

# Louisiana Department of Insurance



# 2010-2011 ANNUAL REPORT

James J. Donelon  
Commissioner of Insurance



## LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON  
COMMISSIONER

What follows in this Annual Report are the facts and figures that more measure the accomplishments of the staff of the Louisiana Department of Insurance. There is so much that cannot be easily counted or quantified. The phone calls and correspondence handled, time spent investigating complaints or approving forms may indeed be countable, but these numbers cannot completely tell anyone the value of the public servants who work here.

This year, I wish to add my personal thanks to the many dedicated individuals who work with me at the Department of Insurance and who make it possible to achieve the balanced and fair regulatory environment that helps make Louisiana a better market place for consumers to access the insurance they require. The diligence, dedication and perseverance our employees demonstrate on a daily basis are immeasurable.


I wish all policymakers could be unseen visitors and observers at the LDI for a day. They could then witness for themselves the engaged interaction between our employees and licensed entities, and they would be assured that the LDI values consistent, fair regulation of the business of insurance. They would hear compassion and understanding in the voices of staff who help consumers navigate through problems associated with insurance. What impresses me most about our staff is their courteous professionalism in dealing with the public and with those we regulate.

LDI, like other large workplaces, faces daily challenges in keeping our building safe and comfortable, balancing our accounts, providing technological support, delivering our mail and helping employees deal with internal and external stresses. The personnel who provide for these operations are also highly courteous and professional.

While I paint a picture of perfection, you can be assured that the LDI, like other workplaces has its imperfections. There are days when the rain comes in, employees need referees and someone "drops the ball." We consider such lapses opportunities to learn to do better. Unfortunately, there are also genuine tragedies that can touch the workplace, as ours was this past year.

On June 7, two fraud investigators lost their lives doing work they loved. Rhett Jeansonne, who was with the LDI Fraud Section since November 2006, and Kim Sledge, an 11-year employee of the LDI who had transferred to the Fraud Section from the Office of Health Insurance in November 2007, were shot and killed while attempting to collect information from a Ville Platte insurance agent. Both Rhett and Kim possessed an inner drive to protect those we represent from corrupt and fraudulent practices. Their tragedy made us all even more committed to justice and fair play.

These fallen heroes have inspired all of us to work a little harder, to cherish our colleagues and families even more, and to better understand that the regulation of insurance must be done in a way that preserves responsibility and integrity in business practices and respects the limits of law. I am very proud of the dedicated employees who work at the Louisiana Department of Insurance, and I look forward to the next four years.

  
Jim Donelon  
Commissioner of Insurance

# 2010-2011

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## ANNUAL REPORT OF THE COMMISSIONER OF INSURANCE STATE OF LOUISIANA

*Data compiled from Department of Insurance records and annual statements of insurers transacting business in the state of Louisiana during the fiscal year ending June 30, 2011.*

**FISCAL YEAR BEGINNING JULY 1, 2010  
ENDING JUNE 30, 2011**

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**JAMES J. DONELON**

Commissioner of Insurance

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**This report is available on the  
Louisiana Department of Insurance website,  
*[http://www.ldi.la.gov/guides\\_and\\_forms/AnnualReports.html](http://www.ldi.la.gov/guides_and_forms/AnnualReports.html)*.**

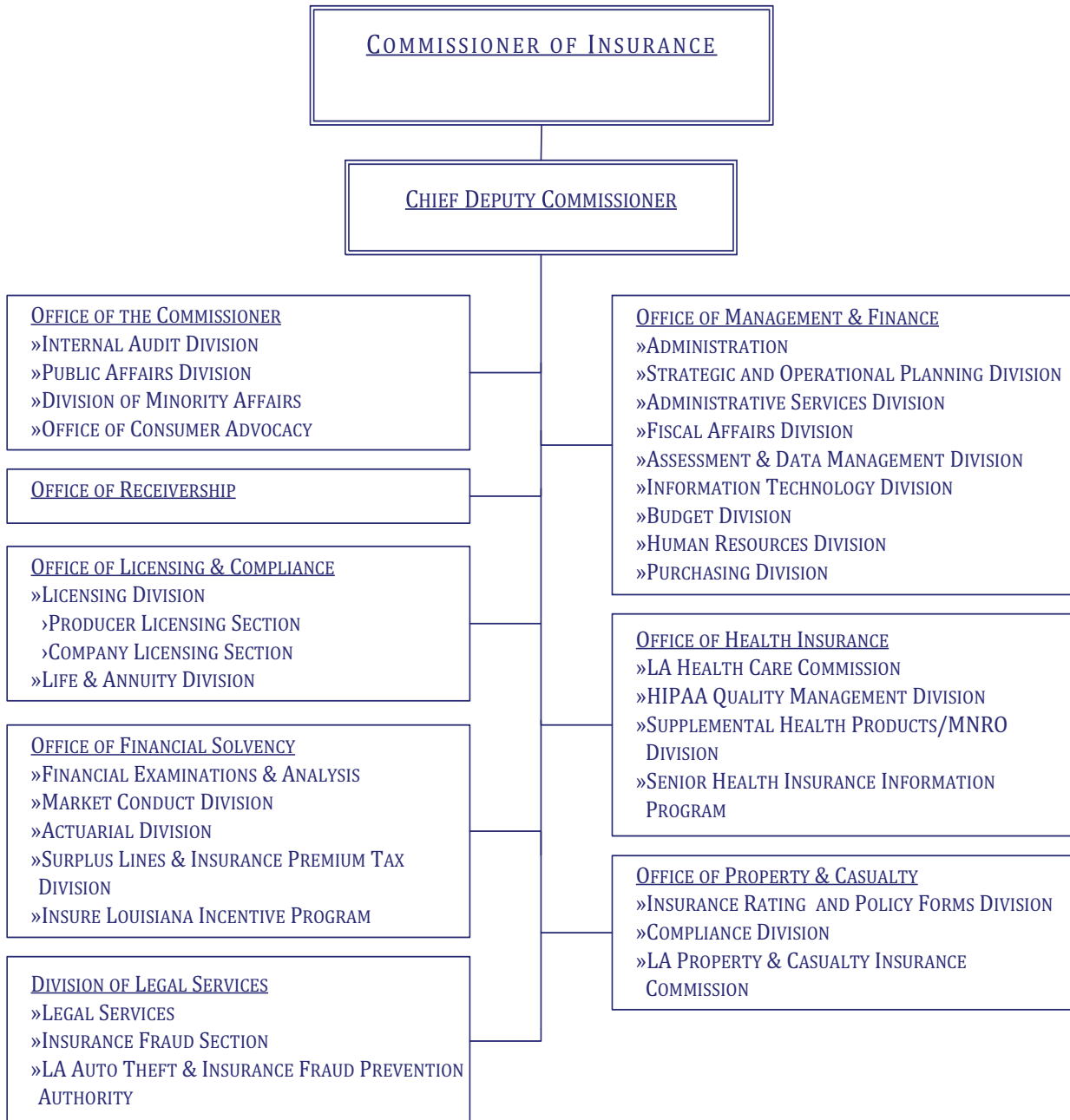
The seal of the Department of Insurance of Louisiana is a circular emblem. It features a central figure of a person, possibly a deity or a historical figure, seated on a throne. The figure is surrounded by a wreath. The text "DEPARTMENT OF INSURANCE" is written in a circle around the central figure. Below the figure, the words "CONFIDENCE" and "JUSTICE" are visible. The outer ring of the seal contains the text "STATE OF LOUISIANA" at the top and "COMMISSIONER OF INSURANCE" at the bottom.

## **DEPARTMENT OF INSURANCE MISSION STATEMENT**

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**The mission of the Department of Insurance is to enforce the insurance laws and regulations of the state impartially, honestly and expeditiously. To this end, the highest ethical, professional and work quality standards will be exercised in all formal and informal relationships with individuals, agencies and companies affected by the policies and actions of the Department. It is the Department's commitment to be the best insurance regulatory agency in the United States.**

**AGENCY ORGANIZATION CHART  
AS OF THE 2010-2011 FISCAL YEAR**



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[http://www.ldi.la.gov/guides\\_and\\_forms/annualreports.htm](http://www.ldi.la.gov/guides_and_forms/annualreports.htm)*

*These appendices contain Market Share Reports for Life & Annuity, and  
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# **EXECUTIVE SUMMARY**

# EXECUTIVE SUMMARY

The Louisiana Department of Insurance operated in FY 2010-2011 on an appropriated budget of \$31.9 million, including \$2.2 million in federal funds awarded after the beginning of the fiscal year and authorized for expenditure by the Joint Legislative Committee on the Budget. There were 265 positions authorized by HB 1 of the 2010 Regular Session, a reduction of nine from the prior year and the lowest staffing level in more than 12 years. There were four employees serving in restricted, temporary full-time positions to fulfill the requirements of the Office of Health Premium Rate Review process which was funded by one of the federal grants. Even including these four positions, the Louisiana Department of Insurance operated with eight fewer fulltime staff than in FY 2004-2005, which serves as the pre-storm comparison basis for the size of state government.

The Louisiana Department of Insurance operated on self-generated revenue, with some additional federal funds allocated to the Office of Health Insurance for its activities of the Senior Health Insurance Information Program and for the development of a process for reviewing health insurance premium and rates.

Despite the reduced personnel levels and increased responsibilities under grant requirements of the federal Patients Protection and Affordable Care Act, the Louisiana Department of Insurance was able to maintain services to both regulated entities and the general public, and with few exceptions, achieved the performance standards prescribed by the legislature. The Louisiana Department of Insurance also maintained its accreditation with the National Association of Insurance Commissioners.

The Louisiana Department of Insurance collected \$364.6 million in insurance premium tax on behalf of the general fund; \$54.0 million in assessments on insurance premium for the benefit of the Municipal Police Retirement, Fire Fighters Retirement, Sheriff's Pension and Relief Fund, and Municipal Fire and Police Civil Service; \$42.9 million in Louisiana Department of Insurance operating revenue from fees, rating assessment, HIPAA assessment and fraud assessment. The Louisiana Department of Insurance reverted \$16.3 million to the state's general fund at year end.

A major goal of the Louisiana Department of Insurance is to improve competition in the state's insurance market. During FY 2010-2011, there were improvements to the competitive property and casualty marketplace in Louisiana, especially in the workers' compensation and commercial liability lines, and moderate improvement in the homeowners line, with Louisiana Citizens Property Insurance Corporation's market share continuing to decline.

Regulation of the solvency and market conduct of insurers remains a paramount responsibility of the department. Both solvency and market conduct of insurers are evaluated through in-house analysis and field examinations. Financial examinations proceed on a statutory schedule. Monitoring during FY 2010-2011 achieved the desirable result of no companies being placed in administrative supervision during the year.

The Louisiana Department of Insurance was able to serve the industry in a timely manner in its role of prior approval of insurance policy contract language and, where applicable, rate and rule filings. Overall, the forms approval process averaged 23.24 days, compared with a 25.2 day average in the prior fiscal year. The most improvement occurred in the Office of Property and Casualty, where form processing time improved from an average of 25 days to an average of 21 days. The Life & Annuity Division of the Office of Licensing and Compliance performed within its performance standard of 25 days for processing forms, but its 22 day average underperformed the prior year average of 15 days. The Office of Health

## EXECUTIVE SUMMARY

improved its form processing time with an average of 33 days compared to the prior year, which averaged 35 days for processing of health contracts, policy forms, advertising, and, where authorized, rates.

Rate filings in property/casualty were processed in an average of 25.6 days, a significant improvement over the prior year average of 31.34 days. There were 574 filings requiring actuarial review, five percent fewer than the prior year. Overall, rates among rate regulated entities increased by 1.17 percent.

Administrative provisions promulgated by the Louisiana Department of Insurance through its Division of Legal Services included regulations, directives, advisory letters and bulletins, which are described in this report and available in full on the department's website. The Division of Legal Services' Fraud Section works to prevent fraud by performing background checks of licensees, and the section investigates insurance fraud allegations against claimants and regulated entities. The Fraud Section refers cases and provides evidentiary support to state police and local law enforcement, as Louisiana Department of Insurance fraud investigators do not have arrest power.

Service to the general public through the compliance divisions which investigate complaints filed against Property and Casualty, Health Insurance and Life and Annuity companies or producers is measured as average days to complete the investigation and total dollars recovered as a result of the complaint. Together, all divisions completed over 3,600 complaint investigations in an average of 38.7 days per investigation. Total recovery from complaints was \$8.8 million, including the results of each specialty area and the Office of Consumer Advocacy. As a further measure of the effectiveness of the Louisiana Department of Insurance both in service to Louisianans and in regulating the market conduct of licensees, the department tallied the results of closed complaints, which for FY 2010-2011 were 30 percent in the complainant's favor, 23.5 percent in the regulated entity's favor, and 46.5 percent with a neutral disposition.

The Louisiana Department of Insurance served the public and the insurance industry in responding to public records requests and to numerous inquiries, through phone calls, mailed and faxed requests, and web-based systems.

Outreach efforts of the Louisiana Department of Insurance occur in the activities of the Division of Minority Affairs, the Office of Consumer Advocacy, SHIP, the Louisiana Automobile Theft and Insurance Fraud Prevention Authority, the Louisiana Property and Casualty Insurance Commission and the Louisiana Health Care Commission. In total, the Louisiana Department of Insurance staff made direct outreach contact with over 32,000 people in Louisiana, through live presentations at public and private meetings, through conferences, educational seminars and through its outreach partners.

The Louisiana Department of Insurance welcomes this annual opportunity to share with the legislature and the public a description of the department's operations and a quantification of the department's performance for the year. The department's mission continues to be to regulate the insurance industry in the state fairly and impartially and to serve as an advocate for the state's insurance consumers. All tables and charts in this report are for the 2010-2011 fiscal year unless stated otherwise. This document will remain accessible on the department's website

[http://www.ldi.la.gov/guides\\_and\\_forms/AnnualReports.html](http://www.ldi.la.gov/guides_and_forms/AnnualReports.html)

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# OFFICE OF THE COMMISSIONER

*The Louisiana Department of Insurance was reaccredited by the National Association of Insurance Commissioners in June 2009.*

## **INTERNAL AUDIT DIVISION**

The Internal Audit Division, established in 1992, reports administratively to the Commissioner of Insurance via the Chief Deputy Commissioner. Its main purpose is to assist management by providing independent assessments that identify deficiencies in departmental operations and making recommendations for corrective actions and potential process improvements. In order to fulfill this purpose, the Internal Audit staff has full and unrestricted access to all departmental activities, records, property and personnel.

The goals of the division include conducting effective and timely audits of Department offices and divisions; producing objective audit reports with appropriate constructive criticism; and assisting management in determining changes needed to address; eliminate repeat findings in audit reports received from the Louisiana Legislative Auditor; and ensuring the continuing education and professional training of its staff. Additionally, as part of the annual audit schedule, the Internal Audit staff conducts follow-up visits to areas previously audited to ensure that corrective actions are implemented.

Internal Audit also performs special projects and reviews as assigned by the Commissioner or requested by division managers.

## **PUBLIC AFFAIRS DIVISION**

The Public Affairs Division reports directly to the Commissioner of Insurance. Its major function is to communicate the Department's message through printed materials such as press releases, brochures and newsletter articles. The Division is also responsible for creating and maintaining the Department's website, [www.ldi.la.gov](http://www.ldi.la.gov); managing the public email system; coordinating all media calls and public information requests; and arranging media interviews and speaking engagements for the Commissioner.



## **DIVISION OF MINORITY AFFAIRS**

### LA. R.S. 22:31(5) REPORT BY THE DIVISION OF MINORITY AFFAIRS

*To submit an annual report by April first of each year to the House and Senate Insurance Committees relative to educational and informational services made available to minorities, the number and types of inquiries and all available relevant information from applicants and producers.*

### **LEGISLATIVE BACKGROUND**

In 1984, the Governor signed Act 850 into law creating the Division of Minority Affairs. This Act provides the regulatory umbrella to assure “Equal Opportunity In Insurance” for the citizens of Louisiana.

In 1992 and 1993, the Louisiana Legislature revised and reenacted the authorizing legislation to expand the scope and duties of the Division of Minority Affairs and its board of directors – the Advisory Committee on Equal Opportunity. In 2009, the legislature increased the membership on the Advisory Committee from 16 to 23 members.

### **PURPOSE**

The purpose of the Division of Minority Affairs is to assist individuals as well as small, minority and disadvantaged insurance agencies and producers by providing educational and informational services to foster a greater awareness of the opportunities available in the insurance industry, in addition to the skills, training and education necessary to prepare for opportunities in employment, appointment as producers and contracting for services with insurance companies.

### **IMPLEMENTATION**

Activities of the Division of Minority Affairs include:

- » Surveying insurance companies to obtain statistical information on the number of minorities employed in industry-related professional level jobs, with the goal of expanding the number of minority and disadvantaged persons in the insurance industry;
- » Training programs for individuals as well as small, minority and disadvantaged agencies and producers;
- » Providing insurance information services to groups of minority and disadvantaged consumers;
- » Increasing the number of standard contracts for small, minority and disadvantaged producers with standard carriers;

**OFFICE OF THE COMMISSIONER**  
**MINORITY AFFAIRS**

- » Recruiting more minority producers, underwriters and insurance industry employees through the website: “Minority Affairs Insurance Industry Job Center”;
- » Formalize working with university personnel to promote academic concentrations in insurance.

**MEMBERSHIP OF THE ADVISORY COMMITTEE ON EQUAL OPPORTUNITY**

The Advisory Committee on Equal Opportunity is composed of 23 members. Twenty-two members are from a diverse cross section of experts from the insurance industry, universities, and trade and professional associations, both state and national. The Deputy Commissioner of Minority Affairs serves as the 23rd member.

These members are responsible for assisting the commissioner in establishing educational and informational services which foster greater awareness of career opportunities in the insurance business and greater awareness of the skills and training necessary to pursue employment, appointments as producers, and providers of support services for Louisiana-authorized insurers.

**HIGHLIGHTS OF FISCAL YEAR 2010-2011**

- » The Division of Minority Affairs responded to 81 minority inquiries from minority and disadvantaged producers. Four of those were assisted with obtaining standard contracts with standard insurers.
- » The Division of Minority Affairs assisted seven minority independent producers with preparing business plans to submit to new companies for consideration for appointments and contracts.
- » The Division of Minority Affairs worked with the National Conference of Black Mayors along with the 68 black mayors in the state to assist minority churches throughout the state with insurance. The Division of Minority Affairs met with 22 churches and their congregations to distribute a pamphlet created by the Division of Minority Affairs to assist them with obtaining proper coverage for the underinsured and uninsured people within the population of Louisiana’s minority churches.
- » Twenty-four companies and agencies have agreed to post vacancies to the LDI’s Division of Minority Affairs website [www.ldi.la.gov/minorityaffairs/jobs.html](http://www.ldi.la.gov/minorityaffairs/jobs.html). During FY 2010-2011, two positions were posted to the site resulting in one job match.
- » One minority educational conference was held in the Baton Rouge area. This conference provided minorities and the disadvantaged with information on contracts, educational and employment opportunities.
- » Distributed consumer guides at variety of events including four legislative town hall meetings, community events and church conferences.
- » Working with Southern University College of Business to establish an Insurance Institute.
- » Worked with both the Louisiana Municipal Association Black Caucus and the Policy Jury Association of Louisiana Black Caucus.

