August 20, 2021

The Honorable Patrick Page Cortez
President, Louisiana State Senate
P.O. Box 94183
Baton Rouge, LA 70804

The Honorable Clay Schexnayder
Speaker, Louisiana House of Representatives
P.O. Box 94062
Baton Rouge, LA 70804

The Honorable Kirk Talbot
Chairman, Senate Insurance Committee
P.O. Box 94183
Baton Rouge, LA 70804

The Honorable Edmond Jordan
Acting Chairman, House Insurance Committee
P.O. Box 94062
Baton Rouge, LA 70804

RE: Summary Report – Rule 7—Legal Expense Insurers

Dear President Cortez, Speaker Schexnayder, Senator Talbot, and Representative Jordan:

The Louisiana Department of Insurance (LDI) hereby submits the following summary report required by La. R.S. 49:968(D)(1)(b), and announces its intention to proceed to finalize the amendment of Rule 7, which was published as a Notice of Intent in the July, 2021 edition of the Louisiana Register.

Interested persons were provided an opportunity to submit comments to the LDI on the proposed regulation. The LDI did not receive any written or oral comments by the expiration of the comment period.
Subject to legislative oversight, the LDI would like to finalize the amendment of Rule 7 and submit the regulation to the Office of the State Register for publication in the October, 2021 edition of the Louisiana Register. A copy of the summary report will be placed on the LDI’s website in accordance with La. R.S. 49:968(D)(1)(c).

If you have any questions or need any additional information, please contact me at (225) 219-7851, or electronically at Lisa.Henson@ldi.la.gov.

Sincerely,

Lisa L. Henson
Staff Attorney
Louisiana Department of Insurance

Enclosure: Notice of Intent to Amend Rule 7—Legal Expense Insurers
4. 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.

**Povery Impact Statement**

1. 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.
2. 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.
3. Describe the Effect on Employment and Workforce Development. The proposed amended regulation should have no effect on employment and workforce development.
4. Describe the Effect on Taxes and Tax Credits. The proposed amended regulation should have no effect on taxes and tax credits.
5. 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.

**Provider Impact Statement**

1. 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.
2. 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.
3. The Overall Effect on the Ability of the Provider to Provide the Same Level of Service. The proposed amended regulation will have no effect.

**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., August 19, 2021.

James J. Donelon
Commissioner

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

**RULE TITLE: Regulation 118—Requirements in the Event of a Declared Emergency**

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

The proposed rule changes will not result in any costs and/or economic benefits to directly affected persons or non-governmental groups. The rule is being promulgated to comply with Acts 2021, No. 223, §1 of the Regular Session of the Louisiana Legislature that enacted R.S. 22:11(C), which requires the commissioner to promulgate rules and regulations to govern the business of insurance in the event of a declaration of emergency.

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

The proposed rule changes will not affect revenue collections of state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES OR NONGOVERNMENTAL GROUPS (Summary)

The proposed rule changes will not result in any costs and/or economic benefits to directly affected persons or non-governmental groups. The rule is being promulgated to comply with Acts 2021, No. 223, §1 of the Regular Session of the Louisiana Legislature that enacted R.S. 22:11(C), which requires the commissioner to promulgate rules and regulations to govern the business of insurance in the event of a declaration of emergency.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule changes will not affect competition or employment.

Denise Gardner
Chief of Staff
2107#047

Alan M. Boxberger
Staff Director

**NOTICE OF INTENT**

Department of Insurance
Office of the Commissioner

Rule 7—Legal Expense Insurers (LAC 37:XI.1909 and 1919)

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 7—Legal Expense Insurers by changing the line of insurance applicable to prepaid legal services.

The Louisiana Department of Insurance (“LDI”) is amending Rule 7 to address the proper line of insurance into which prepaid legal services should be placed. When originally introduced as a program, prepaid legal services was placed under the line of “fidelity and surety.” Thereafter, the LDI split “fidelity and surety” into two separate lines, to wit: “fidelity” and “surety.” The LDI subsequently created a new line of insurance, to wit: “miscellaneous.” Upon reviewing the nature of the prepaid legal services program, the LDI has determined that such program properly falls under the definition set forth for “miscellaneous” in La. R.S. 22:47(14). As such, the purpose of the amendment to Rule 7 is to change the line of insurance applicable to prepaid legal services from “fidelity and surety” to “miscellaneous.”

