

## NOTICE OF INTENT

### Department of Insurance Office of the Commissioner

#### **RULE 3 – Advertisements of Accident and Sickness Insurance (LAC 37:XI.Chapter 13)**

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 Rule 3 by repealing §1333(B).

The purpose of the amendment to Rule Number 3 is to remove the requirement that insurers file a certificate of compliance in regards to advertisements.

#### **Title 37**

#### **Insurance**

#### **Part XI. Rules**

### **Chapter 13. Rule Number 3—Advertisements of Accident and Sickness Insurance**

#### **§1301. Purpose**

A. The purpose of these rules is to assure truthful and adequate disclosure of all material and relevant information in the advertising of accident and sickness insurance. This purpose is intended to be accomplished by the establishment of, and adherence to, certain minimum standards and guidelines of conduct in the advertising of accident and sickness insurance in a manner which prevents unfair competition among insurers and is conducive to the accurate presentation and description to the insurance buying public of a policy of such insurance offered through various advertising media. This rule is being amended to remove the requirement that insurers file a certificate of compliance in regards to advertisements.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, Amended LR.

#### **§1333. Enforcement Procedures**

- A. ...
- B. Repealed

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, Amended LR.

**§1337. Effective Date**

- A. This rule shall become effective upon final publication.

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

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, November 1, 1973, Amended LR.

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

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**Department:** Louisiana Department of  
Insurance  
**Office:** Management & Finance  
**Rule Title:** Advertisement of  
Accident and Sickness  
**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 costs or savings to the state or local governmental units. The purpose of amending Rule 3 is to remove the requirement that insurers file a certificate of compliance with their annual statement regarding advertisements of Accident and Sickness Insurance. Each insurer will continue to be required to maintain a complete file containing every advertisement. These advertisements are subject to regular or periodic inspection by the Louisiana Department of Insurance (LDI).
- II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS. (Summary)**  
The proposed rule change will have no impact on state or local governmental revenues.
- III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS. (Summary)**  
The proposed rule change will not impose any costs or economic benefits to directly affected persons or non-governmental groups.
- IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT. (Summary)**  
The proposed rule change will have no impact upon competition and employment in the state.

\_\_\_\_\_  
Denise Gardner, Deputy Commissioner  
La. Department of Insurance

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

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

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

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

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 amended Rule 3 will not result in costs or savings to the state or local governmental units. The purpose of amending Rule 3 is to remove the requirement that insurers file a certificate of compliance in regards to advertisements. This certificate of compliance is filed with the insurers' annual statement. Each Insurer shall continue to maintain a complete file containing every advertisement so that the LDI may call upon during regular or periodical inspection.

- B. Summarize the circumstances which require this action. If the action is required by federal regulation, 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 removes the requirement of a certificate of compliance in regards to advertisements.

**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 amended rule.

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

- (a) \_\_\_\_\_ Yes. If yes, provide documentation.  
(b) \_\_\_\_\_ No. If no, provide justification as to why this rule change should be published at this time.

**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 amended rule.

<b>COSTS</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</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.**

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

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

<b>SOURCE</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</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 amended rule.

**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 amended rule 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 amended rule.

**FISCAL AND ECONOMIC IMPACT STATEMENT**

**WORKSHEET  
(Continued)**

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

The proposed amended rule will have no impact on state or local governmental revenues.

<b>SOURCE</b>	<b>FY 16-17</b>	<b>FY 17-18</b>	<b>FY 18-19</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>

**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.**

The proposed amended rule will have no impact on state or local governmental revenues.

**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.**

The proposed rule change will not impose any costs or economic benefits to directly affected persons or non-governmental groups.

**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 amended rule will have no impact upon competition and employment in the state.

## **FAMILY IMPACT STATEMENT**

### **Attachment to Rule 3**

#### **ADVERTISEMENT OF ACCIDENT AND SICKNESS INSURANCE**

**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.

## SMALL BUSINESS STATEMENT

### Attachment to Rule 3 ADVERTISEMENT OF ACCIDENT AND SICKNESS INSURANCE

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 Rule 3**

#### **ADVERTISEMENT OF ACCIDENT AND SICKNESS INSURANCE**

- 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.

# POVERTY IMPACT STATEMENT

## Attachment to Rule 3

### ADVERTISEMENT OF ACCIDENT AND SICKNESS INSURANCE

**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.

## Summary Statement

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., gives notice of its intent to amend Rule Number 3 – Advertisements of Accident and Sickness Insurance. The purpose of amending this rule is to remove the requirement under LAC 37: XI. Chapter 31 Rule Number 3 that insurers file a certificate of compliance in regards to advertisements.

## Public Comments

All interested persons are invited to submit written comments on the proposed regulation. Such comments must be received no later than July 20, 2017, by 4:30 p.m. and should be addressed to Ryan Boyle, Louisiana Department of Insurance, and may be mailed to P.O. Box 94214, Baton Rouge, LA 70804-9214, faxed to (225) 342-1632, or emailed to [rboyle@ldi.la.gov](mailto:rboyle@ldi.la.gov). If comments are to be shipped or hand-delivered, please deliver to Poydras Building, 1702 North 3<sup>rd</sup> Street, Baton Rouge, LA 70802.

James J. Donelon  
Commissioner of Insurance