**AGENDA FOR FISCAL YEAR 2011-2012**

- » Continue to work with Southern University to offer an insurance curriculum to attract minorities to the insurance industry;
- » Continue to work closely with minority churches in the state to evaluate information relative to the number of underinsured people within the population of Louisiana’s minority churches;
- » Continue to expand producer and consumer education and informational services to other ethnic groups;
- » Hold regular meetings with minorities and other ethnic group leaders to better serve the insurance needs of culturally-diverse communities;
- » Promote pre-licensing and continuing education courses for insurance producers;
- » Provide educational training/seminars and training programs to assist minority and disadvantaged producers and persons in the insurance industry with obtaining contracts and employment in the insurance industry;
- » Assist new producers to obtain contracts and establish their agencies;
- » Revise minority survey and send to all insurance companies licensed in the state;
- » Meet with insurance companies, general agents and brokers to assist minority producers in acquiring contracts.

<b>ACTIVITIES OF THE DIVISION OF MINORITY AFFAIRS</b>		<b>TABLE 1</b>
Producers/Agencies Assisted	77	
Consumer/Producer Complaints/General Information Cases Handled	139	
Complaints Referred to Advisory Committee	0	
Trainings/Seminars Conducted	1	
Persons Attending Training/Seminars	168	
Business Plan Assistance	7	
Company Posting Positions	2	
Industry Jobs Obtained from Postings	1	
Producers Assisted with Obtaining Contracts	4	

## **OFFICE OF CONSUMER ADVOCACY**

The Office of Consumer Advocacy was created by Act 222 of the 2007 Regular Session of the Louisiana Legislature to assist consumers with insurance inquiries and to enforce the Policyholder Bill of Rights (La. R.S. 22:41). OCA began operations in November 2007. The staff of OCA works with other divisions in the Department of Insurance to perform the following duties and functions concerning products or services regulated by the Department of Insurance:

- » Answer consumer questions;
- » Disseminate informational brochures to consumers, civic associations, governmental organizations and other interested parties;
- » Serve as an advocate for consumers requesting assistance;
- » Report violations of rules, regulations or laws of those entities regulated by the Department of Insurance to the appropriate official in the Department of Insurance;
- » Ensure compliance with the Policyholder Bill of Rights.

### **OFFICE OF CONSUMER ADVOCACY STATISTICS**

OCA receives complaints and inquiries regarding all lines of insurance. In addition, the office also receives questions regarding legislation that affects the insurance industry and the various trends that are currently taking place in the insurance marketplace. Consumers are encouraged to file initial complaints through the appropriate Consumer Affairs Compliance Division. OCA diligently works with the other divisions to ensure that a fair resolution is reached for each consumer. However, if a consumer is still not satisfied with the results obtained after a complaint has been handled by the appropriate division or has additional questions, OCA will conduct a comprehensive investigation of the closed complaint file. OCA is the only division within the Louisiana Department of Insurance that can audit the complaint files of another division. OCA assists consumers with questions and inquiries and, when necessary, will contact insurance companies and insurance producers on behalf of consumers to gather information to assist consumers with understanding their unique situations or problems.

**TABLE 2** **COMPLAINT DISPOSITIONS REACHED FOR  
OFFICE OF CONSUMER ADVOCACY COMPLAINTS CLOSED**

<i>Disposition</i>	<i>Number Closed</i>
Favorable to Consumer	5
Favorable to Regulated Entity	1
Neutral	1
<b>Total</b>	<b>7</b>

**CLOSED FILES OF THE OFFICE OF CONSUMER ADVOCACY**

**TABLE 3**

<i>Category of Complaint</i>	<i>Number of Complaints</i>	<i>Percent of Complaints</i>	<i>Number of Inquiries</i>	<i>Percent of Inquiries</i>
Property/Casualty	3	43%	17	77%
Health	1	14%	4	18%
Life & Annuity	3	43%	1	5%
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>22</b>	<b>100%</b>

**RECOVERY DOLLARS OF THE OFFICE OF CONSUMER ADVOCACY**

**TABLE 4**

<i>Category</i>	<i>Total Recovered</i>
Complaints	\$33,149
Inquiry	\$9,330
<b>Total Money Recovered for Consumers</b>	<b>\$42,479</b>

**OFFICE OF CONSUMER ADVOCACY ACTIVITIES**

OCA staff members attended numerous speaking engagements throughout the state in an effort to educate consumers about insurance. OCA staff served as guest speakers for professional organizations, civic organizations, senior centers, legislative forums and town hall meetings. At these meetings, participants were provided an oral presentation on the topics of their choice, informational brochures and question/answer sessions. By attending these presentations, staff of the OCA explained the functions of the Louisiana Department of Insurance, discussed the many divisions within the Department, and explained to consumers what programs are available to assist them and how. While educating consumers, OCA staff implores them to read their policies, understand what is covered under each policy, ask questions of their producer if they do not understand something, and know what rights are afforded them through the Policyholder Bill of Rights.

To follow up and support outreach activities, OCA produced a monthly electronic newsletter. The newsletter is available through the department’s website and electronically mailed to over 700 registered recipients and forwarded to thousands.

**ACTIVITIES OF THE OFFICE OF CONSUMER ADVOCACY**

**TABLE 5**

Speaking engagements	106
Informational packets distributed	10,541

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# OFFICE OF MANAGEMENT & FINANCE

Management and Finance has nine divisions that oversee the day-to-day operations of the Department:

- » Administration
- » Strategic and Operational Planning
- » Administrative Services
- » Fiscal Affairs
- » Assessment and Data Management
- » Information Technology
- » Budget
- » Human Resources
- » Purchasing

## **ADMINISTRATION**

The Administration Division handles all of the interdivisional functions of the Office of Management and Finance.

## **STRATEGIC AND OPERATIONAL PLANNING**

Strategic and Operational Plans were legislatively mandated in 1997. This division collects, analyzes and reports quarterly performance results for the Department's program activities; collects information for legislative fiscal notes; and writes economic and family impact statements for all LDI rules promulgated. During the 2011 Regular Session, the division provided information to the Legislative Fiscal Office for its development of 12 fiscal notes. In 2010-2011, the Department tracked and reported on 38 key (quarterly) performance indicators and 14 supporting (semi-annual) performance indicators and provided general performance data in 65 reportable areas. To view the Department's performance information, in addition to the activity information contained in this annual report, visit

<http://www.doa.louisiana.gov/opb/lapas/lapas.htm>.

## **ADMINISTRATIVE SERVICES**

The Administrative Services Division was formed in 1997 to improve the provision of necessary support services to employees of the Department of Insurance. All services are performed or provided in accordance with state laws, rules, regulations and Department procedures and policies. Following is a summary of the sections assigned to the division and a brief description of each.



## **OFFICE OF MANAGEMENT & FINANCE**

### **ADMINISTRATIVE SERVICES DIVISION**

#### **MAIL ROOM**

Handles all mail and messenger services, maintenance of the agency's automobiles and oversees document storage and shredding.

#### **BUILDING SERVICES**

Coordinates routine maintenance and repair of the Poydras Building (Department of Insurance) with an on-site employee of State Buildings and Grounds. Items requiring special skills or outside vendors are coordinated by the Administrative Services Division, working with State Buildings and Grounds personnel or outside vendors.

#### **TELECOMMUNICATION SERVICES**

Manages and processes all telephone services including local and long distance, voice mail, agency/ individual state calling card requests in conjunction with the Office of Telecommunications Management (OTM), and provides wiring and repair services when needed.

#### **PROPERTY CONTROL AND PHYSICAL INVENTORY**

Manages the records of items purchased by the agency and tagging of items as required by law. Prepares and submits monthly reports of acquisitions and items sent to surplus. An annual physical inventory certification report is completed in June and submitted to the Louisiana Property Assistance Agency.

#### **RENTAL VEHICLE SERVICES**

Coordinates the use of the agency's fleet automobiles (when available) and serves as the agency's liaison for making reservations for rental car usage in accordance with the State's Travel Guidelines, PPM 49 for employees of the Department.

#### **FILE ROOM**

Processes requests for copies of public information. Gives consumers the ratings, financial status, addresses, telephone numbers and agent for service on insurance companies. Receives and enters information from insurers' quarterly and annual statements. Files all correspondence or information that pertains to insurance companies licensed to do business in Louisiana. Processes requests for certified copies and prints invoices for all copy requests.

# FISCAL AFFAIRS DIVISION

The Fiscal Affairs Division manages and protects the Department of Insurance’s real and monetary assets. The Fiscal Affairs Division is responsible for statutory deposits, travel, accounts payable and accounts receivable.

## TOTAL DEPARTMENT FUND SOURCES

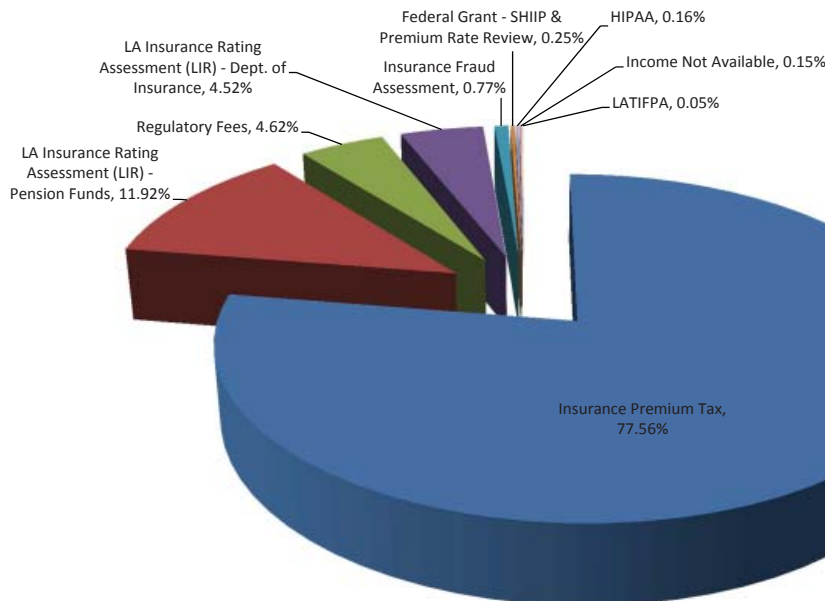
For Fiscal Year 2010-2011, the Department of Insurance receipts totaled \$469.2 million. Insurance Premium Tax represents the largest portion at 77.56%, or \$363.9 million. In addition to the Insurance Premium Taxes, the Department collections include Pension Fund Assessments (LIR) at 11.92%, or \$55.9 million; Regulatory Fees and LIR Assessments at 9.14%, or \$42.9 million; and the Insurance Fraud Assessment at 0.77%, or \$3.6 million (excludes \$187,000 transferred to the Louisiana Automobile Theft and Insurance Fraud Prevention Authority Fund).

Insurance Premium Taxes, Pension Fund Assessments, Insurance Fraud Assessment\* (excluding the LDI portion – \$388,124.89) and Income Not Available represent the bulk of collections at 90.31%, or \$423.8 million, and are not used to finance the Department’s operations.

The remaining 9.69%, or \$45.45 million, represents a combination of regulatory fees and LIR Assessment, the Health Insurance Portability and Accountability Act (HIPAA) Assessment, Federal Grants (SHIIP and Premium Rate Review), Louisiana Automobile Theft and Insurance Fraud Prevention Authority and Insurance Fraud Assessment (LDI portion only – \$388,124.89) which may be used to finance the operations of the Department of Insurance.

\*The portion of the Fraud Assessment that the LDI retains is comprised of the first \$30,000 collected, which is used to defray collection costs, plus 10% of the remaining assessment. The Commissioner is also authorized to withhold \$187,000 for the Louisiana Automobile Theft and Insurance Prevention Authority in accordance with La. R.S. 40:1428(A)(4)(a).

**CHART 1** TOTAL DEPARTMENT FUND SOURCES



## OFFICE OF MANAGEMENT & FINANCE

### FISCAL AFFAIRS DIVISION

#### TOTAL DEPARTMENT FUND SOURCES

TABLE 6

Insurance Premium Taxes	77.56%	\$363,929,778.75
LA Insurance Rating Assessment - Pension Fund	11.92%	\$55,913,695.41
Regulatory Fees and Licenses	4.62%	\$21,691,458.64
LA Insurance Rating - Dept. of Insurance	4.52%	\$21,208,642.75
Insurance Fraud Assessment	0.77%	\$3,611,249.39
Federal Grant (SHIP & Premium Rate Review	0.25%	\$1,193,011.00
HIPAA	0.16%	\$747,843.02
Income Not Available*	0.15%	\$712,997.85
LA Automobile Theft & Insurance Fraud Prevention Authority (LATIFPA)	0.05%	\$216,464.00
<b>TOTAL</b>		<b>\$469,225,140.81</b>

\* Income Not Available consists of collections by the agency which cannot be expended. These state general fund collections include the sale of surplus property, prior year accounts receivable collections, etc.

## TOTAL DEPARTMENT COLLECTION OF FUNDS

The funds collected by the Department of Insurance were deposited to the State Treasurer's Office.

Of the \$469.2 million collected in Fiscal Year 2010-2011, \$364.6 million was classified as State General Fund collections and \$104.5 million was used to finance programs. Among the dedicated programs receiving funding were various law enforcement and firefighter retirement programs which received \$53.9 million, and Municipal Fire and Police Civil Service which received \$1.9 million of the total funds collected.

The collections of \$45.4 million represent a combination of regulatory fees and assessments, a federal grant and statutorily dedicated funds used by the Department as its operating source, but only to the extent appropriated by the legislature.

The total collection for the Insurance Fraud Assessment is divided among the Department of Public Safety (75%), the Department of Justice (15%) and the Department of Insurance (10%). Prior to making the allocations specified, the Commissioner of Insurance is authorized to withhold the sum of \$30,000 to defray the cost of collecting the assessment and withhold \$187,000 to fund the Louisiana Automobile Theft and Insurance Fraud Prevention Authority.

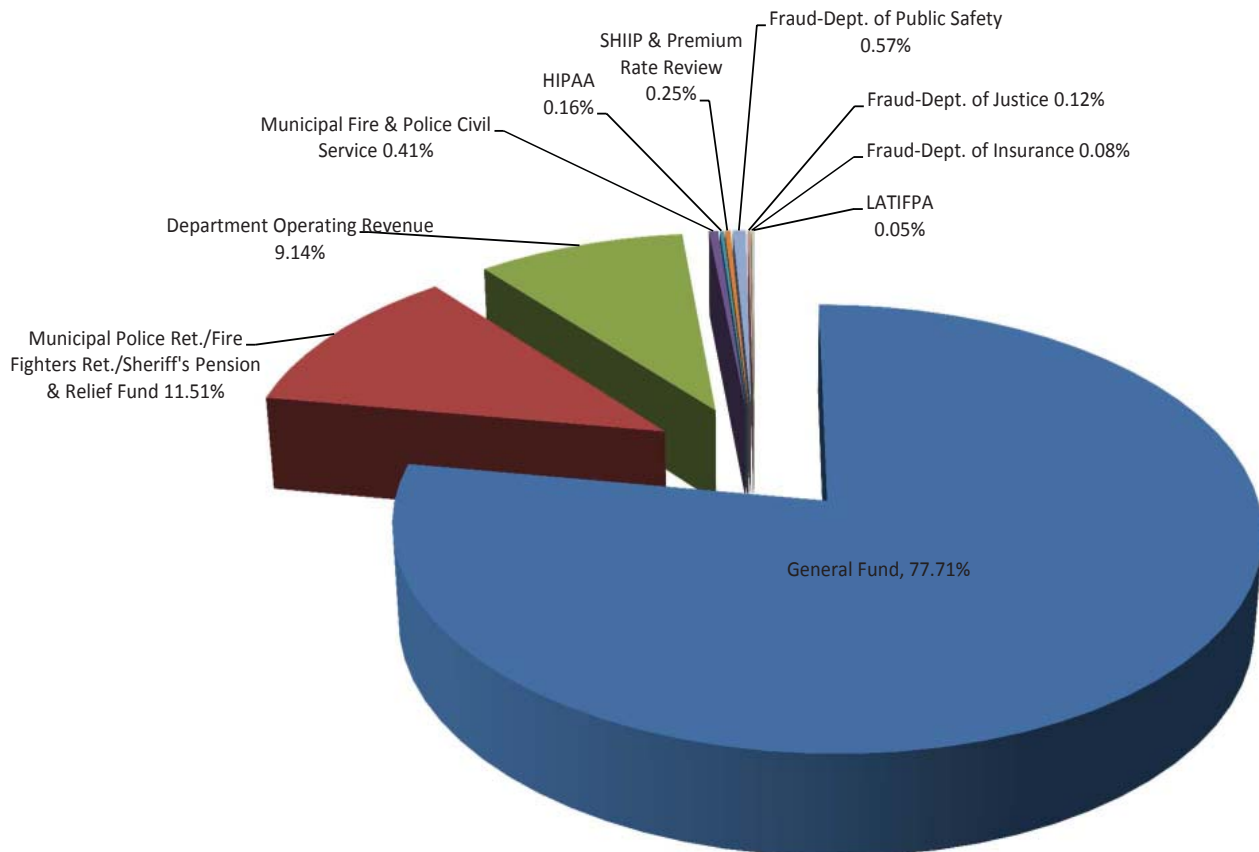
**OFFICE OF MANAGEMENT & FINANCE**

**FISCAL AFFAIRS DIVISION**

**TABLE 7** **TOTAL DEPARTMENT COLLECTION OF FUNDS**

General Fund	77.71%	\$364,642,776.60
Municipal Police Retirement/ Firefighters' Retirement/ Sheriffs' Pension & Relief Fund	11.51%	\$53,985,636.89
Department Operating Revenue	9.14%	\$42,900,101.39
Municipal Fire & Police Civil Service	0.41%	\$1,928,058.52
HIPAA	0.16%	\$747,843.02
Federal Grant (SHIIP & Premium Rate Review)	0.25%	\$1,193,011.00
Fraud Assessment:		
Dept. of Public Safety	0.57%	\$2,685,937.10
Dept. of Justice	0.12%	\$537,187.40
Dept. of Insurance	0.08%	\$388,124.89
LA Automobile Theft & Insurance Fraud Prevention Authority (LATIFPA)	0.05%	\$216,464.00
<b>TOTAL</b>		<b>\$469,225,140.81</b>

**CHART 2** **TOTAL DEPARTMENT COLLECTION OF FUNDS**



**OFFICE OF MANAGEMENT & FINANCE****FISCAL AFFAIRS DIVISION****STATEMENT OF REVENUES & EXPENDITURES  
FISCAL YEAR ENDING JUNE 30, 2011****TABLE 8**

REVENUE	
Insurance Premium Taxes	\$363,929,778.75
LA Insurance Rating Assessment - Pension Fund	55,913,695.41
Regulatory Fees	21,691,458.64
LA Insurance Rating Assessment - Dept. of Insurance	21,208,642.75
Insurance Fraud Assessment	3,611,249.39
*Fraud - Carry forward from FY 2010	1,210.87
HIPAA (Health Insurance Portability and Accountability Act)	747,843.02
*HIPAA - Carry forward from FY 2010	171,052.38
LATIFPA (LA Automobile Theft & Insurance Fraud Prevention Authority)	216,464.00
*LATIFPA - Carry forward from FY 2010	14,638.97
Federal Grant SHIIP (Senior Health Insurance Information Program)	822,006.00
Federal Grant Affordable Care Act-Premium ate Review	371,005.00
Income Not Available	712,997.85
Total Revenue	\$469,412,043.03
EXPENDITURES	
Personal Services	\$20,123,409.00
Travel	310,280.01
Operating Services	1,996,001.35
Supplies	192,394.19
Professional Services	3,344,392.68
Other Charges	190,097.91
Capital Outlay	523,695.88
Interagency Transfers	2,324,699.55
Total Expenditures	\$29,004,970.57
TRANSFER OUT	
General Fund	\$364,642,776.60
Reversion to General Fund	16,325,331.02
Municipal Police Retirement/Firefighters' Retirement/Sheriff's Pension & Relief Fund	53,985,636.89
Municipal Fire & Police Civil Service	1,928,058.52
Insurance Fraud Assessment:	
Department of Public Safety	2,685,937.10
Department of Justice	537,187.40
Accounting Error-Overwarrant of HIPAA Funds	49,664.47
Administrative Fund (HIPAA) Transfer Out - HB 477/Act 378	0.00
Insurance Fraud Investigation Fund Transfer Out - HB 477/Act 378	0.00
LATIFPA Transfer Out - HB 477/Act 378	0.00
Total Transfer Out	\$440,154,592.00
FUNDS CARRIED FORWARD INTO FISCAL YEAR 2011-2012	
Insurance Fraud Assessment	\$0.00
HIPAA (Health Insurance Portability and Accountability Act)	211,475.40
LATIFPA (LA Automobile Theft & Insurance Fraud Prevention Authority)	41,005.06
Total Funds Carried Forward	\$252,480.46

## **ASSESSMENT & DATA MANAGEMENT DIVISION**

The Assessment & Data Management Division receipts and images all revenues received by the Louisiana Insurance Department through fees, fines, premium taxes, penalties and assessments. This division collects and maintains statistical data provided by insurers and parish clerks of court and is responsible for the allocation of all revenue with the exception of premium taxes and producer licensing. This division classifies all statutory deposits, receipts and fines; and invoices, collects and classifies the annual Louisiana Insurance Rating, Insurance Fraud and HIPAA assessments.

