicable to legal expense insurers that do business in this state.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1903. Applicability

A. The rules shall apply to all legal expense insurers as defined herein.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1905. Definitions

A. When used in these rules, the following words or terms have the meaning described in §1905.

Agent—an individual who is a resident of this state; or whose principal office is in this state, or a partnership the members of which are residents of this state or have their principal office in this state, or a corporation having, by its charter, the power to act as an insurance agent and whose principal office is in this state, and whose officers and principal stockholders are residents of this state, authorized, in writing, by an insurer lawfully authorized to transact business in this state, to act as its representative with authority to solicit, negotiate and effect contracts of insurance in its behalf, who or which has an office in this state in which is kept a record of the contracts of insurance signed, countersigned or issued by them.

Commissioner—the Commissioner of Insurance for the State of Louisiana.

Department—the Department of Insurance for the State of Louisiana.

Legal Expense Insurer—any person who accepts a pre-payment from or for the benefit of any other person or group of persons as consideration for providing to such person or group of persons the opportunity to receive reimbursement or payment for legal services at such time in the future that such services may be appropriate or necessary.

Person—an individual, insurers, association, organization, partnership, business, trust or other legal entity.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1907. Exemptions

A. The following activities are exempted from the provisions of these rules and they shall not be applicable to persons engaged in those capacities:

1. retainer contracts between attorney(s) and client(s);
2. lawyer referral service authorized by the Louisiana Bar;
3. furnishing of legal assistance by labor unions or other employee organizations to their members relating to employment;
4. furnishing of legal assistance to members by a church, cooperation, educational institution, credit union or organization of employees, where the above contract directly

with an attorney or firm of attorneys for legal services;

5. employee benefit plans to the extent state laws are superseded by 29 USC 1144, provided evidence of exemption from state law is provided to the department.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1909. Qualifications as Insurer Required

A. Any person who accepts a pre-payment from or for the benefit of any other person or group of persons as consideration for providing to such person or group of persons the opportunity to receive reimbursement or payment for legal services at such time in the future as such services may be appropriate or necessary must meet the requirements of the *Louisiana Insurance Code* by becoming qualified as an insurer which is authorized to write miscellaneous coverage. (See "Exemptions" under §1907 of this rule.) Persons offering these services shall qualify as a mutual, stock, reciprocal or Lloyds' plan insurer as defined in Title 22, Louisiana Revised Statutes of 1950, as amended.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982), amended LR 47:1537 (October 2021).

§1911. Licensing of Agents Required

A. The legal expense insurer, as defined herein, shall not contract with, or employ, agents that are not properly licensed under the provisions of Title 22, Louisiana Revised Statutes of 1950, as amended, to solicit, negotiate or issue contracts of insurance that afford legal expense coverage. All of the provisions of law applicable to insurance agents, other than life, health, and accident agents, shall apply to those agents.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1913. Compliance Required

A. Legal expense insurers that have previously done business in this state as an individual corporation, partnership, or other entity shall, within 60 days following final promulgation of these rules, show that they are in compliance with them and applicable provisions of law.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1915. Penalty for Non-Compliance

A. Any legal expense insurer, as defined herein, and that is not subject to the "Exemptions" in §1907 of these rules and who does not hold a current and valid certificate of authority to do business in this state is in violation of R.S. 22:7(A) and the commissioner shall take the necessary steps to enforce those provisions of law. Further, any person who

solicits, negotiates, or issues a contract of insurance that affords legal expense insurance coverage as an agent of a legal expense insurer and who does not hold a proper and valid license as an agent shall be subject to the provisions of R.S. 22:1175 and the commissioner shall take the necessary steps to enforce these provisions of the law.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1917. Severability

A. If any of the provisions of these rules is held invalid, such invalidity shall not affect other provisions which can be given effect without the invalid item, and to this end, the provisions of these rules are hereby declared severable.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 8:235 (May 1982).

§1919. Effective Date

A. The effective date of Rule 7 as amended shall be January 1, 2022.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 47:1537 (October 2021).

Chapter 21. Rule Number 8—A New Annuity Mortality Table for Use in Determining Reserve Liabilities for Annuities

§2100. Authority

A. This Rule is promulgated by the commissioner of insurance pursuant to R.S. 22:753 of the *Insurance Code*.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:753.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 24:2281 (December 1998), amended by the Department of Insurance, Office of the Commissioner, LR 40:1702 (September 2014).

§2101. Purpose

A. The purpose of this Rule is to recognize the following mortality tables for use in determining the minimum standard of valuation for annuity and pure endowment contracts: the 1983 table "a," the 1983 group annuity mortality (1983 GAM) table, the annuity 2000 mortality table, the 2012 individual annuity reserving (2012 IAR) table, and the 1994 group annuity reserving (1994 GAR) table.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:753.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 11:1089 (November 1985), amended LR 24:2281 (December 1998), amended by the Department of Insurance, Office of the Commissioner, LR 40:1702

(September 2014).

§2103. Definitions

1983 GAM Table—that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

1983 Table "a"—that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

1994 GAR Table—that mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force. The 1994 GAR table is included in the report on pages 866-867 of volume XLVII of the *Transactions of the Society of Actuaries* (1995).

2012 IAR Table—that generational mortality table developed by the Society of Actuaries Committee on Life Insurance Research and containing rates, qx 2012+n, derived from a combination of the 2012 IAM period table and projection scale G2, using the methodology stated in §2106.

2012 Individual Annuity Mortality Period Life (2012 IAM Period) Table—the period table containing loaded mortality rates for calendar year 2012. This table contains rates, qx 2012, developed by the Society of Actuaries Committee on Life Insurance Research and is shown in §2113.A and B.

Annuity 2000 Mortality Table—that mortality table developed by the Society of Actuaries Committee on Life Insurance Research. The annuity 2000 table is included in the report on page 240 of volume XLVII of the *Transactions of the Society of Actuaries* (1995).

Generational Mortality Table—a mortality table containing a set of mortality rates that decrease for a given age from one year to the next based on a combination of a period table and a projection scale containing rates of mortality improvement.

Period Table—a table of mortality rates applicable to a given calendar year (the period).

Projection Scale G2 (Scale G2)—is a table of annual rates, G2x, of mortality improvement by age for projecting future mortality rates beyond calendar year 2012. This table was developed by the Society of Actuaries Committee on Life Insurance Research and is shown in §2113.C and D.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:753.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 11:1089 (November 1985), amended LR 24:2281 (December 1998), amended by the Department of Insurance, Office of the Commissioner, LR 40:1702 (September 2014).

§2105. Individual Annuity for Pure Endowment Contracts

A. Except as provided in Subsections B and C of this Section, the 1983 table "a" is recognized and approved as an