**Title 37**

**INSURANCE**

Part XI. Rules

Chapter 19. Rule Number 7—Legal Expense Insurers §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
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.
FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

RULE TITLE: Rule 7—Legal Expense Insurers

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)
   The proposed rule changes will not result in additional costs or savings for state or local governmental units. The proposed rule changes involve the insurance rate regulations, and the costs for insurers to comply with these new regulations are expected to be minimal.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)
   The proposed rule changes will not affect revenue collections for state or local governmental units.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES OR NONGOVERNMENTAL GROUPS (Summary)
   The proposed rule changes may result in indeterminable additional costs for insurers to the extent they must amend their certificate of authority to comply with the new regulations.

IV. ESTIMATED EFFECT ON COMPEITION AND EMPLOYMENT (Summary)
   The proposed rule changes will not affect competition or employment.

S. Denise Gardner
Chief of Staff
2107#024

Alan M. Boxberger
Staff Director
Legislative Fiscal Office

NOTICE OF INTENT

Department of Natural Resources
Office of Conservation

Fire Hazards (LAC 43:XIX.115)

The Department of Natural Resources, Office of Conservation proposes to amend LAC 43:XIX, Subpart 1 in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and pursuant to the power delegated under the law of the state of Louisiana. The proposed rule changes will increase safety and prevent future accidents involving oil and gas storage tanks on drilling sites.

Title 43
NATURAL RESOURCES
Part XIX. Office of Conservation - General Operations
Subpart 1. Statewide Order No. 29-B
Chapter 1. General Provisions
§115. Fire Hazards
A.1. - B. …
1. Each permanent oil, tank or battery of tanks that are located within the corporate limits of any city, town, or village, or where such tanks are closer than 500 feet to any highway or inhabited dwelling or closer than 1000 feet to any school, or church, must:
   a. be surrounded by a dike (or firewall) or retaining wall of at least the capacity of such tank or battery of tanks, with the exception of such areas where such dikes (or firewalls) or retaining walls would be impossible such as in water areas. At the discretion of the Commissioner of Conservation, firewalls of 100 percent capacity can be required where other conditions or circumstances warrant their construction;
   b. be enclosed by a fence no less than four feet high and at a minimum, composed of four strands of wire and a lockable gate which shall be locked when the site is unmanned and the fence and gate shall be properly maintained at all times. Conservation shall be provided a means to unlock the gate;
   c. all hatches to the tank, which do not serve as a pressure relief device, must be sealed when the site is unmanned;
   d. a warning sign must be prominently displayed on or immediately adjacent to the tank or ladder providing access to the tank and the gate providing entry to the site, denoting danger, flammable contents;
   e. the above safety regulations must be implemented within three months of their promulgation.

C.2. - F. …

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:80 et seq.
HISTORICAL NOTE: Promulgated by Department of Natural Resources, Office of Conservation, (August 1943), amended (March 1955), (December 1963), amended by the Department of Natural Resources, Office of Conservation, LR 47:

Family Impact Statement
This Rule has no known impact on family formation, stability, and autonomy as described in R.S. 49:972.

Poverty Impact Statement
This Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Analysis
This Rule has no known impact on small businesses as described in R.S. 49:965.6.

Provider Impact Statement
This Rule has no known impact on providers as described in HCR 170 of 2014.

Public Comments
All interested parties will be afforded the opportunity to submit data, views, or arguments, in writing. Written comments will be accepted by hand delivery or USPS only, until 4 p.m., April 10, 2019, at Office of Conservation, Executive Division, P.O. Box 94275, Baton Rouge, LA 70804-9275; or Office of Conservation, Executive Division, 617 North Third Street, Room 931, Baton Rouge, LA 70802. Reference Docket No. RA 2021-01. All inquiries should be directed to John Adams at the above addresses or by phone to (225) 342-7889.

Richard P. Jeyoub
Commissioner

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Fire Hazards

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)
   There are no anticipated implementation costs to the Department of Natural Resources (DNR) or local governmental units as a result of the proposed rule change. The proposed amendment will increase safety and prevent future accidents involving oil and gas storage tanks on drilling sites by requiring certain safety features at project sites.

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