All revenue is received in accordance with state laws and regulations in conjunction with Department policies and procedures. It is the responsibility of this division to process and collect all revenue timely, process any associated documentation and audit all forms related to assessments for accuracy and invoice notification.

The Louisiana Legislature, insurance companies, brokers, producers, the Premium Tax Division and the Office of Property & Casualty use the data collected and reports prepared by this division. Data collected by the Assessment & Data Management Division form the basis for assessments made by the Commissioner of Insurance, Louisiana Workers' Compensation Corporation and Louisiana Insurance Guaranty Association. These reports are a matter of public record and are available to the public upon request.

Each year, this division collects the Louisiana Insurance Rating and Fraud assessments. The Louisiana Insurance Rating assessment is based on the premiums written by each admitted property and casualty company. Only premiums for rate regulated lines of business are included in this assessment. The Fraud assessment is based on premiums written by each admitted property and casualty company and 50 percent of premium written by each accident and health company to pay the cost of investigation, enforcement and prosecution of insurance fraud and anti-fraud education in this state.

The Louisiana Insurance Rating assessment in 2010 was one percent of 2009 premiums. As such, the LIR assessment collection created revenue in the amount of \$77,122,338.15 based on \$7,712,233.815.33 of premiums, with no credits allowed to domestic and foreign insurers.

The Insurance Fraud Assessment in 2010 is .000375 of 2009 premiums. As such, the Fraud assessment collection created revenue in the amount of \$3,798,252.18 based on \$8,135,066,610.13 of property and casualty premiums and \$3,989,648,260.64 of accident and health premium.

## **INFORMATION TECHNOLOGY DIVISION**

The mission of the Information Technology (IT) Division is to provide mission critical and non-mission critical levels of support to all offices in the Department of Insurance. The mission critical support involves computer application system development, application system maintenance, network access and traffic addressing, network data storage, data transport between the internal network and the web server, web services maintenance and development, and coordination with the Department's Business Continuity Plan and Disaster Recovery of computer resources.

## **OFFICE OF MANAGEMENT & FINANCE**

### **INFORMATION TECHNOLOGY DIVISION**

The non-mission critical support involves computer resource deployment and maintenance, peripheral equipment deployment, operating system security updates, and software deployment and upgrades.

The IT Division achieves effectiveness by matching its objectives with the overall goals and objectives of the Department of Insurance. IT continually works with senior management and users to accomplish these objectives, to upgrade electronic information processing within the Department of Insurance, and to improve web-based functions for consumers and industry.

The major project undertaking in the FY 10-11 was the development and deployment of the Taxes and Departmental Assessments System that brings premium tax invoicing, collecting, and accounting functions into an integrated database with the other department developed application system.

Other projects realized during the fiscal year were:

- » The integration of the Senior Health Insurance Information Program's reporting of consultations of the coordinators into the Department's Complaints, Rates, and Form Tracking(CRAFT) system.
- » The integration of the Health Rating program into the Department's CRAFT system.
- » The expansion of the Department's Periodic Online Insurance Data Reporting System (POIDRS) to allow more monitoring of reports and faster response to changing situations that could arise in the insurance industry beyond the system's intended use for catastrophic event data collection.
- » The continuation of the acquisitions and hardware and software for a Virtual Server based computer infrastructure that allows more server resources devoted to mission critical applications and server functions. The continued use of virtual server technology has decreased the funds spent on traditional single purpose servers and decreased operational expense of server room cooling.

The division is sought after by other offices as a technical consultant for improving work efficiency and use of computer resources. The primary activities on the operational level are the collection, storage and processing of data. The Division works toward the advancement of the planning, development, and maintenance of applications and computer resources for other offices within the Department based on operational requirements.

The IT Division completed 2,196 service requests from users during the fiscal year ending June 30, 2011. These service requests range from minor problems with personal computers to new required functionality for a department developed application system.

## **BUDGET DIVISION**

The Budget Division is responsible for managing the Department's appropriation by compiling the necessary information for budget development, budget projections, and monitoring budget changes through expenditures, revenue collections, legislation and mid-year budget adjustments.



## **HUMAN RESOURCES DIVISION**

The Human Resources Division is responsible for all personnel-related matters including:

- » Employee benefits (i.e. insurance, workers' compensation, unemployment compensation, retirement plan);
- » Recruitment, selection and placement of all employee classifications and evaluations (i.e. job descriptions, job evaluations, factor analyses);
- » Employee relations (i.e. grievances, employee counseling, Equal Employment Opportunity issues, drug testing);
- » Affirmative Action, performance planning and review system, safety, discipline, and wage and salary administration.

In addition, the Human Resources Division is responsible for ensuring compliance with Civil Service Rules and Regulations as well as related state and federal laws such as the Fair Labor Standards Act, Family Medical Leave Act and Americans with Disabilities Act.

In FY 2010-2011, the Human Resources Division processed approximately 137 separate personnel actions: 11 promotional opportunities, 15 relocations, 6 retirements, 8 student appointments, 8 separations of temporary appointments and 11 resignations. The remaining actions included changes in organizational management, new hires, lateral transfers, disciplinary actions and optional pay adjustments. In accordance with Executive Order BJ 10-05, no merit salary increases were awarded.

## **PURCHASING DIVISION**

### **SUPPLIES AND SERVICE PLANS**

The Purchasing Division maintains office supply inventory and distribution of supplies; procures stock and special supplies, equipment, furniture and printing services by using ISIS and/or obtaining bids according to state law and purchasing rules and regulations; maintains cell phones, iPads, air cards and Blackberry devices for Department personnel; and maintains photocopiers and fax machines.

### **PROFESSIONAL SERVICES CONTRACTS**

The Purchasing Division also reviews and verifies all professional and consulting services contracts to assure they are processed in accordance with agency policies and procedures and within the laws, rules and regulations of the state. The Deputy Commissioner of the Office of Management and Finance is responsible for seeing that all contracts are processed properly.





# OFFICE OF RECEIVERSHIP

The mission of the Office of Receivership is to administer the estates of insolvent insurers as efficiently and cost effectively as possible. The goal of the Office of Receivership is to minimize the impact of insolvency to the taxpayers, policyholders and creditors of these insurer estates in Louisiana.

Pursuant to Chapter 9 of the Louisiana Insurance Code and under the jurisdiction of the state courts, the Office of Receivership seeks to maximize insolvent insurer assets and distribute them according to the priority set in law.

At the close of Fiscal Year 2010-2011, six domestic insurers' estates were under the administration of the Office of Receivership. There were no ancillary estates open as of June 30, 2011.

Tables 9-10 list insurance companies in receivership by:

- » Domestic Estates Open as of June 30, 2011
- » Estates Closed During Fiscal Year Ended June 30, 2011

**TABLE 9**                    **DOMESTIC ESTATES OPEN AS OF JUNE 30, 2011**

Acadian Life Insurance Co.  
AmCare Health Plans of Louisiana  
ANA (American National Agents)  
    (includes American Funding & USGA)  
Benton Life Insurance Co.  
Escude Life Insurance Co.  
Patterson Insurance Co.

**TABLE 10**                    **ESTATES CLOSED DURING THE FISCAL YEAR ENDED JUNE 30, 2011**

<i>Name of Estate</i>	<i>Closure Date</i>
Physicians National Risk Retention Group	August 23, 2010



# OFFICE OF LICENSING & COMPLIANCE

The Office of Licensing & Compliance is made up of two divisions:

- » Licensing Division
  - » Producer Licensing
  - » Company Licensing
- » Life & Annuity Division

## **LICENSING DIVISION**

### **PRODUCER LICENSING**

The Producer Licensing Division licenses all insurance producers, managing general agents, surplus lines brokers, professional employer organizations, motor vehicle rental companies, claims adjusters and public adjusters as Title 22, the Louisiana Insurance Code, mandates. The division issues initial and renewal licenses.

#### **IMPLEMENTATION**

- » Examining applications to determine that applicants meet all requirements for being trustworthy and competent to serve the public. Recommendations to approve or disapprove applications are based on such factors as criminal history, lawsuits, bankruptcy and disciplinary actions in Louisiana or other states;
- » Distributing forms, giving instructions and providing guidance to applicants;
- » Responding to inquiries from the public concerning the status of producers, managing general agents, surplus line brokers, professional employer organizations, motor vehicle rental companies, claims adjusters and public adjusters;
- » Overseeing the producer testing program;
- » Assuring that pre-licensing and continuing education courses contain appropriate information for instructional purposes;
- » Monitoring of all producers who negotiate contracts of insurance to assure proper licensing and appointments by licensed insurers;
- » Recording of regulatory actions against producers and adjusters whose licenses have been revoked, suspended, fined or subject to other administrative action. This ensures that additional licenses and appointments will not be issued until such time as the licensee is eligible for reinstatement or renewal;
- » Reviewing of examination questions, pre-licensing and continuing education provider applications, and course content to assure that licensees are well prepared and knowledgeable in insurance;
- » Tracking continuing education credits earned by licensees;
- » Maintaining of producer databases for use by other state insurance departments, courts and law enforcement agencies. The databases are public record.

The statistical data in Table 11 provides information concerning the activities of Producer Licensing during the 2010-2011 Fiscal Year.

## OFFICE OF LICENSING & COMPLIANCE

### LICENSING DIVISION

#### ACTIVITIES OF PRODUCER LICENSING

TABLE 11

Resident Life, Health & Accident Licenses Issued	2,149
Non-Resident Life, Health & Accident Licenses Issued	8,778
Resident Property & Casualty Licenses Issued	1,254
Non-Resident Property & Casualty Licenses Issued	5,733
Claims Adjuster Licenses Issued	9,266
Public Adjuster Licenses Issued	54
Company Appointments Processed	540,384
License Renewal Applications Processed	63,795
Number of Insurance Exams Monitored	7,205
Continuing Education Course Applications Approved	1,438
Telephone Calls Handled	101,050

## COMPANY LICENSING

The Company Licensing Division coordinates the licensing of insurance companies and other entities that require licensing and/or registration as mandated by the Insurance Code.

### IMPLEMENTATION

- » Distributing forms, giving instructions and offering guidance to potential applicants;
- » Responding to inquiries from the public regarding the status of licensed and registered companies;
- » Reviewing applications for completeness and advising applicants about omitted or additional information required for completion;
- » Coordinating the review of applications with other divisions in the Department to ensure the fastest response possible and to minimize redundant requests for information;
- » Recording changes to records of insurance companies such as corporate structure, name, additional lines of business, mergers and acquisitions, issuance of certificates of compliance, dissolution of domestic insurance companies and withdrawal of foreign insurance companies;
- » Processing applications in a timely and efficient manner in order to provide citizens the widest selection possible of financially stable insurers from which to select coverage;
- » Evaluating the application process to make it as uncomplicated as possible while ensuring compliance with applicable insurance laws as they change, and adopting changes necessitated by the changing insurance industry;
- » Evaluating current statutes and suggesting amendments to existing laws for the continued improvement of the overall process;
- » Forwarding of process served upon the Commissioner as Agent for Service of Process to certain licensed entities;
- » Maintaining databases for use by all divisions of the Department. The records are available to courts and law enforcement agencies. The databases are public record.

**OFFICE OF LICENSING & COMPLIANCE**  
**LICENSING DIVISION**

**TABLE 12      ACTIVITIES OF COMPANY LICENSING**

<i>Function</i>	<i>Number Received</i>	<i>Number Approved</i>	<i>Number Disapproved</i>	<i>Number Withdrawn</i>	<i>Pending</i>
<b>DOMESTIC</b>					
Captive	0	0	0	0	0
Certificates of Authority (Initial)	1	0	0	0	1
Dissolutions	2	1	0	0	1
Acquisitions/Mergers	2	2	0	0	0
Form A Exemption Requests	9	6	0	1	2
Regulation 66 Requests*	123	103	0	15	5
Letters of No Objection to Expansion	5	4	0	1	0
HMO Service Area Expansions	4	4	0	0	0
Mutual Holding Company Conversion	0	0	0	0	0
Article Amendments	5	4	0	0	1
<b>FOREIGN</b>					
Certificates of Authority (Initial)	21	16	0	2	3
Surplus Lines Approval (Initial)	2	1	0	0	1
Accredited Reinsurers	2	1	0	1	0
Withdrawals	29	22	0	7	1
Acquisitions/Mergers	10	10	0	0	0
<b>DOMESTIC, FOREIGN &amp; ALIEN</b>					
TPA Exceptions	0	0	0	0	0
TPA Applications	30	26	1	1	2
Risk Purchasing Groups	52	43	1	6	2
Risk Retention Groups	4	3	0	0	1
Medical Discount Plans	15	10	0	0	5
Dental Referral Plans	4	2	0	2	0
Viatical Settlement Broker	2	2	0	0	0
Viatical Settlement Provider	1	1	0	0	0
Security Registrations	2	2	0	0	0
MNRO/IRO Applications	12	5	0	6	1
Specialty Insurers	2	1	0	1	0
Amendments of C of A/Articles	144	104	0	6	3
Adding Lines to C of A	48	46	1	3	0
Certificates of Compliance	74	73	1	0	1
Home Service Contract Providers	3	3	0	0	0
Viatical Settlement Investment Agent	3	2	1	1	0

\* Regulation 66 requests are requests for “no objection” by an insurer when a new officer/director is named to the board of directors of a domestic insurer.

## SPECIAL RESULTS REPORT ON THE LOUISIANA 1401 LIFE INSURANCE EXAM

### LA. R.S. 22:1545(I) REPORT BY THE COMMISSIONER

*I. (1) The commissioner of insurance shall prepare, publicly announce, and publish a report that summarizes statistical information relating to life insurance agent examinations administered during the preceding calendar year. Each report shall include the following information for all examinees combined and separately by gender, race or ethnicity, race or ethnicity within gender, education level, and native language:*

*(a) The total number of examinees.*

*(b) The percentage and number of examinees who passed the examination.*

*(c) Standard deviation of scaled scores on the examination.*

*(2) The commissioner of insurance shall prepare and make available upon request a report of summary statistical information relating to each life insurance test form administered during the previous calendar year. The report shall show, for each test form, for all examinees combined and separately for African-American examinees, American Indian examinees, Hispanic examinees, white examinees, and other examinees, the correct-answer rate and correlations.*

*(3) The reports referred to in Paragraphs (1) and (2) of this Subsection shall be published no later than May first of the current year.*

### PURPOSE OF THIS REPORT

The purpose of this report is to provide statistics on test takers of the 1401 Louisiana Life Insurance Exam during the period of January 1, 2011, to December 31, 2011, to meet reporting requirements of the La. R.S. 22:1545.

### INFORMATION ABOUT THE DATA USED IN THIS REPORT

Performance data from first-time test takers is generally more stable, so data from repeat test takers was not included in this report. All demographics included in this report are as voluntarily self-reported by the test takers.

\* Information on the standard deviation for this reported series is available upon request.

