LOUISIANA DEPARTMENT OF INSURANCE
TIMOTHY J. TEMPLE
COMMISSIONER

May 20, 2025

TO: Members of the Louisiana Legislature
RE: Opposition to SB 247

Dear Members:

There is no doubt we are in the middle of an insurance crisis in Louisiana. We are seeing the highest automobile rates in Louisiana history. Since the 2024 session ended, the legislature held over a dozen committee meetings to analyze the cost drivers leading to our high insurance rates and discuss proposed solutions.

Those meetings resulted in the clear identification of excessive bodily injury claims as a primary cost driver of our high auto rates. Reform-minded legislators have filed several bills aimed at achieving meaningful auto insurance and legal reform that will finally address the root causes of our exorbitant auto insurance claim frequency and costs.

Unfortunately, a controversial bill that will not improve our auto rates is consuming much of the oxygen in the debate. Originally introduced as HB 576 by Rep. Robby Carter and now amended into Rep. Jeff Wiley's HB 148, the bill would give the insurance commissioner unfettered power to deny any rate based on only the subjective belief that it is too high and without any guardrails to ensure rates that are mathematically necessary to offset the risk assumed are approved.

It does not take much imagination to envision how this sort of power could be abused for personal or political purposes. Contrary to the false assumptions of the proponents of this bill, the insurance commissioner already has the authority to deny a rate that is too high for the risk insured, as that rate would not be actuarially justified.

Faced with inadequate support for HB 576 on the House Floor, Rep. Brian Glorioso proposed to amend the provisions of HB 576 into Rep. Wiley's HB 148, which was a simple and consumer-friendly transparency bill. The amended version of HB 148 not only grants the commissioner the power to reject rates on a subjective basis; it also gives the commissioner the power to order an insurer to refund previously collected premiums that he subjectively deems to be excessive. As such, a commissioner could order an insurer to issue refunds of premiums charged in prior years because he subjectively believes the rate was too high, even if that rate was approved at the time and was mathematically necessary to offset the risk assumed.

HB 148 is now one floor vote away from reaching the governor's desk, and another bill, SB 247 by Sen. Robert Allain, was amended in the Senate Insurance Committee last week to include many of the provisions from HB 576 and HB 148. Like those two bills, SB 247 would introduce further instability into Louisiana's already destabilized auto and property insurance markets by eliminating the distinction between competitive and noncompetitive markets in the law.

P. O. BOX 94214 • BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900 • FAX (225) 342-3078
https://www.ldi.la.gov

Current law grants the commissioner authority to review and subjectively deny rates in a noncompetitive market, which follows NAIC Model Law 1775 and most states in the country. SB 247 throws this commonly adopted concept out the window with no foreseeable benefit.

Insurers rely on a predictable regulatory framework to make informed business decisions. Allowing—and frankly encouraging—subjective disapprovals could lead to inconsistent regulatory actions, making it difficult for insurers to plan and price their products effectively. Moreover, the uncertainty introduced by these bills could deter new insurers from entering the Louisiana market and may prompt existing insurers to reconsider writing new business or even their continued presence in the state. This would ultimately harm consumers by limiting their choices and driving up premiums.

The insurance industry plays a vital role in Louisiana's economy. Destabilizing the market could have broader economic repercussions, affecting not only insurers but also policyholders, businesses and the overall economic health of Louisiana. What sort of benefit could be worth these negative outcomes?

Last year, we worked together to pass a package of property insurance reform bills that aimed to create a more attractive market for property insurers to do business. Those changes are beginning to have a positive effect, and we continue our work to do the same thing this session for the auto insurance market.

HB 148 and SB 247 will reverse the positive trends we are seeing and could stifle any progress this session might otherwise achieve. Instead of helping address our insurance crisis, these bills would make Louisiana's industry more heavily regulated than California's. This is not the path for Louisiana. We cannot overregulate our way out of this crisis. We must continue to focus on meaningful reform efforts to improve our marketplace.

I urge you to join me in opposing HB 148 and SB 247 and advocating for the preservation of a system based on sound actuarial principles and regulatory consistency. We absolutely must maintain our unbiased, predictable regulatory environment that fosters competition, protects consumers and ensures the financial stability of insurers.

Best regards,

Tim Temple
Commissioner of Insurance
State of Louisiana