**OFFICE OF LICENSING & COMPLIANCE**

**LOUISIANA 1401 LIFE INSURANCE EXAM RESULTS**

**TABLE 13 FIRST-TIME TEST TAKERS BY GENDER AND PASS/FAIL STATUS**

<b>Gender</b>	<b>Fail</b>	<b>Pass</b>	<b>Total</b>	<b>% of Total</b>
Male	199	210	409	46.9%
% Male	48.7%	53.1%	100.0%	
% Fail or Pass	42.0%	52.8%		
Female	268	180	448	51.4%
% Female	59.8%	40.2%	100.00%	
% Fail or Pass	56.5%	45.2%		
Choose not to respond	7	8	15	1.7%
% Choose not to respond	46.7%	53.3%	100.0%	
% Fail or Pass	1.5%	2.0%		
Total	474	398	872	100.0%
% Fail or Pass	100.0%	100.0%		
% of Total	54.4%	45.6%	100.0%	

**TABLE 14 FIRST-TIME TEST TAKERS BY ETHNICITY AND PASS/FAIL STATUS**

<b>Ethnicity</b>	<b>Fail</b>	<b>Pass</b>	<b>Total</b>	<b>% of Total</b>
Asian American/Pacific Islander	11	9	20	2.3%
% Asian American/Pacific Islander	55.0%	45.0%	100.0%	
% Fail or Pass	2.3%	2.3%		
Black/African American	288	137	425	48.7%
% Black/African American	67.8%	32.2%	100.0%	
% Fail or Pass	60.8%	34.4%		
Hispanic/Latino American	13	10	23	2.6%
% Hispanic/Latino American	56.5%	43.5%	100.0%	
% Fail or Pass	2.7%	2.5%		
Native American	5	2	7	0.8%
% Native American	71.4%	28.6%	100.00%	
% Fail or Pass	1.1%	0.5%		
Caucasian/White (non-Hispanic)	123	217	340	39.0%
% Caucasian/White (non-Hispanic)	36.2%	63.8%	100.0%	
% Fail or Pass	25.9%	54.5%		
Other	13	6	19	2.2%
% Other	68.4%	31.6%	100.0%	
% Fail or Pass	2.7%	1.5%		
Choose Not to Respond	21	17	38	4.4%
% Choose Not to Respond	55.3%	44.7%	100.0%	
% Fail or Pass	4.4%	4.3%		
Total	474	398	872	100.0%
% Fail or Pass	100.0%	100.0%		
% of Total	54.4%	45.6%	100.0%	



**OFFICE OF LICENSING & COMPLIANCE**

**LOUISIANA 1401 LIFE INSURANCE EXAM RESULTS**

**FIRST-TIME TEST TAKERS BY ETHNICITY, GENDER AND PASS/FAIL STATUS**

**TABLE 15**

<b>FAIL</b>	<b>GENDER</b>			
<b>Ethnicity</b>	<b>Male</b>	<b>Female</b>	<b>Choose not to respond</b>	<b>Total</b>
Asian American/Pacific Islander	4	7	0	11
% Asian American/Pacific Islander Who Failed	1.4%	2.4%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	2.0%	2.6%	0.0%	
Black/African American	113	175	0	288
% Black/African Americans Who Failed	39.2%	60.8%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	56.8%	65.3%	0.0%	
Hispanic/Latino American	10	3	0	13
% Hispanic/Latino American Who Failed	76.9%	23.1%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	5.0%	1.1%	0.0%	
Native American	1	4	0	5
% Native American Who Failed	20.0%	80.0%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	0.5%	1.5%	0.0%	
Caucasian/White (non-Hispanic)	58	65	0	123
% Caucasian/White (non-Hispanic) Who Failed	47.2%	52.8%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	29.1%	24.3%	0.0%	
Other	7	6	0	13
% Others Who Failed	53.8%	46.2%	0.0%	100.0%
% Males or Females or Choose not to respond Who Failed	3.5%	2.2%	0.0%	
Choose Not to Respond	6	8	7	21
% Choose Not to Respond Who Failed	28.6%	38.1%	33.3%	100.0%
% Males or Females or Choose not to respond Who Failed	3.0%	3.0%	100.0%	
<b>Total</b>	<b>199</b>	<b>268</b>	<b>7</b>	<b>474</b>
<b>PASS</b>	<b>GENDER</b>			
<b>Ethnicity</b>	<b>Male</b>	<b>Female</b>	<b>Choose not to respond</b>	<b>Total</b>
Asian American/Pacific Islander	5	4	0	9
% Asian American/Pacific Islander Who Passed	55.6%	44.4%	0.0%	100.0%
% Males or Females or Choose not to respond Who Passed	2.4%	2.2%	0.0%	
Black/African American	49	86	2	137
% Black/African Americans Who Passed	35.8%	62.8%	1.5%	100.0%
% Males or Females or Choose not to respond Who Passed	23.3%	47.8%	25.0%	
Hispanic/Latino American	6	4	0	10
% Hispanic/Latino American who Passed	60.0%	40.0%	0.0%	100.0%
% Males or Females or Choose not to respond who Passed	2.9%	2.2%	0.0%	
Native American	1	1	0	2
% Native American Indians Who Passed	50.0%	50.0%	0.0%	100.0%
% Males or Females or Choose not to respond Who Passed	0.5%	0.6%	0.0%	
Caucasian/White (non-Hispanic)	138	79	0	217
% Caucasian/White (non-Hispanic) Who Passed	63.6%	36.4%	0.0%	100.0%
% Males or Females or Choose not to respond Who Passed	65.7%	43.9%	0.0%	
Other	4	2	0	6
% Others Who Passed	66.7%	33.3%	0.0%	100.0%
% Males or Females or Choose not to respond Who Passed	1.9%	1.1%	0.0%	
Choose Not to Respond	7	4	6	17
% Choose Not to Respond Who Passed	41.2%	23.5%	35.3%	100.0%
% Males or Females or Choose not to respond Who Passed	3.3%	2.2%	75.0%	
<b>Total</b>	<b>210</b>	<b>180</b>	<b>8</b>	<b>398</b>

**OFFICE OF LICENSING & COMPLIANCE**

**LOUISIANA 1401 LIFE INSURANCE EXAM RESULTS**

**TABLE 16** **FIRST-TIME TEST TAKERS BY HIGHEST LEVEL OF EDUCATION AND FAIL/PASS STATUS**

Highest Level of Education	Fail	Pass	Total	% of Total
Did Not Finish High School % of this Education Level % of Fail or Pass	14 87.5% 3.0%	2 12.5% 0.5%	16 100.0%	1.8%
High School Diploma or Equivalent % of this Education Level % of Fail or Pass	218 62.1% 46.0%	133 37.9% 33.4%	351 100.0%	40.3%
Two-Year College Degree (Associate Degree) % of this Education Level % of Fail or Pass	104 60.5% 21.9%	68 39.5% 17.1%	172 100.0%	19.7%
Four-Year College Degree (Bachelor's Degree) % of this Education Level % of Fail or Pass	87 37.7% 18.4%	144 62.3% 31.0%	231 100.0%	26.5%
Advanced Degree (Master's Degree or Doctorate) % of this Education Level % of Fail or Pass	24 44.4% 5.1%	30 55.6% 7.5%	54 100.0%	6.2%
Choose Not to Respond % Choose Not to Respond % of Fail or Pass	27 56.3% 5.7%	21 43.8% 5.3%	48 100.0%	5.5%
Total	474	398	872	100.0%

**TABLE 17** **FIRST-TIME TEST TAKERS BY PRIMARY LANGUAGE AND FAIL/PASS STATUS**

Primary Language	Fail	Pass	Total	% of Total
English % of English Language % of Fail or Pass	449 53.7% 94.7%	387 46.3% 97.2%	836 100.0%	95.9%
Spanish % of Spanish Language % of Fail or Pass	7 77.8% 1.5%	2 22.2% 0.5%	9 100.0%	1.0%
Vietnamese % of Vietnamese Language % of Fail or Pass	2 50.0% 0.4%	2 50.0% 0.5%	4 100.0%	0.5%
Other % of Other Language % of Fail or Pass	11 78.6% 2.3%	3 21.4% 0.8%	14 100.0%	1.6%
Choose Not to Respond % of Choose Not to Respond % of Fail or Pass	5 55.6% 1.1%	4 44.4% 1.0%	9 100.0%	1.0%
Total	474	398	872	100.0%

## **LIFE & ANNUITY DIVISION**

The Life & Annuity Division investigates consumer complaints involving underwriting, claims handling, policyholder services and marketing practices of life insurers and producers doing business in Louisiana. This division also reviews life, annuity and long-term care contract forms submitted by insurers for compliance with applicable statutes, rules and regulations. Additionally, the division provides information, advice and assistance to consumers and industry representatives by responding to inquiries, making public presentations and supplying informational pamphlets and brochures.

### **IMPLEMENTATION**

- » Enforcing industry compliance with consumer protection regulations;
- » Investigating complaints and other concerns in order to evaluate and properly dispose of violations of the Insurance Code in order to obtain resolution of consumer disputes involving claims or refunds and disputes involving issuance or renewal of coverage, and to rule out illegal marketing practices;
- » Reviewing life insurance, annuity and long-term care contract form filings and approving or disapproving forms based on compliance or noncompliance with applicable statutes;
- » Counseling, advising and providing information to consumers regarding insurance-related matters in response to inquiries received by telephone, letter or in person;
- » Disseminating consumer brochures, pamphlets and complaint statistics, and providing experienced, knowledgeable speakers offering valuable information on insurance issues and products;
- » Assisting consumers by facilitating requests for information relative to life insurance policies covering deceased members of their immediate families.

# OFFICE OF LICENSING & COMPLIANCE

## LIFE & ANNUITY DIVISION

**TABLE 18**                      **ACTIVITIES OF THE LIFE & ANNUITY DIVISION**

---

### Consumer Complaints Investigations

Opened	444
Closed	421
In Progress at End of Fiscal Year	51
Amount of Benefits & Funds Recovered	\$2,345,714.14
Amount of Fines Levied for Failure to Respond Timely to a Complaint	\$250
Complaint Forms Mailed	444
Complaint Correspondence Completed	981

### Policy Forms

Forms Received	6,775
Advertisements Received	
Filings Processed	6,358
Approved	5,537
Disapproved	713
Withdrawn by Company	93
Certified Approved*	14
Approval Withdrawn	0
Pending at Beginning of Fiscal Year	391
Pending at End of Fiscal Year	808

### Related Activities

Life Policy Search	240
Telephone Inquiries Handled	7,979
Walk-Ins Assisted	83
Correspondence by Mail	3,745
Publications Distributed	6
Public Presentations	6

\* Certified Approval: Expedited approval by the Department of a complete filing based upon the inclusion of a *Statement of Compliance* and a *Certification of Compliance*, executed by an officer or authorized representative of the filing insurer on a form prescribed by the Department. The Department determines by directive those specific types of coverages and particular types of contracts for which the certified approval procedure is either required or available at the option of the insurer.

**ANNUAL CONSUMER COMPLAINT REPORT**  
**LIFE & ANNUITY DIVISION**

**LA. R.S. 22:1972 REPORT BY THE COMMISSIONER**

*The Commissioner of Insurance shall annually submit a report to the Senate and House of Representatives Committees on Insurance relative to complaints received and actions taken pursuant to the provisions of this Part. Such report shall contain information relative to the number of complaints received, and the disposition of same, the amount collected in penalties, the cost of all related proceedings, and such other information as the Commissioner deems pertinent or the insurance committees shall request.*

Comparative figures for life and annuity complaints handled during FY 2010-2011 were extracted from the complaint database. The Life & Annuity Division received 444 life and annuity complaints in FY 2010-2011, as compared to 453 during FY 2009-2010. The efforts of this division resulted in reimbursements and claim settlements totaling \$2,345,714.14 being realized by consumers. (See Table 21 on Page 36 for total complaints by coverage type.)

Chart 3 on page 36 shows a six-year comparison of all life and annuity complaints.

**COMPLAINT DISPOSITIONS REACHED FOR LIFE AND ANNUITY COMPLAINTS CLOSED**

**TABLE 19**

<i>Disposition</i>	<i>Number Closed</i>
Favorable to Consumer	149
Favorable to Regulated Entity	79
Neutral	188
<b>Total</b>	<b>421</b>

**NUMBER OF LIFE & ANNUITY CONSUMER COMPLAINTS RECEIVED 3-YEAR HISTORY**

**TABLE 20**

<i>Fiscal Year</i>	<i>Total Number Of Complaints</i>
07-01-2010 to 06-30-2011	444
07-01-2009 to 06-30-2010	453
07-01-2008 to 06-30-2009	441

**OFFICE OF LICENSING & COMPLIANCE**

**LIFE & ANNUITY DIVISION**

**ANNUAL CONSUMER COMPLAINT REPORT**

**LIFE & ANNUITY COMPLAINT STATISTICS**

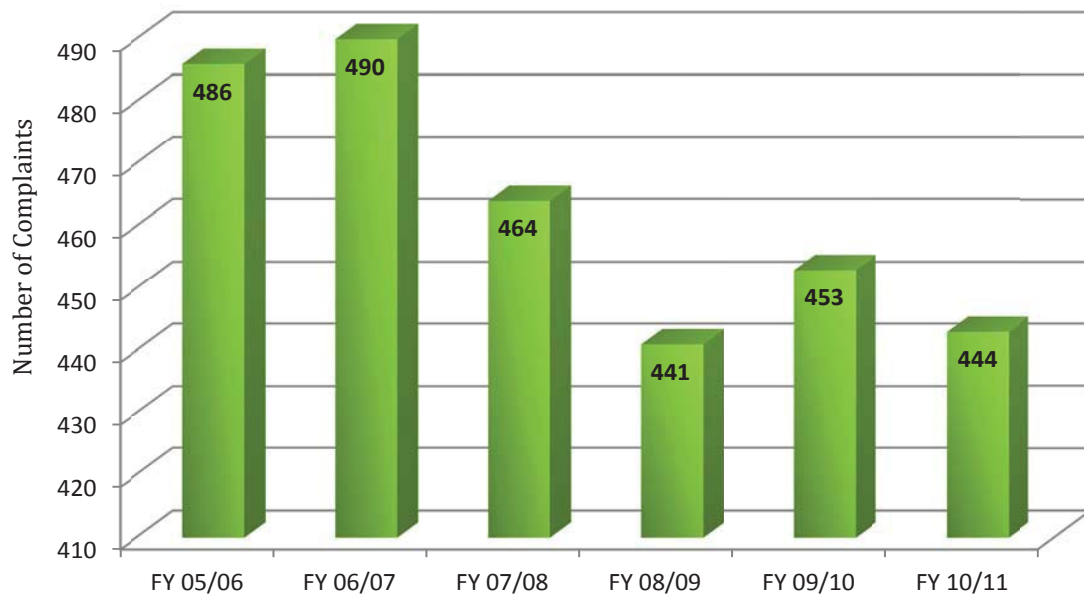
**TABLE 21**

**TOTAL NUMBER OF COMPLAINTS BY COVERAGE TYPE**

<i>Coverage Type</i>	<i>In Progress at Beginning of Fiscal Year</i>	<i>Number Filed During Fiscal Year</i>	<i>Percent of Total Filed During Fiscal Year</i>	<i>Number Closed During Fiscal Year</i>	<i>Number in Progress End of Fiscal Year</i>
Life/Individual	17	314	70.7%	297	35
Life/Industrial	2	27	6.1%	26	3
Annuity, Fixed	1	28	6.3%	25	4
Life/Group	4	29	6.5%	29	3
Long Term Care	1	36	8.1%	32	5
Variable Annuity	1	0	0.0%	1	0
Life/Credit	0	5	1.1%	4	1
Life/Variable	0	0	0.0%	0	0
Eq. Ind. Annuity	1	1	0.2%	2	0
Accidental Death and Dismemberment	0	2	0.5%	2	0
Burial Policy	0	1	0.22%	1	0
Life/Equity Ind.	1	0	0.0%	1	0
Viatical Settlement	0	0	0.0%	0	0
Other	0	1	0.22%	1	0
<b>TOTALS</b>	<b>28</b>	<b>444</b>	<b>100.0%</b>	<b>421</b>	<b>51</b>

**LIFE & ANNUITY COMPLAINTS RECEIVED  
6-YEAR HISTORY**

**CHART 3**





# OFFICE OF HEALTH INSURANCE

The Office of Health Insurance consolidates the regulation of state and federal requirements applicable to commercial and government-operated health benefit plans.

This office provides protection to Louisiana consumers, regulates statutory and regulatory compliance of health benefit plans, and recommends public policy changes to improve the competitive market and consumers' access to health insurance. There are five divisions in operation:

- » Louisiana Health Care Commission
- » HIPAA Quality Management Division
- » Supplemental Health Products/Medical Necessity Review Organization (MNRO)
- » Premium Rate Review Program
- » Senior Health Insurance Information Program

## LOUISIANA HEALTH CARE COMMISSION

### LEGISLATIVE BACKGROUND

On July 14, 1992, the Governor signed into law Act 1068, creating the Louisiana Health Care Commission. The Louisiana Health Care Commission is a 50 member advisory board that undertakes comprehensive review of complex health care issues facing Louisiana. The Commission's membership was expanded from the original makeup through Acts of the legislature in 1995, 1997, 1999 and 2004. In 1999, the Commission was transferred to the Department of Insurance. Statutory authority and membership of the Commission are contained in La. R.S. 22:2161.

### PURPOSE

Through a broad perspective, the Commission studies the issues affecting the availability, affordability and delivery of quality health care in Louisiana. The Commission is also tasked with examining national health care reform initiatives.

The Commission conducted public meetings to receive information and testimony from regional and national experts on health care access issues. The Commissioner of Insurance submitted an annual report to the Legislature on the studies, actions and recommendations of the Commission.

### MEMBERSHIP

The Louisiana Health Care Commission is composed of health care experts and other interested parties, including health care insurers and providers, community leaders, and representatives of various consumer interests. Membership also includes representatives from the governing boards of Louisiana's colleges and universities, the Senate and House Committees on Insurance and at-large appointments designated by the Commissioner of Insurance.



## **OFFICE OF HEALTH INSURANCE**

### **LOUISIANA HEALTH CARE COMMISSION**

## **MEETINGS OF THE LOUISIANA HEALTH CARE COMMISSION**

The Louisiana Health Care Commission conducted four public meetings during the 2010-2011 Fiscal Year. The Commission discussed issues and received reports on various health care topics.

On August 27, 2010, the Interim Secretary of the Louisiana Department of Health and Hospitals gave an update on the leadership, policy and strategic direction of DHH. The Commission heard from the director of Marketing and Communications of the Louisiana Health Care Quality Forum. The LHCQF is a private, not-for-profit organization whose mission is to lead evidence-based, collaborative initiatives to improve the health of Louisiana citizens.

On October 29, 2010, a representative of the Louisiana Department of Health and Hospitals, reported on Medicaid and the Coordinated Care Networks. Approximately, 1.2 million Louisiana residents rely on the state's current fee-for-service Medicaid program delivery system for their health care coverage. The Chief Executive Officer with Tulane Community Health Centers discussed the Primary Care and Access Stabilization Grant that provides \$100 million in funding from the U.S. HHS which was first awarded in 2007. The health care network is operated by 25 public and private nonprofit organizations as a collaborative to share grant funding allocated by the Louisiana Public Health Institute.

On January 14, 2011, a representative of the Louisiana Department of Health and Hospitals discussed the federal health care reform changes to health insurance, Medicaid and Medicare, and how the public will be impacted. An attorney from the Louisiana Department of Insurance reported on the development of a state medical loss ratio waiver to be submitted to the U.S. HHS.

On April 1, 2011, the Commission heard from various representatives in the health care field regarding the proposed implementation of a Coordinated Care Network for Louisiana's Medicaid Program. The Secretary of the Department of Health and Hospitals discussed the pre-paid and shared saving models of the CCN system, in addition to enrollment and improved health care outcomes in other states. A representative of the Louisiana Association of Health Plans reported on the number of Louisiana health plans interested in participating in the CCN program and the health plan design changes. A representative of the Louisiana Hospital Association discussed the economic impact of Louisiana's hospital health care system and the hospital reimbursement system issues. A representative of MedicineLouisiana discussed private practice physician administration and financial issues as well as patient issues affected by the CCN program.

## **LOUISIANA HEALTH CARE COMMISSION EXECUTIVE COMMITTEE**

Formed in 2007 through a revision of the commission's bylaws, the Louisiana Health Care Commission Executive Committee exercises the powers of the commission between regularly scheduled commission meetings or when it is not practical for the commission to meet. Additionally, the executive committee's responsibilities include setting the agenda for commission meetings, developing long-range plans for the Commission and establishing subcommittee assignments.

## **OFFICE OF HEALTH INSURANCE**

### **LOUISIANA HEALTH CARE COMMISSION**

The Executive Committee consists of the Commission Chair, the Vice-Chair and three Commission members representing the following groups: provider, insurer and consumer. Except for the Chair and Vice-Chair, members appointed to the executive committee serve two-year staggered terms.

## **LOUISIANA HEALTH CARE COMMISSION COST CONTAINMENT SUBCOMMITTEE**

The Louisiana Health Care Commission Health Care Cost Containment Subcommittee was proposed as a study group by the Louisiana Health Care Commission Executive Committee in 2010. The main objective of the Subcommittee is to examine health care strategies that have been utilized elsewhere and have been successful in reducing costs and to make recommendations that may be beneficial to Louisiana residents.

The Louisiana Health Care Commission Health Care Cost Containment Subcommittee met on seven occasions during this reporting period. The subcommittee members discussed the possible health care issues to be studied and will present a report of its findings to the Louisiana Health Care Commission members. Some of the topics discussed by the subcommittee members include prescription drug programs that focus on generic and brand name prescription medication and prescription medication fees. The subcommittee members also discussed the collection of health data and administrative simplification in the health care system.

## **ANNUAL HEALTH CARE CONFERENCE**

The Louisiana Department of Insurance held its Annual Health Care Conference on April 26, 2011, in Baton Rouge, Louisiana. There were approximately 600 conference participants and 19 exhibitor booths. Local and national speakers addressed health care issues that could possibly affect Louisiana policyholders, employers and providers. Conference topics included a discussion of the federal health care reform plan and its impact on the insurance regulatory environment. The Secretary of the Louisiana Department of Health and Hospitals gave an overview of upcoming health care reform proposals on a state level. Conference participants were also briefed on the possible changes to the health insurance producer profession in light of the passage of federal health care reform and the inner workings and possible structure of the proposed federal health insurance exchange.

# **HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS**

Both the HIPAA Quality Management Division and the Supplemental Health Products/MNRO Division have similar functions and duties; however, because of statutorily mandated differences in their funding source, the activities are carried out in two separate divisions to maintain clear audit trails. Because of the similarity of the two divisions' functions relative to classes of regulated entities, their activities are herein described together.

HIPAA Quality Management regulates forms and market compliance issues for major medical health plans and managed care providers. The Supplemental Health Products and MNRO Division regulates forms, rates and market compliance for Medicare supplement products and limited benefits products and compliance with uniform standards for medical necessity review organizations. Both divisions provide direct assistance and protection to consumers and health care providers regarding benefits covered by health plans.

## **INSURANCE CONTRACTS, FORMS REVIEW — PURPOSE**

The HIPAA Quality Management Division and Supplemental Health/MNRO Division perform detailed analyses and review of the policy forms and advertising of regulated entities. The forms and advertising review process emphasizes:

- » Compliance with all applicable state and federal laws, rules and regulations;
- » Avoidance of any inconsistent, ambiguous or misleading language, text or format;
- » Assurance that exceptions and conditions affecting the risks are clearly stated and reasonable;
- » Pursuit of advertising and marketing plans which are honest with the public, and
- » Assurance of consumer protection to the extent authorized by law.

Additionally, the Quality Management Division examines insurers' plans for replacing a particular health insurance product or discontinuing business altogether in the individual, small or large employer group markets.

## **INSURANCE CONTRACTS, FORMS REVIEW — IMPLEMENTATION**

Both divisions implement their statutory authority by:

- » Approving, disapproving and/or withdrawing prior approval on health benefit plan filings;
- » Negotiating corrective action to assure that consumers negatively affected by outdated and improper policy forms are made whole;

## OFFICE OF HEALTH INSURANCE

### HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS

- » Pursuing administrative sanctions where necessary to protect the public;
- » Providing information and technical assistance to insurers, health maintenance organizations and plan administrators, and improving procedures and requirements in order to expedite the filing, review and approval processes.

The forms approval process is aided by the Product Filing Matrix which houses over 300 specifically defined health insurance product codes linked to hundreds of legal requirements for policy form, rate, advertising content, marketing and administration. This matrix is available to all health insurance issuers in a manner that filters the legal requirements applicable to each product filing.

**TABLE 22** **ACTIVITIES OF THE HIPAA QUALITY MANAGEMENT AND SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS RELATIVE TO FORM FILINGS**

<b>Policy Forms, Advertisements and Rates Received</b>	6,190
Forms Received	4,237
Advertisements Received	579
Rate Forms Received	1,374
<b>Policy Forms, Advertisements and Rates Processed</b>	7,089
Approved	5,945
Accepted/Filed	396
Acknowledged/Informational	135
Disapproved	408
Withdrawn by Company	205
HIPAA Filings Pending at Beginning of Fiscal Year	69
HIPAA Filings Pending at End of Fiscal Year	45
Supplemental Health Products Filings	
Pending at Beginning of Fiscal Year	357
Supplemental Health Products Filings	
Pending at End of Fiscal Year	237

**OFFICE OF HEALTH INSURANCE****HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS****NUMBER OF HEALTH FORMS RECEIVED  
BY COVERAGE TYPE – 3-YEAR HISTORY****TABLE 23***(Total Number of Forms, Medicare Supplement Insurance Advertisements and/or Rates)*

	<i>2010-2011 Fiscal Year</i>	<i>2009-2010 Fiscal Year</i>	<i>2008-2009 Fiscal Year</i>
<b>Comprehensive Coverage Types</b>			
Major Medical	924	776	1,099
HMO	287	336	323
Short-Term Major Medical	7	22	53
Stop-Loss/Excess	0	0	71
<b>Limited Benefit Coverage Types</b>			
Medicare Supplement/Select	1,191	2,266	1,669
Disability	932	900	510
Dental	593	309	507
Hospital Indemnity	568	292	215
Accident Only	518	406	424
Cancer/Dread Disease	294	352	218
Miscellaneous	285	504	1,250
Accidental Death/Dismemberment	185	103	101
Critical Illness	175	96	92
Vision	168	54	123
Credit Accident and Health	55	6	27
Prescription Drug	8	37	19
<b>Totals</b>	<b>6,190</b>	<b>6,459</b>	<b>6,701</b>

Both divisions implement their statutory authority over form discontinuations or discontinuation of coverage in any manner by:

- » Reviewing proposed notices of nonrenewal and the products to be nonrenewed to assure that proper notice is provided to all parties in accordance with the requirements of law, or the terms and provisions of existing contracts, whichever is more favorable to the policyholders;
- » Monitoring all insurers (except short-term major medical and supplemental/limited benefit plan carriers) exiting a market or markets in order to prohibit re-entry for a period of five years from the date the last coverage is nonrenewed.

While limited benefit plans are exempt from the re-entry prohibition if they leave the Louisiana market, there are other regulations and laws in place to protect consumers. The Office of Health conducts retrospective reviews of previously approved limited benefit plan filings to determine compliance with applicable law and takes regulatory action where indicated.

**OFFICE OF HEALTH INSURANCE**

**HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS**

HIPAA Quality Management Division’s functions related to determining compliance of and with contracts and forms for major medical coverage are funded by an assessment on health insurance premiums, pursuant to La. R.S. 22:1071. Only the portion of health insurance business subject to HIPAA regulation is assessable.

Health insurance premiums paid during the 2010 Calendar Year which were subject to assessment totaled \$2,817,420,302. These premiums were assessed at 0.0267 percent. A total of \$752,235 was collected from 93 insurers.\*

\*Note: Does not match actual collections in Table 6 on page 17 because of payments made after close of fiscal years 2009-2010 and 2010-11.

Tables 24-26 report market share of Louisiana insurers, limited to premium collected for major medical coverage subject to the HIPAA assessment only.

**TABLE 24                    GROUP HEALTH INSURANCE MARKET SHARE CALENDAR YEAR 2010**

<i>Company Name</i>	<i>Percent of Market 2010</i>
Louisiana Health Service & Indemnity Co.	53.35%
HMO of Louisiana, Inc.	15.29%
United Healthcare Insurance Company	11.51%
Humana Health Benefit Plan of Louisiana	7.84%
Coventry Health Care of Louisiana, Inc.	4.54%
Vantage Health Plan, Inc.	2.17%
Aetna Life Insurance Company	1.46%
United Healthcare of Louisiana, Inc.	1.04%
Connecticut General Life Insurance Company	0.98%
New York Life Insurance Company	0.32%
State Farm Mutual Automobile Insurance Co.	0.30%
Health Plus of Louisiana, Inc.	0.20%
Peoples Health, Inc.	0.18%
Coventry Health & Life Insurance Co. of Louisiana	0.16%
All Others	0.65%

**OFFICE OF HEALTH INSURANCE****HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS****INDIVIDUAL HEALTH INSURANCE MARKET SHARE CALENDAR YEAR 2010**

TABLE 25

<i>Company Name</i>	<i>Percent of Market 2010</i>
Louisiana Health Service & Indemnity Co.	58.43%
HMO of Louisiana, Inc.	12.40%
Arcadian Health Plan of Louisiana, Inc.	10.31%
Humana Health Benefit Plan of Louisiana	5.37%
Coventry Health Care of Louisiana, Inc.	3.52%
Time Insurance Co. (formerly Fortis Ins. Co.)	2.86%
Golden Rule Insurance Company	1.46%
Aetna Life Insurance Company	1.36%
Mega Life & Health Insurance Company	0.95%
Mid-West National Life Insurance Co. of TN	0.80%
Vantage Health Plan, Inc.	0.46%
State Farm Mutual Automobile Insurance Co.	0.33%
Freedom Life Insurance Company of America	0.33%
World Insurance Company	0.25%
All Others	1.19%

**GROUP AND INDIVIDUAL HEALTH INSURANCE MARKET SHARE CALENDAR YEAR 2010**

TABLE 26

<i>Company Name</i>	<i>Percent of Market 2010</i>
Louisiana Health Service & Indemnity Co.	54.19%
HMO of Louisiana, Inc.	14.81%
United Healthcare Insurance Co.	9.61%
Humana Health Benefit Plan of Louisiana	7.44%
Coventry Health Care of Louisiana, Inc.	4.37%
Vantage Health Plan, Inc.	1.89%
Arcadian Health Plan of Louisiana, Inc.	1.70%
Aetna Life Insurance Co.	1.45%
United Healthcare of Louisiana, Inc.	0.87%
Connecticut General Life Insurance Co.	0.82%
Time Insurance Co. (formerly Fortis Ins. Co.)	0.49%
State Farm Mutual Automobile Insurance Co.	0.30%
New York Life Insurance Company	0.27%
Golden Rule Insurance Company	0.24%
All Others	1.55%

**OFFICE OF HEALTH INSURANCE**

**HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS**

**COMPLIANCE IMPLEMENTATION**

Units within the two divisions provide direct assistance to consumers and health care providers who contact the LDI regarding benefits covered, timely and proper payment of payment of claims and re-funds, and assistance with the terms and provisions of their coverage contracts.

These units oversee compliance with all applicable state and federal laws, rules, and regulations; monitor health insurance issuers for unfair trade or unfair claims settlement practices; and educate the public and health insurance industry regarding legal rights, obligations, and requirements. They fulfill this statutory mission by:

- » Investigating formal complaints involving health insurance underwriting, premium and rating, cancellation/nonrenewal, discrimination, marketing practices, claims handling, and policyholder services;
- » Evaluating detailed findings of complaint investigations, recommending corrective actions, and overseeing performance of these actions;
- » Determining violations of law and initiating disciplinary actions including suspension or revocation of authority or license, monetary fines, cease and desist orders, consent judgments, directives, and withdrawal or denial of contract form approval;
- » Providing clarification, direction, information, and assistance to inquiries and concerns expressed by the public and industry.

**TABLE 27** **ACTIVITIES OF HIPAA QUALITY MANAGEMENT AND SUPPLEMENTAL HEALTH/MNRO DIVISION**

---

<b>Consumer Complaints Investigations</b>	
Opened	1,414
Closed	1,396
In Progress at End of Fiscal Year	262
Amount of Benefits & Refunds Recovered	\$592,505
Amount of Fines Levied for Failure to Respond Timely to a Complaint	\$0
<b>Related Activities</b>	
Telephone Inquiries Handled	6,049
Walk-Ins Assisted	14
Correspondence by Mail (excludes complaints)	695
Publications Distributed	627
Public Presentations	10



## OFFICE OF HEALTH INSURANCE

### HIPAA QUALITY MANAGEMENT & SUPPLEMENTAL HEALTH PRODUCTS/MNRO DIVISIONS

In addition to its contact with consumers, health care providers and insurers through the complaint investigation process, the Supplemental Health Products/MNRO Division oversees the review and approval process for the licensure of Medical Necessity Review Organizations. Unless an entity is already licensed as a health insurance issuer, a business entity performing medical necessity reviews must be licensed by the LDI. While the Licensing Division issues MNRO licenses, the Office of Health Insurance plays a pivotal role in the review of new applications by examining the affairs of the MNRO. Since 2003, a regular triennial examination schedule was established. In FY 2010-2011, 37 MNROs met the criteria for examination, in accordance with the time frame outlined in La. R.S. 22:1142(A).

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#### **ACTIVITIES OF THE MNRO UNIT - APPLICATIONS**

**TABLE 28**

Applications Pending from prior fiscal year	0
Applications Received	8
Applications Approved	4
Applications Disapproved/Withdrawn	2
Applications Pending Final Action	2

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#### **EXAMINATIONS OF MNROS, THREE-YEAR HISTORY**

**TABLE 29**

	<i>2010-2011 Fiscal Year</i>	<i>2009-2010 Fiscal Year</i>	<i>2008-2009 Fiscal Year</i>
Conducted	37	20	16
Approved	37	20	16

# **PREMIUM RATE REVIEW PROGRAM**

## **LEGISLATIVE BACKGROUND**

The Patient Protection and Affordable Care Act requires each state to establish a process for the annual review of unreasonable increases in health insurance rates and to monitor premium increases.

At this time, Louisiana law does not require health insurers to file major medical rates to be reviewed prior to their use. In an effort to develop its rate review process, the LDI applied for and received a \$1 million grant under the PPACA Premium Rate Review program ("grant program").

## **PURPOSE**

The grant program was newly created to develop and define the regulatory and statutory authority necessary to put into place a rate review process. The rate review process is expected to ensure that consumers receive value for their premium dollars and to increase the transparency of the health insurance system.

## **IMPLEMENTATION**

Upon acceptance of the grant award, the Office of Health Insurance hired staff to assist in the coordination and development of the rate review process.

A retrospective review of major medical rate filings from 2007 through 2010 was conducted to develop a baseline of rate filings submitted to the LDI. An evaluation of other states' rate review/authority was performed for best practices in other states. Meetings were held with stakeholder groups and staff to discuss the development of the most efficient process to review health insurance premium rates.

The LDI entered into consulting contracts with actuarial and legal firms to assist in the development of the rate structure, guidelines and statutory authority.

The grant program commenced implementation of its reporting requirements under PPACA and established the communication criteria for filing reports with HHS.

Necessary IT enhancements were made to the LDI's Complaint, Rates and Forms Tracking (CRAFT) system in order to receive and track certain required elements of the rate filings. The LDI will continue to refine the electronic tracking systems to assure the system interface transmits information accurately and efficiently to avoid delays in the review process.

Ongoing efforts and/or discussions with stakeholders, interested parties, the National Association of Insurance Commissioners, the HHS, consultants, and internal staff will continue throughout the development of the rate review process.

# **SENIOR HEALTH INSURANCE** **INFORMATION PROGRAM**

The purpose of the Senior Health Insurance Information Program is to broaden the educational services to senior citizens, Medicare beneficiaries, Medicare eligibles and their families through providing information, counseling and assistance on Medicare as well as other health insurance. During the Fiscal Year 2009-2010, SHIIP's activities were entirely funded by federal grants.

The SHIIP staff communicates accurate and objective health care information to seniors by conducting in-person and telephone counseling sessions with seniors, providing speakers for community and other functions, participating in media activities and developing and distributing educational materials and brochures at outreach events. In addition, SHIIP recruits and trains counselors statewide on Medicare, Medicaid, Medicare supplement insurance, long-term care insurance, Medicare Advantage and Medicare prescription drug plans. The counselors are supported by local sponsoring organizations.

SHIIP serves as the vital link between beneficiaries and other state and federal entities as well as with local and professional organizations to disseminate health insurance information and to provide counseling and assistance. Such entities include but are not limited to the Social Security Administration, the Governor's Office of Elderly Affairs, Medicaid, E Health Solutions, federal and state legislative offices, parish and local councils as well as area agencies on aging, social service agencies, hospital senior programs, local support groups and churches.

## **STATISTICAL SUMMARY OF ASSISTANCE PROVIDED TO SENIOR CITIZENS BY SHIIP AND COUNSELORS\***

**TABLE 30**

Number of Hours Used by Counselors	10,957
Number of Seniors Receiving Services	16,280
Estimated Savings to Counseled Senior Health Clients	\$4,377,726
Number of Publications Disseminated	277,591
Number of Senior Health Group Presentations Provided	302
Number of Individuals in Attendance at Presentations	34,658
Number of Senior Health Volunteer Counselor Sessions Conducted	20

\*This summary includes reports from SHIIP partners received subsequent to the LAPAS deadline.

## **ANNUAL CONSUMER COMPLAINT REPORT**

### **OFFICE OF HEALTH INSURANCE**

#### **LA. R.S. 22:1972 REPORT BY THE COMMISSIONER**

*The Commissioner of Insurance shall annually submit a report to the Senate and House of Representatives Committees on Insurance relative to complaints received and actions taken pursuant to the provisions of this Part. Such report shall contain information relative to the number of complaints received, and the disposition of same, the amount collected in penalties, the cost of all related proceedings, and such other information as the Commissioner deems pertinent or the insurance committees shall request.*

For the purposes of this reporting requirement, the information in this section reflects complaint data in the aggregate from two divisions of the Office of Health Insurance:

- (1) HIPAA Quality Management Division
- (2) Supplemental Health/MNRO Division

Collectively, these divisions serve and assist consumers and providers with complaints relative to various coverage types of health insurance.

The number of complaints received and investigated regarding health insurance and HMO plans during the 2010-2011 Fiscal Year decreased by 81 complaints from the prior fiscal year. HMO plans received 8.82 percent of the total number of complaints filed (includes HMO and Medicare + Choice), compared with 36.79 percent for major medical indemnity plans and 35.31 percent for self-funded employee welfare benefit plans, which include government employee benefit plans.

The primary reasons given for filing complaints involve claims handling disputes such as delays, denials and insufficient amount of benefits paid. Our compliance examiners were able to resolve 425 complaints in favor of complainants, resulting in \$592,504.77 recovered for consumers and providers in benefits, refunds and prompt pay interest. There were no fines levied or collected for failure to timely respond to a complaint.

**OFFICE OF HEALTH INSURANCE**  
**ANNUAL CONSUMER COMPLAINT REPORT**

The following statistical reports demonstrate complaint activities involving the various types of health insurance.

**HEALTH INSURANCE COMPLAINTS CLOSED BY COVERAGE TYPE**

**TABLE 31**

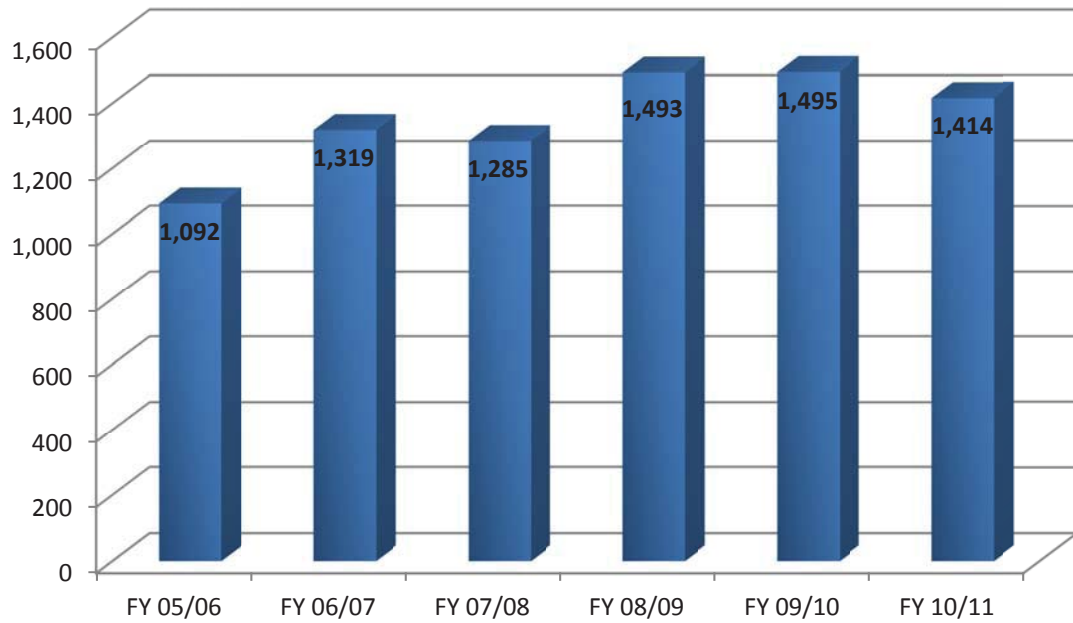
<i>Coverage Type</i>	<i>Total Closed</i>	<i>Percent of Total</i>
A&H/Champus/Tricare	1	0.07%
A&H/Cobra	12	0.86%
A&H/Critical Illness	1	0.07%
A&H/ERISA/Self-fund	328	23.53%
A&H/Excess Stop Loss	2	0.14%
A&H/Group Major Med	307	22.02%
A&H/Individual Major Med	166	11.91%
A&H/Other	7	0.50%
A&H/Trust-Assn	9	0.65%
A&H/Unknown	6	0.43%
Accidental Death Dismemberment	1	0.07%
Accident Only	5	0.36%
Blanket/LTD Benefit	10	0.72%
Blanket/Other	1	0.07%
Cancer	20	1.43%
Dental	56	4.02%
Disability	42	3.01%
Govt/OGB	142	10.19%
Govt/Other	60	4.30%
Group/Life/A&H	2	0.14%
Health and Life	13	0.93%
HIPAA Pool	1	0.07%
HMO	49	3.52%
Hospital Indemnity	14	1.00%
Medicaid Supplement	3	0.22%
Medical Discount Plan	8	0.57%
Medical Savings Account	1	0.07%
Medicare + CHOICE	73	5.24%
Medicare SELECT	8	0.57%
Medicare Supplement	39	2.80%
Prescription Drug	6	0.43%
Short Term 6-Mon	1	0.07%
Short Term Disability	2	0.14%
<b>TOTALS:</b>	<b>1,396</b>	<b>100.00%</b>

**OFFICE OF HEALTH INSURANCE**

**ANNUAL CONSUMER COMPLAINT REPORT**

**CHART 4**

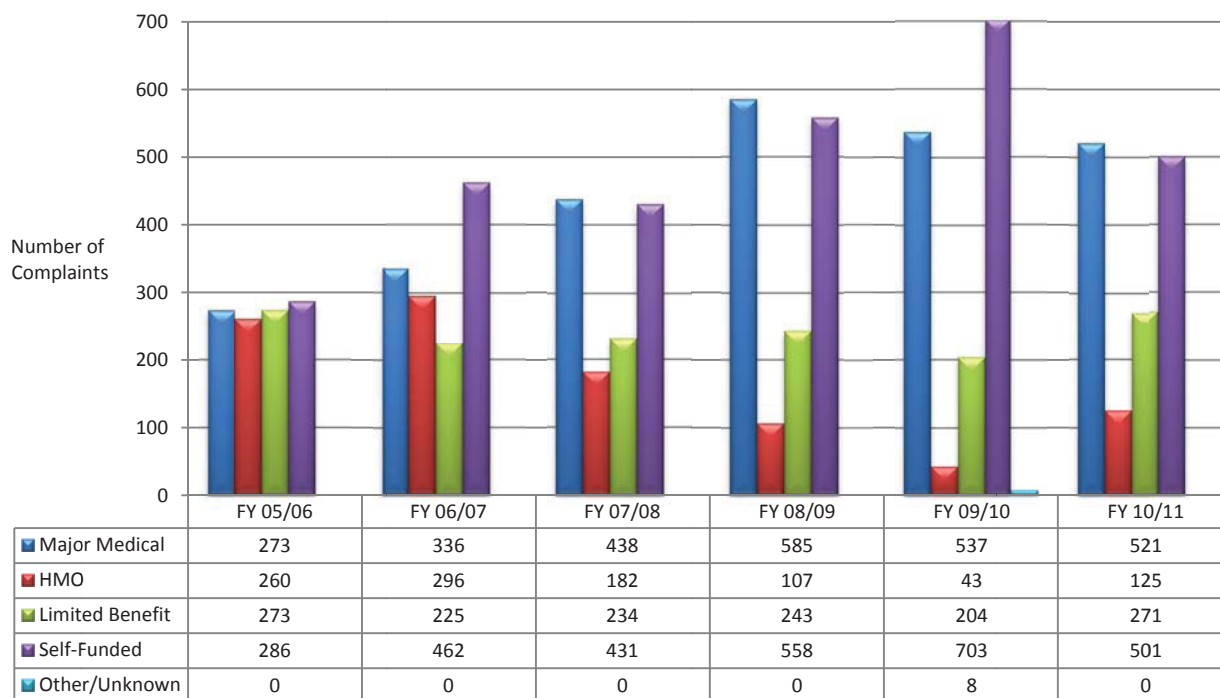
**HEALTH INSURANCE COMPLAINTS RECEIVED  
A 6-YEAR HISTORY**



**OFFICE OF HEALTH INSURANCE**  
**ANNUAL CONSUMER COMPLAINT REPORT**

**HEALTH INSURANCE COMPLAINTS RECEIVED BY COVERAGE TYPE**  
**A 6-YEAR HISTORY**

**CHART 5**



- » Major Medical - Group & Individual, COBRA
- » Health Maintenance Organization - Group & Individual, and Medicare + Choice
- » Limited Benefit Plans - Medicare Supplement/Select, Disability, Credit Accident & Health, Cancer/Dread Disease, Dental, Hospital Indemnity, Accident Only, etc.
- » Self-Funded - Single Employer sponsored Employee Welfare Benefit Plans, Office of Group Benefits and Government Plans, Champus/Tricare
- » Other/Unknown - Medical Discount Plans. These plans are not insurance, but the companies must register with LDI.

**Note:** This table contains data in aggregate for the HIPAA Quality Management and Supplemental Health/MNRO Divisions.

**OFFICE OF HEALTH INSURANCE**  
**ANNUAL CONSUMER COMPLAINT REPORT**

**TABLE 32**      **PRIMARY REASONS FOR CONSUMER  
HEALTH INSURANCE COMPLAINTS FILED**

<i>Complaint Reason</i>	<i>Number Received</i>
Claim Handling Delay	511
Claim Denial	460
Unsatisfactory Settlement	139
Claim Handling/Other	101
Refunds Requested	30
Premium Notice/Bill	20
Medical Necessity	18
Cancellation/Non-Renewal	17
Billing/Disclosure	12
Underwriting/Other	11
Agent Handling	11
Policy Service/Other	10
Coordination of Benefits	9
Marketing/Other	7
Rate Adjustment	7
All Others*	51
<b>Total</b>	<b>1,414</b>

\* "All Others" involves 6 or fewer complaints per primary reason.

**TABLE 33**      **COMPLAINT DISPOSITIONS REACHED FOR HEALTH INSURANCE  
COMPLAINTS CLOSED**

<i>Disposition</i>	<i>Number Closed</i>
Favorable to Consumer	425
Favorable to Regulated Entity	331
Neutral	656
<b>Total</b>	<b>1,412*</b>

\* This total may vary from Table 27 if complaint files are reopened after the close of the fiscal year and prior to the preparation of this report.



## **PATIENT'S BILL OF RIGHTS REPORT**

### **OFFICE OF HEALTH INSURANCE**

LA. R.S. 22:971 REPORT BY THE COMMISSIONER

*It is hereby declared by the Legislature of Louisiana that access to health care for the citizens of this state is a necessary priority and necessary to promote well-being and strong state protections. The state has an obligation to ensure that every person enrolled in a health plan enjoys basic rights as a patient. Comprehensive care should guarantee patients greater access to information and necessary care including access to needed specialists and emergency rooms, guarantee a fair appeals process when health plans deny care, expand choice, protect the doctor-patient relationship, and hold managed care organizations accountable for decisions that end up harming patients. Because many states have passed patient protection laws that are appropriate to their state, there shall be a mechanism by which the state shall review such laws and determine the practicality of implementing such measures in the Louisiana Legislature. The Department of Insurance shall establish and maintain an information collection program to track and evaluate state and federal legislation to provide for a uniform patient bill of rights. The department shall compile the data on an annual basis and submit a written report to the Senate Committee on Insurance and the House Committee on Insurance of ongoing efforts to adopt or enact a uniform patient's bill of rights.*

### **PURPOSE OF THIS REPORT**

The purpose of this report is for the Louisiana Department of Insurance to provide an assessment of federal and state laws relative to a patient's bill of rights, pursuant to Acts 2003, No. 68, La. R.S. 22:971.

### **FEDERAL ACTION**

Federal action on the issue of a Patient's Bill of Rights began formally in 2001 when a bipartisan group of authors (McCain-Edwards-Kennedy) advanced the Patients' Bill of Rights (Senate bill S.1052) for consideration by Congress. This bill was an attempt at providing comprehensive protections to all Americans in health plans. The House of Representatives and Senate passed versions of the legislation, which could not be reconciled, and the measure failed in 2001.

The Patient Protection and Affordable Care Act, as amended by the Health Care Education and Reconciliation Act of 2010, advanced many of the same reforms into federal law, for the most part making it unnecessary for states to pass laws guaranteeing patients' rights. In June 2010, the U.S. Departments of Health and Human Services, Labor and Treasury issued regulations to implement a new Patient's Bill of Rights under the Affordable Care Act. These rules are intended to help children (and eventually all Americans) with pre-existing conditions gain coverage and keep it, protect all Americans' choice of doctors and end lifetime limits on the care consumers may receive.

## OFFICE OF HEALTH INSURANCE

Among the new rights assigned by the federal law are:

- » Prohibit insurers from retroactive cancellation of coverage, except for fraud or misrepresentation of material facts;
- » Ban insurers from setting lifetime limits on coverage;
- » Prohibit insurers from denying dependent coverage for children under 19 with pre-existing conditions;
- » Restrict insurers' use of annual limits on coverage (phase out completely by 2014);
- » Allow patients to choose primary care doctor or pediatrician from the plan's provider network;
- » Allow direct access to OB-Gyn, without referral from another primary care doctor;
- » Require plans to provide coverage for preventative services and immunizations recommended by the United States Preventative Services Task Force and the CDC, certain childhood preventative services recommended by the Health Resources and Services Administration, and women's preventative care and screening recommended by HRSA, without any cost-sharing;
- » Ban insurers from requiring prior approval before seeking emergency care at a hospital outside the plan's network.

## LOUISIANA

During the 2011 Legislative Session, the LDI supported legislation to provide notice and disclosure requirements to consumers involving an insurer's drug formulary. (Act 350 of the 2011 Regular Session)

In May 2010, the State of Florida, 26 other states, the National Federation of Independent Business and two individual plaintiffs filed suit in the U.S. District Court for the Northern District of Florida against the U.S. Departments of Health and Human Services, Labor and Treasury to enjoin the operation of the Patient Protection and Affordable Care Act. Louisiana is among the plaintiff states in this lawsuit. The district court held "...that the individual mandate exceeded congressional authority under Article 1 of the Constitution because it was not enacted pursuant to Congress's tax power and it exceeds Congress's power under the Commerce Clause and the Necessary and Proper Clause. The district court also concluded that the individual mandate provision was not severable from the rest of the Act and declared the entire Act invalid." This matter was appealed to the Eleventh Circuit of the U.S. Court of Appeals, which upheld the district court's decision that the individual mandate is unconstitutional, but that the mandate could be severed and the rest of the law was constitutional.

In August 2010, the LDI applied for and received a grant from HHS to help expand its rate review of health insurance premium rates. Although HHS has declared that Louisiana does not meet the criteria for an effective rate review program, the LDI is working toward the development of rate regulation authority and collaborating with HHS in the rate review process.

Louisiana has codified many of the reforms identified by the federal government in 2011. They include access to a fair and independent appeals process if care is denied. This reform is contained in La. R.S. 22:1121 et seq. which provides a patient with appeal rights for review of denial of claims, including denial of experimental or investigational procedures. However, Louisiana is now among 18 states whose external review process does not meet

## **OFFICE OF HEALTH INSURANCE**

the protections and standards established by HHS or the Public Health Service Act.\* As a result, HHS will administer Louisiana's external review process until these standards are in place and until such review can be conducted under state law. The LDI is working in partnership with HHS to improve its external review process and plans to meet these federal standards through enabling legislation next year.

## **OTHER STATES**

Attention has shifted from the 2001 reform proposals to those contained in the Patient Protection and Affordable Care Act. Among the plaintiffs in the litigation to enjoin this Act are: Florida, South Carolina, Nebraska, Texas, Utah, Louisiana, Alabama, Michigan, Colorado, Pennsylvania, Washington, Idaho, South Dakota, Indiana, North Dakota, Mississippi, Arizona, Nevada, Georgia and Alaska. The above lawsuit is among several other lawsuits regarding PPACA.

*\*Source: Email from the National Association of Insurance Commissioners dated August 3, 2011, regarding HHS External Review Determinations.*

# **ANNUAL HEALTH MAINTENANCE ORGANIZATION REPORT**

## **OFFICE OF HEALTH INSURANCE**

LA. R.S. 22:268 REPORT BY THE COMMISSIONER

*The secretary and the commissioner each shall report annually to the governor on the activities of his office with respect to health maintenance organizations and shall make such suggestions for change or improvement as may be in the best interest of the state and the industry.*

The coverage forms of all major medical insurance issuers, including those of Health Maintenance Organizations, are subject to the forms approval process of the Louisiana Department of Insurance. HMO filings represented about a quarter of all comprehensive coverage filings and about five percent of all filings reviewed by the Office of Health Insurance (See Table 30). Complaints against HMOs made up only 9 percent of all health complaints received during the year, compared to 25 percent of health complaints received six years ago (See Chart 5). HMOs make up about 26 percent of the major medical insurance market in Louisiana.

With the 2010 federal health reform mandates affecting both health insurance companies and HMOs, it is premature for the Louisiana Department of Insurance to make suggestions for change or improvement for health maintenance organizations at this time. All health insurance issuers, including HMOs, are subject to the provisions of the federal Patient Protection and Affordable Care Act of 2010.



**OFFICE OF  
FINANCIAL SOLVENCY**

# OFFICE OF FINANCIAL SOLVENCY

The Office of Financial Solvency consists of five divisions:

- » Financial Examinations and Analysis
- » Market Conduct
- » Actuarial
- » Surplus Lines and Insurance Premium Tax
- » Insure Louisiana Incentive Program

The first four divisions work together to examine and monitor the financial condition and market conduct activities of all insurers approved to conduct the business of insurance in Louisiana. The type of regulated insurer varies and includes Louisiana domiciled (domestic), out of state (foreign) and out of country (alien) insurers. These companies may operate as life, health, property and casualty, health maintenance organizations, surplus lines, self-insurance funds (primarily workers' compensation insurance), and vehicle mechanical breakdown companies. This office is staffed primarily by accounting and actuarial professionals who review the financial condition of insurers for the protection of the policyholders and taxpayers of Louisiana.

One of the tools utilized by the Office of Financial Solvency is the NAIC Insurance Regulatory Information System. The IRIS Ratio Application generates key financial ratio results based on financial information obtained from insurers' statutory Annual Financial Statements, which is used in determining the level of regulatory attention required.

The Office of Financial Solvency has administered the Insure Louisiana Incentive Program since 2007. In FY 2009-2010, the division began examining incentive grant recipients to determine their earnings under the terms of the grant.

## **FINANCIAL EXAMINATIONS & ANALYSIS** **DIVISION**

This Financial Examinations & Analysis Division is divided into two units: the Financial Examinations Unit and the Financial Analysis Unit.

The Financial Examinations Unit performs on-site examinations, at least once every five years as required by statute, of the financial, corporate and marketing practices of Louisiana domiciled insurers under the provisions and requirements of the Louisiana Insurance Code. Examinations may entail a review of all operations of insurers and their related transactions with affiliates or be confined to limited or targeted areas relating to the insurers' activities. The LDI conducted 23 financial examinations in FY 2010-2011.

The Financial Analysis Unit analyzes the periodic financial statements and other required filings of licensed insurers. The activities of the analysts are important in the early detection of financially troubled insurers. During the course of the year, the analyst reviews consumer complaint data, financial statements, holding company registration statements, affiliated transactions, investments and other items. In addition, this unit performs financial reviews of insurance company acquisition transactions and insurance company licensing applications and mergers. The LDI analyzed the financial filings of 363 companies in FY 2010-2011.

## **MARKET CONDUCT DIVISION**

The Market Conduct Division monitors the sales, marketing, underwriting, policy issuance and claims administration activities of insurance companies and producers to determine whether the acts and/or practices of insurance companies are unfair and/or deceptive to policyholders and/or beneficiaries, and to determine if the practices are in violation of Louisiana insurance laws or regulations. The LDI examined the market conduct of 12 companies on-site and analyzed 191 companies' market practices.

In addition to halting any illegal, unfair or deceptive practices, this division also seeks sanctions or penalties against insurers and producers for these practices.

## **ACTUARIAL DIVISION**

The Actuarial Division is composed of two units: the Life and Health Actuarial Unit and the Property and Casualty Actuarial Unit.

The Life and Health Actuarial Unit provides actuarial expertise in the determination of the adequacy of the reserve liabilities established by life and health insurers and health maintenance organizations.

The Property and Casualty Actuarial Unit provides similar actuarial and reinsurance expertise to the examination and analysis of property and casualty insurers, title insurers, vehicle mechanical breakdown companies and self-insurance funds.

The Actuarial Division provides actuarial analysis of insurance legislation.

## **SURPLUS LINES & INSURANCE PREMIUM TAX DIVISION**

The Surplus Lines & Insurance Premium Tax Division is responsible for the enforcement of all tax-related statutes of Title 22, the Louisiana Insurance Code. The major function of this division is the collection and classification of taxes and penalties from licensed insurance companies and surplus lines producers. In addition, the Tax Division is responsible for the collection and classification of filing fees for admitted and approved unauthorized insurers.

For the year ending December 31, 2010, the Tax Division collected \$262,034,097 in taxes from licensed insurers and \$63,971,459 in taxes from surplus lines producers.

The division is also responsible for compiling, sorting and distributing premium data to parishes and municipalities for tax reconciliation purposes. Also, the Tax Division regulates more than 1,600 licensed surplus lines producers and routinely examines these producers for compliance with the Louisiana Insurance Code. In FY 2010-2011, the Tax Division performed 3,242 desk examinations for tax purposes and 141 field examinations of surplus lines brokers.

**OFFICE OF FINANCIAL SOLVENCY**

**SURPLUS LINES AND INSURANCE PREMIUM TAX DIVISION**

**HISTORICAL DATA**

Table 34 indicates aggregate three-year historical data by category presented on a calendar year basis.

**TABLE 34 SURPLUS LINES & INSURANCE PREMIUM TAXES  
3-YEAR HISTORICAL INFORMATION BY CATEGORY BY CALENDAR YEAR**

TOTAL LIFE, ACCIDENT & HEALTH COMPANIES (INCLUDING HDMI)			
Year	Gross Premiums	Gross Tax <sup>1</sup>	Net Tax <sup>2</sup>
2008	5,028,114,433	113,224,520	62,688,449
2009	5,002,509,191	112,651,415	64,819,517
2010	5,194,723,891	116,975,830	68,981,566
TOTAL FIRE & CASUALTY COMPANIES			
2008	8,401,166,369	251,871,460	150,914,275
2009	8,629,322,698	257,764,395	176,393,473
2010	8,708,847,591	260,019,250	188,160,397
HEALTH MAINTENANCE ORGANIZATIONS			
2008	809,585,073	18,216,360	1,074,950
2009	931,572,052	20,961,275	1,672,185
2010	946,002,351	21,285,810	1,663,617
TITLE COMPANIES			
2008	114,202,505	3,429,170	3,380,939
2009	107,331,608	3,223,000	3,194,609
2010	108,714,219	3,264,375	3,228,518
SURPLUS LINES PRODUCERS			
2008	1,303,436,066	65,175,585	65,175,585
2009	1,307,567,784	65,378,389	65,378,389
2010	1,279,435,677	63,971,459	63,971,459
TOTALS			
Year	Gross Premiums	Gross Tax <sup>1</sup>	Net Tax <sup>2</sup>
2008	15,656,504,446	451,917,096	283,234,198
2009	15,978,303,333	459,978,474	311,458,174
2010	16,237,723,729	465,516,724	326,005,556

<sup>1</sup> Gross tax is before statutorily authorized credits.

<sup>2</sup> Net tax is after credits and represents actual collections.



## INSURE LOUISIANA INCENTIVE PROGRAM

The Insure Louisiana Incentive Program was created by the Louisiana Legislature in 2007 (Act 447) to address an availability and affordability crisis in Louisiana residential and commercial wind and hail property insurance. The Program was intended to provide an incentive for existing Louisiana-licensed insurers to increase their wind and hail property insurance volume in Louisiana and for other property and casualty insurers to become licensed in Louisiana and provide wind and hail property insurance coverage to Louisiana property owners, particularly for properties located in the Gulf Opportunity Zone and/or currently insured by Louisiana Citizens Property Insurance Company.

By allocating \$100 million on a matching fund basis, the program had the potential to increase private market capacity by 15 percent. Of the \$100 million offered, a total of \$29 million was awarded among five insurers new to the Louisiana property market. An immediate impact of the program was the migration of policies from Citizens into the voluntary market through the participation of four of the Program participants in a “takeout” program offered by Citizens to reduce the level of its exposure. Additional impact on the property insurance market was experienced as the participants also provided coverage through traditional means.

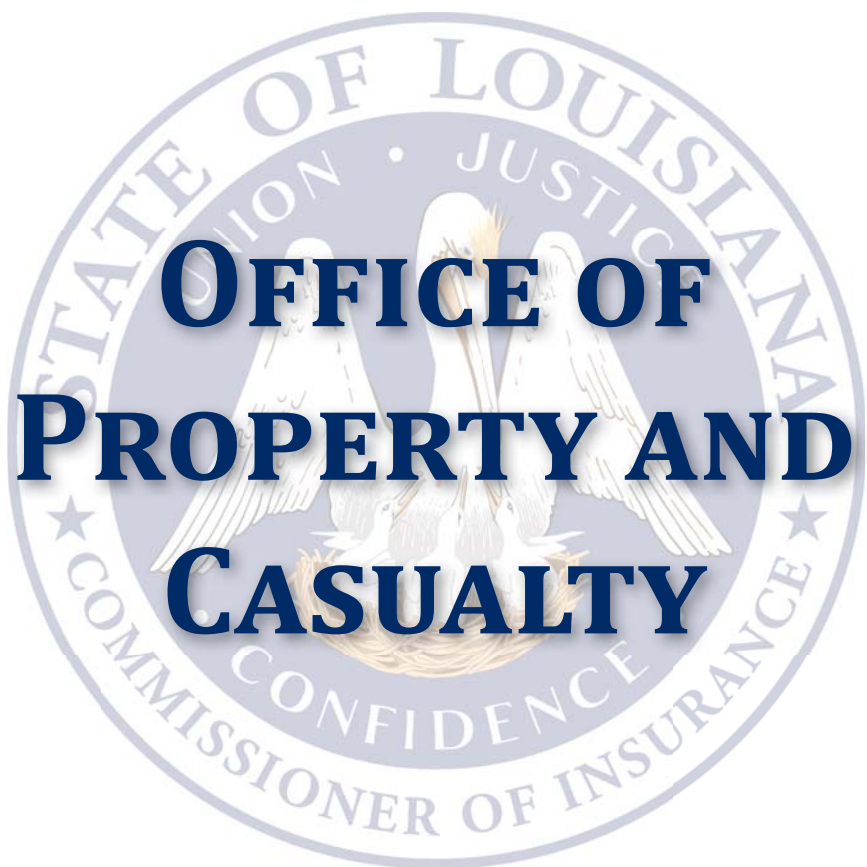
The volume of premium written and assumed is the basis for the earning of the grant funds awarded. By law, participating insurers had 24 months, plus an additional year if a full extension was granted, from the inception of the program to increase their premium volume and begin earning the funds awarded. Thereafter, the funds must be earned on an annual basis, unless an extension of up to one year is granted, with the final accounting to be rendered at the conclusion of the fifth of five earning periods.

During the period of July 1, 2010 – June 30, 2011, the Office of Financial Solvency audited the Louisiana premium reported written and assumed between April 1, 2009 and March 31, 2010 by four participating insurers: ASI Lloyds; Companion Property and Casualty Insurance Company; Occidental Fire and Casualty Company of North Carolina; and Southern Fidelity Insurance Company. The Office of Financial Solvency determined: ASI Lloyds earned \$1,000,000.00, or 20 percent of its original \$5 million grant amount; Companion earned \$232,390.55 or 11.62 percent of its original \$2 million grant amount; Occidental earned \$1,467,616.98 or 14.68 percent of its original \$10 million grant amount; Southern Fidelity earned \$1,343,312.00, or 19.19 percent of its original \$7 million grant amount.

Program grant recipient premium audited during the annual report period of July 1, 2010 to June 30, 2011 is displayed in Table 35.

<b><u>LOUISIANA GRANT RECIPIENT PREMIUM ASSUMED OR WRITTEN</u></b>		<b>TABLE 35</b>
Total	\$90,155,054.20	
On property located in Gulf Opportunity Zone (GO Zone)	\$88,396,612.79	
On property previously insured by Citizens	\$38,214,595.91	
On property located in GO Zone and previously insured by Citizens	\$37,099,952.08	

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# OFFICE OF PROPERTY & CASUALTY

The Office of Property & Casualty consolidates the regulation of state and federal requirements applicable to commercial and personal lines of property and casualty insurance. This office provides protection to Louisiana consumers and determines whether enhancements or modifications are necessary to assure continued compliance. This office also provides the public with a forum for addressing major property and casualty issues facing the state. There are three divisions in operation:

- » Insurance Rating and Policy Forms
- » Compliance
- » Louisiana Property and Casualty Insurance Commission

## INSURANCE RATING AND POLICY FORMS

### DIVISION

#### INSURANCE RATING DIVISION

Louisiana is a “prior approval” state, meaning companies cannot implement or impose their property and casualty rates or rules without first receiving approval from the Commissioner of Insurance via the Office of Property & Casualty Insurance Rating Division.

It is the purpose of the Office of Property & Casualty, through the authority granted to the Commissioner of Insurance under Act 459 of the 2007 Regular Session, to see that all P&C rates and rules for admitted carriers are not excessive, inadequate or unfairly discriminatory. This is accomplished through:

- » A review of all initial rate and rule programs and all proposed rate and rule changes;
- » Actuarial review of selected rate filings.

If actuarial data does not support a proposed rate change, the rate filing will be disapproved. Additionally, if the Insurance Rating Division finds that a proposed rule is not in compliance with the Louisiana Revised Statutes, then the proposed rule is disapproved. This action prohibits the implementation of a proposed rate and/or rule.

The Actuarial Division (within the Office of Financial Solvency) reviews a majority of all rate filings. A written actuarial recommendation is provided to the Insurance Rating Division relative to all rate filings reviewed by the actuaries. If other rate or rule filings are found to contain unresolved actuarial issues or result in amended provisions, a written actuarial recommendation is also provided to the Insurance Rating Division.

Actuarial review may result in a company’s filing being amended to a lesser or greater percentage change. A company can appeal the Commissioner’s decision to disapprove a rate or rule filing. Table 38 represents actions taken by the Office of Property & Casualty on rate revision requests which the Actuarial Division reviewed.

**OFFICE OF PROPERTY & CASUALTY**  
**INSURANCE RATING AND POLICY FORMS DIVISION**

**RATE FILING IMPACT**  
**3-YEAR HISTORY**

**TABLE 36**

<b>All Lines 7/1/2010 to 6/30/2011*</b>				
<i>Filing Disposition</i>	<i>Number of Filings</i>	<i>% of All Filings</i>	<i>Requested \$ Impact</i>	<i>Approved \$ Impact</i>
Disapproved	26	4.5%	\$77,646,676	\$0
Approved	538	93.7%	\$141,051,437	\$112,845,367
<i>Amended Rate Change %</i>	27	4.7%	\$73,780,282	\$45,575,218
<i>All Other Approvals</i>	511	89.0%	\$67,271,154	\$67,270,149
Withdrawn	10	2.0%	\$6,506,947	\$0
<b>Totals</b>	<b>574</b>	<b>100.0%</b>	<b>\$225,205,060</b>	<b>\$112,845,367</b>
<b>All Lines 7/1/2009 to 6/30/2010*</b>				
<i>Filing Disposition</i>	<i>Number of Filings</i>	<i>% of All Filings</i>	<i>Requested \$ Impact</i>	<i>Approved \$ Impact</i>
Disapproved	41	6.8%	\$92,529,469	\$0
Approved	538	88.8%	\$73,632,258	\$65,118,053
<i>Amended Rate Change %</i>	38	6.3%	\$36,374,494	\$27,863,956
<i>All Other Approvals</i>	500	82.5%	\$37,257,764	\$37,254,097
Withdrawn	27	4.5%	\$19,699,923	\$0
<b>Totals</b>	<b>606</b>	<b>100.0%</b>	<b>\$185,861,650</b>	<b>\$65,118,053</b>
<b>All Lines 7/1/2008 to 6/30/2009*</b>				
<i>Filing Disposition</i>	<i>Number of Filings</i>	<i>% of All Filings</i>	<i>Requested \$ Impact</i>	<i>Approved \$ Impact</i>
Disapproved	18	3.2%	\$2,122,957	\$0
Approved	528	94.5%	\$135,107,495	\$74,544,918
<i>Amended Rate Change %</i>	54	9.7%	\$137,864,570	\$81,401,186
<i>All Other Approvals</i>	474	84.8%	-\$2,757,075	-\$6,856,268
Withdrawn	13	2.3%	\$18,984,735	\$0
<b>Totals</b>	<b>559</b>	<b>100.0%</b>	<b>\$156,215,187</b>	<b>\$74,544,918</b>

\* There may be slight variances in data for prior years due to annual audits completed after publication dates.

## **OFFICE OF PROPERTY & CASUALTY**

### **INSURANCE RATING AND POLICY FORMS DIVISION**

Prior to the 2007 enactment of Act 459, a company could choose to file rates or rules by following a number of statutory filing methods. Table 37 on page 69 summarizes rate filings by the filing provisions that have been available in the most recent three-year periods. However, prior approval and a commercial deregulation hybrid are the only filing methods remaining in Louisiana. These provisions are as follows:

A. **PRIOR APPROVAL**

The prior approval provisions for rates and rules apply to the review process performed by the Louisiana Department of Insurance, Office of Property and Casualty.

B. **COMMERCIAL DEREGULATION**

The Commercial Deregulation provision is outlined in La. R.S. 22:1451(D). All commercial filings, both rate and rule, are made to the Department of Insurance, the Office of Property & Casualty. If a filing is designated by the insurance company as being negotiated, the policy has a premium of \$10,000 or greater, and the line of business is any other than workers' compensation or medical malpractice, the company is required to submit an informational filing to the Office of Property & Casualty.

For all other filings, the company must file with the Office of Property & Casualty and wait 45 days before implementing the filed revision. The Office of Property & Casualty can approve an implementation date that is less than 45 days.

**METHODS OF RATE FILING**  
**3-YEAR HISTORY (INCLUDING STATUTORY CITATION)**

**TABLE 37**

<b>All Lines 7/1/2010 to 6/30/2011*</b>			
<i>Filing Method</i>	<i>Total Number of Rate Filings Reviewed<sup>1</sup></i>	<i>Number of Rate Filings Approved</i>	<i>Number of Rate Filings Not Approved<sup>2</sup></i>
<b>Modified Prior Approval</b> (La. R.S. 22:1451 et seq, post-January 1, 2008; Acts 2007, No. 459)	606	567	39
<b>Workers' Compensation Group Self-Insured Funds</b>	2	2	0
<b>Totals: All Filing Methods</b>	608	569	39
<b>All Lines 7/1/2009 to 6/30/2010*</b>			
<i>Filing Method</i>	<i>Total Number of Rate Filings Reviewed<sup>1</sup></i>	<i>Number of Rate Filings Approved</i>	<i>Number of Rate Filings Not Approved<sup>2</sup></i>
<b>Modified Prior Approval</b> (La. R.S. 22:1451 et seq, post-January 1, 2008; Acts 2007, No. 459)	603	535	68
<b>Workers' Compensation Group Self-Insured Funds</b>	3	3	0
<b>Totals: All Filing Methods</b>	606	538	68
<b>All Lines 7/1/2008 to 6/30/2009*</b>			
<i>Filing Method</i>	<i>Total Number of Rate Filings Reviewed<sup>1</sup></i>	<i>Number of Rate Filings Approved</i>	<i>Number of Rate Filings Not Approved<sup>2</sup></i>
<b>Modified Prior Approval</b> (La. R.S. 22:1451 et seq, post-January 1, 2008; Acts 2007, No. 459)	558	527	31
<b>Workers' Compensation Group Self-Insured Funds</b>	1	1	0
<b>Totals: All Filing Methods</b>	559	528	64

**Notes:** <sup>1</sup> "Filings Reviewed" only include those with a final disposition of *approved*, *NOT approved* or *withdrawn*; pending reviews are not counted.

<sup>2</sup> "Not Approved" filings include *disapproved* and *withdrawn filings*; pending reviews are not counted.

Each year, the Department of Insurance collects the Louisiana Insurance Rating assessment based on the premiums written by each admitted property and casualty company. Only premiums for rate regulated lines of business are included in this assessment.

The total assessment in 2010 was one percent of 2009 premium. As such, the assessment collection created revenue in the amount of \$77,122,338.15, based on \$7,712,233,815.33 of premium, with no credits allowed to domestic and foreign insurers.

Not all lines of business shown in Table 40 are subject to rate regulation and, therefore, assessable. Lines not subject to rate regulation by the Department of Insurance include crop, federal flood, ocean marine, accident and health, aircraft and bail bonds (a subset of surety). Further, the Louisiana Workers' Compensation Corporation and Surplus Lines are exempt from this assessment.

Table 38 shows the premiums paid to insurers in 2010 as reported to the NAIC.

**OFFICE OF PROPERTY & CASUALTY**

**INSURANCE RATING AND POLICY FORMS DIVISION**

**TABLE 38**

**LOUISIANA PROPERTY & CASUALTY MARKET EXHIBIT OF  
UNDERWRITING GAINS & LOSSES BY LINE OF BUSINESS CALENDAR YEAR 2010**

Line of Business	(A) Direct Premium Written	(B) Direct Premium Earned	(C) Dividends Paid	(D) Incurred Losses & Adjustment Expenses	(E) Estimated Underwriting Expenses	(F) Estimated Other Income / (Expense)	(G) Estimated Underwriting Gain(Loss), Excluding Investment Income
Fire	328,997,461	314,627,974	196,862	84,175,176	98,696,518	4,518,236	136,077,654
Allied Lines	367,967,148	368,004,457	261,622	56,318,012	115,078,083	18,513,994	214,860,734
Multiple Peril Crop	77,851,298	75,711,968	-	27,807,461	6,657,912	(327,526)	40,919,068
Federal Flood	291,863,285	297,944,865	-	11,432,148	69,183,249	(237,612)	217,091,857
Farmowners Multiple Peril	10,884,979	10,648,431	-	5,931,195	3,931,853	14,054	799,436
Homeowners Multiple Peril	1,561,828,368	1,531,838,328	4,549,890	397,633,772	550,868,580	23,120,991	601,907,078
Commercial Multiple Peril (Non-Liability)	324,925,012	330,864,284	14,609	90,062,153	124,894,027	(1,492,836)	114,400,659
Commercial Multiple Peril (Liability)	127,046,905	128,551,430	4,039	68,813,171	51,388,152	(434,244)	7,911,823
Mortgage Guaranty	72,140,889	72,548,537	-	45,739,369	21,380,268	6,393,544	11,822,445
Ocean Marine	250,657,979	246,447,630	14,108	123,562,305	96,501,207	(234,160)	26,135,850
Inland Marine	285,559,638	289,346,712	180,346	83,563,816	103,555,449	(1,098,911)	100,948,190
Financial Guaranty	8,331,341	15,529,296	-	2,323,713	3,571,615	2,254,537	11,888,505
Medical Malpractice	101,915,072	102,069,059	5,120,631	18,836,091	35,480,414	2,200,975	44,832,898
Earthquake	9,843,686	9,394,435	7,995	304,328	2,351,660	(418,411)	6,312,041
Group Accident and Health	39,061,609	36,712,726	-	30,140,430	8,642,238	(548,064)	(2,618,006)
Credit Accident and Health	1,890,562	1,780,577	-	339,659	773,044	2,560	670,434
Other A&H	17,556,946	13,263,873	597	9,980,518	3,502,196	14,639	(204,799)
Workers' Compensation	700,618,883	699,626,502	16,409,996	579,671,600	250,507,740	(21,629,959)	(168,592,793)
Other Liability-Occurrence	514,886,190	519,333,873	404,074	728,505,149	190,762,521	(8,673,622)	(409,011,494)
Other Liability-Claims-Made	175,493,268	179,284,719	8,246	71,801,755	60,362,674	(2,394,448)	44,717,596
Excess Workers' Compensation	36,646,131	36,576,762	-	(8,071,021)	12,159,799	(96,359)	32,391,624
Products Liability	31,749,989	32,058,992	718	22,762,023	15,251,447	396,261	(5,558,935)
Private Passenger Auto Liability	1,995,760,115	1,962,348,074	5,786,231	1,358,518,331	656,160,556	12,126,088	(45,990,956)
Commercial Auto Liability	419,503,308	430,662,410	19,951	353,414,992	152,880,206	161,393	(75,491,346)
Private Passenger Auto Physical Damage	1,284,860,112	1,289,060,768	3,812,744	650,925,314	415,383,730	7,388,583	226,327,563
Commercial Auto Physical Damage	87,080,389	91,159,250	4,633	43,109,155	34,731,719	301	13,314,044
Aircraft (All Perils)	59,698,476	64,329,756	-	38,269,880	18,038,053	(342,307)	7,679,516
Fidelity	11,536,968	11,627,886	30	7,487,242	4,545,958	32,381	(372,963)
Surety	132,338,148	128,021,931	-	40,219,654	61,477,601	(425,887)	25,898,790
Burglary and Theft	2,124,257	2,058,705	10	868,798	890,085	(6,567)	293,245
Boiler and Machinery	24,835,767	23,742,908	403	10,106,129	7,584,387	(610,449)	5,441,540
Credit	28,384,625	27,971,843	-	3,129,466	16,527,525	(3,676)	8,311,176
Warranty	7,259,147	9,498,372	-	7,070,089	1,301,076	3,622	1,130,828
Aggregate Write-Ins, Other Lines of Business	35,901,424	37,088,962	-	27,775,052	11,528,539	(13,781)	(2,228,410)
<b>TOTAL</b>	<b>9,426,999,375</b>	<b>9,389,736,295</b>	<b>36,797,735</b>	<b>4,992,526,925</b>	<b>3,206,550,081</b>	<b>38,153,338</b>	<b>1,192,014,893</b>

(A) Actual Reported Louisiana Experience, 2010 Property & Casualty Annual Statement, Page 19 (State Page), column 1.  
 (B) Actual Reported Louisiana Experience, 2010 Property & Casualty Annual Statement, Page 19 (State Page), column 2 .  
 (C) Actual Reported Louisiana Experience, 2010 Property & Casualty Annual Statement, Page 19 (State Page), column 3 .  
 (D) Actual Reported Louisiana Experience, 2010 Property & Casualty Annual Statement, Page 19 (State Page), columns 6 & 9.  
 (E) Actual Reported Louisiana Experience - Commission & Premium Tax Expenses, 2010 P&C Annual Statement (Page 19 (State Page) , columns 11 & 12) + Estimated Louisiana Experience based upon Nationwide Ratio of Other Adjustment, Acquisition & General Expenses to Earned Premium (2010 Insurance Expense Exhibit - Part III, Columns 11, 27, & 29).  
 (F) Estimated Louisiana Experience based upon Nationwide Ratio of Other Income/Expense to Earned Premium, 2010 Insurance Expense Exhibit - Part III, Column 31.  
 (G) Calculation = Cols. B - C - D - E + F  
 Caution: This page is unaudited and may contain inadvertent errors.



## **POLICY FORMS DIVISION**

The Policy Forms Division reviews contract forms submitted by insurers for compliance with applicable statutes, rules and regulations.

Table 39 shows the total number of policy forms reviewed by this division.

<b>NUMBER OF POLICY FORMS PROCESSED 3-YEAR HISTORY</b>	
<i>Fiscal Year</i>	<i>Total Number Of Forms Processed</i>
07-01-2010 to 06-30-2011	27,326
07-01-2009 to 06-30-2010	23,444
07-01-2008 to 06-30-2009	24,121

Of the total number of policy forms in FY 2010-2011, 59 percent were approved prior to use, either by receiving Department approval or by utilizing the certified approved process. Table 40 presents the numbers of approval and disapproval actions taken on all forms processed; however, it does not include numbers for forms received for informational purposes only, forms withdrawn and filings where companies adopt filing organizations' forms which the Department had previously approved for use in Louisiana.

<b>ACTIONS TAKEN ON POLICY FORMS PROCESSED 3-YEAR HISTORY</b>		
<i>Fiscal Year</i>	<i>Approved</i>	<i>Disapproved</i>
07-01-2010 to 06-30-2011	16,035	8,166
07-01-2009 to 06-30-2010	13,981	7,360
07-01-2008 to 06-30-2009	13,038	6,786

## **COMPLIANCE DIVISION**

The Compliance Division monitors the marketing, underwriting, customer service and claims handling practices of property and casualty insurers and producers conducting business in Louisiana. Additionally, this division provides information, advice and assistance to consumers and industry representatives by responding to inquiries, making public presentations and supplying informational pamphlets and brochures to interested parties. This includes:

- » Resolving policyholder grievances regarding property and casualty insurance coverage and policyholders’ legal rights;
- » Enforcing industry compliance with consumer protection regulations;
- » Distributing Louisiana Department of Revenue forms for claiming income tax credit for Louisiana Citizens Property Insurance Corp. assessments, upon request;
- » Educating the public about insurance coverage, legal rights and how to avoid future problems.

**TABLE 41      ACTIVITIES OF THE P&C COMPLIANCE DIVISION**

<b>Consumer Complaint Investigations</b>	
Opened	1,743
Closed	1,838
In Progress at End of Fiscal Year	171
Amount of Benefits & Refunds Recovered	\$5,619,369
Amount of Fines Levied for Failure to Respond Timely to a Complaint	0
 <b>Related Activities</b>	
Telephone Inquiries Handled	88,908
Walk-Ins Assisted	94
Correspondence by Mail	4,761
Complaint Forms Mailed	1,181
Publications Mailed	12,335
Public Presentations	5

## **ANNUAL CONSUMER COMPLAINT REPORT**

### **PROPERTY & CASUALTY COMPLIANCE DIVISION**

#### **LA. R.S. 22:1972 REPORT BY THE COMMISSIONER**

*The Commissioner of Insurance shall annually submit a report to the Senate and House of Representatives Committees on Insurance relative to complaints received and actions taken pursuant to the provisions of this Part. Such report shall contain information relative to the number of complaints received, and the disposition of same, the amount collected in penalties, the cost of all related proceedings, and such other information as the Commissioner deems pertinent or the insurance committees shall request.*

Effective July 1, 2001, property and casualty complaints were handled by the Compliance Division in the Office of Property & Casualty. The Compliance Division sent out 1,181 complaint packets and 12,335 publications to consumers during the 2010-2011 Fiscal Year and received 1,743 P&C consumer complaints, compared to 2,109 consumer complaints during the previous fiscal year.

The efforts of this division resulted in reimbursements and claim settlements totaling \$5,808,210.87 being realized by consumers. Table 42 represents the number of complaints received.

<b>NUMBER OF PROPERTY &amp; CASUALTY CONSUMER COMPLAINTS RECEIVED 3-YEAR HISTORY</b>		<b>TABLE 42</b>
<i>Fiscal Year</i>	<i>Total Number Of Complaints</i>	
07-01-2010 to 06-30-2012	1,743	
07-01-2009 to 06-30-2010	2,109	
07-01-2008 to 06-30-2009	3,010	

On the following pages, Table 43 and Chart 6 give a statistical overview and history of the property and casualty insurance consumer complaints handled by the Department of Insurance.

**OFFICE OF PROPERTY & CASUALTY**

**COMPLIANCE DIVISION**

**TABLE 43**

**PROPERTY & CASUALTY COMPLAINTS RECEIVED  
BY COVERAGE TYPE**

<i>Coverage Type</i>	<i>Total Filed</i>	<i>Percent of Total</i>
Auto/Commercial	34	1.95%
Auto/Gap Coverage	4	0.23%
Auto/Motorcycle	7	0.40%
Auto/Motorhome	10	0.57%
Auto/Other	132	7.57%
Auto/Personal	633	36.32%
Auto/Physical Damage	30	1.72%
Auto/UM-BI	1	0.06%
Auto/VMB-Extended Warranty	13	0.75%
Comm/Business	35	2.01%
Comm/Business Owners	2	0.11%
Comm/Multi-Peril	2	0.11%
Comm/Other	11	0.63%
Comm/Property	10	0.57%
Comm/Wind-Hail	2	0.11%
Flood	37	2.12%
HO/Home Warranty	6	0.34%
HO/Mobile Home	17	0.98%
HO/Other	20	1.15%
HO/Renters	14	0.80%
HO/Wind-Hail	6	0.34%
Homeowners	504	28.92%
LIAB/Business	9	0.52%
LIAB/E&O, D&O, PROF	1	0.06%
LIAB/Excess	1	0.06%
LIAB/General	21	1.20%
LIAB/Other	6	0.34%
MISC/Aviation	1	0.06%
MISC/Crop/Livestock	1	0.06%
MISC/Fid-Sur/Bond	41	2.35%
MISC/Inland Marine	1	0.06%
MISC/Other	62	3.56%
MISC/Title	4	0.23%
MISC/WC/EMPL Liab	44	2.52%
P/C Multi Coverage	1	0.06%
Not Specified	20	1.15%
<b>TOTAL</b>	<b>1,743</b>	<b>100.00%</b>

# OFFICE OF PROPERTY & CASUALTY

## COMPLIANCE DIVISION

### COMPLAINT DISPOSITIONS REACHED FOR PROPERTY AND CASUALTY

#### COMPLAINTS CLOSED

TABLE 44

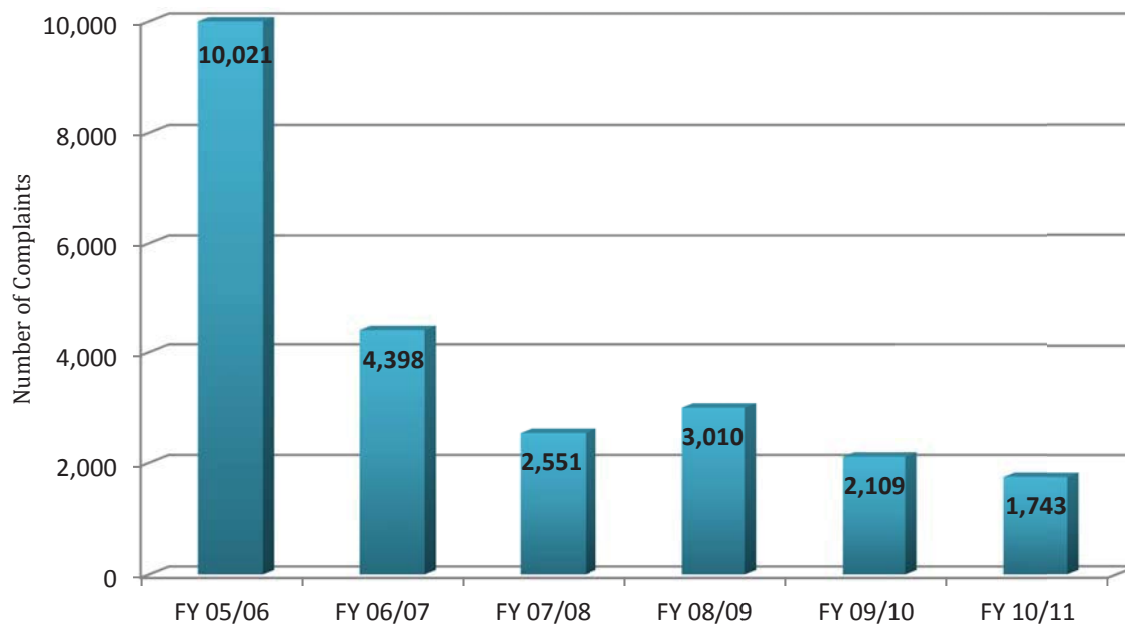
<i>Disposition</i>	<i>Number Closed</i>
Favorable to Consumer	514
Favorable to Regulated Entity	467
Neutral	848
TOTAL	1,829*

\* This total may vary from Table 41 if complaint files are reopened after the close of the fiscal year and prior to the preparation of this report.

### PROPERTY & CASUALTY COMPLAINTS RECEIVED

#### 6-YEAR HISTORY

CHART 6



# **LOUISIANA PROPERTY AND CASUALTY INSURANCE COMMISSION**

## **LEGISLATIVE BACKGROUND AND PURPOSE**

In 1997, the Louisiana Legislature created the Council on Automobile Insurance Rates and Enforcement to undertake a comprehensive study and provide oversight and recommendations aimed at enforcement of those laws and programs that affect automobile insurance rates. CAIRE researched and studied many ideas that have been beneficial in the area of lowering automobile insurance rates including, but not limited to, the impoundment law, “No Pay, No Play,” stronger DWI penalties, graduated licensing, automobile insurance checkpoints and a crackdown on insurance fraud.

In 2001, the Louisiana Legislature expanded CAIRE’s realm of study to include not only automobile insurance but also homeowners insurance and workers’ compensation insurance, thus forming the Louisiana Property and Casualty Insurance Commission. The Commission, which consists of three ad-hoc committees (Automobile Insurance Ad-Hoc Committee, Homeowners Insurance Ad-Hoc Committee and Workers’ Compensation Ad-Hoc Committee), has been given the task of reviewing and examining the availability and affordability of property and casualty insurance in the state.

The Commission submits an annual report to the Governor, Commissioner of Insurance and the Legislature, which includes its recommendations based upon its research, meetings and testimony.

The statute that authorizes the Louisiana Property and Casualty Insurance Commission is La. R.S. 22:2171.

## **MEMBERSHIP**

The 22-member Commission is composed of insurance industry experts and other interested parties, including national and state property insurance associations, agent associations, law enforcement, community leaders, and representatives of various consumer interests. Membership also includes the Commissioner of Insurance, representatives from the Governor’s office, the Attorney General’s office, the Senate and House Committees on Insurance and an appointment designated by the Commissioner of Insurance.

## **LEGISLATIVE RECOMMENDATIONS**

No recommendations for legislation were considered during this reporting period for the 2011 fiscal session.

## **OFFICE OF PROPERTY & CASUALTY**

### **LOUISIANA PROPERTY AND CASUALTY INSURANCE COMMISSION**

## **KEY ISSUES ADDRESSED BY THE COMMISSION**

During the reporting period of 2010-2011, the Commission met four times to discuss issues affecting the property and casualty insurance market in Louisiana. Two of the meetings included the full membership and the other two consisted of the newly activated auto and homeowners ad hoc committees. The Commission has explored and addressed the market concerns of the insurance industry, other state agencies, and consumers.

The following issues were discussed:

- » Property and Casualty legislation enacted during the 2010 Regular Legislative Session
- » Highway Safety and DWI Legislation
- » Update on the Louisiana Citizens Property Insurance Corporation
- » Update from new and existing Incentive Companies
- » Usage based auto insurance
- » Status report on Louisiana's Distracted Driving Task Force
- » Status report on the Data Driven Approaches to Crime and Safety (DDACTS) Program
- » Wind mitigation panel discussion of regulation and issues affecting implementation
- » Follow up on wind mitigation experience in Louisiana from a company, industry and enforcement perspective
- » Presentation by Risk Management Solutions (RMS) on the most recent hurricane model

## **FUTURE STUDY ISSUES**

The Commission will continue to research and develop legislative recommendations on various issues. Of continuing importance are:

- » Highway Safety Issues:
  - » Underage drinking
  - » Distracted driving
  - » Electronic enforcement/speeding
  - » Ignition interlock issues
  - » DWI issues/legislation
- » Property and Casualty Issues:
  - » Uninsured motorists
  - » Building code issues
  - » Wind Mitigation
  - » Credit Scoring
  - » Workers Compensation Overview

## **OFFICE OF PROPERTY & CASUALTY**

### **LOUISIANA PROPERTY AND CASUALTY INSURANCE COMMISSION**

The Commission will continue to work with the following groups on a regular basis to promote public awareness and education concerning insurance and safety issues: Louisiana Highway Safety Commission, Southeastern Louisiana DWI Task Force, Traffic Records Executive and Coordinating Committees, the Agent Advisory Board (Property & Casualty Working Group), Distracted Driving Task Force and the Governor's Task Force on DWI/Vehicular Homicide.

## **PUBLICATIONS**

A newsletter, *The Louisiana Property & Casualty Insurance Commission Monthly Report*, is published by the staff of the Commission. It is distributed to a statewide mailing list of interested parties. The newsletter is also emailed to legislators, district attorneys, sheriffs and clerks of court in the state.

Property and Casualty issues and headlines reported in the newsletter included: 2010 legislative review; *How Has the BP Oil Spill Affected Louisiana Insurance?*; *IIHS Study: Older Drivers Involved in Fewer Crashes*; *Commissioner Donelon Announces Decline in Auto Thefts*; *Katrina Summit Focuses on Progress and a Recovery of Louisiana's Insurance Market*; *No Refusal Tactic Used for DWI*; *Donelon Announces Fourth Round of Citizens Depopulation a Success*; *Deadline Approaching for Citizens' Assessment Rebate*; *Buckling Up Pays Off in Louisiana*; *Tougher Driving Laws for Teens Take Effect*; and meeting coverage of the Commission.

The annual report of the Commission to the Legislature was distributed prior to the convening of the 2011 Regular Session of the Legislature and remains on the LDI website at [http://www.ldi.la.gov/Documents/Property\\_Casualty/Ins\\_Commission/LPCIC-AnnualReport2010.pdf](http://www.ldi.la.gov/Documents/Property_Casualty/Ins_Commission/LPCIC-AnnualReport2010.pdf).





**DIVISION OF  
LEGAL SERVICES**

# DIVISION OF LEGAL SERVICES

## LEGAL SERVICES

### RESPONSIBILITIES AND ACTIVITIES

The Division of Legal Services in the Department of Insurance was created by La. R.S. 36:689 and is under the direction of the Executive Counsel. The Division of Legal Services acts as the legal counsel and enforcement arm of the Department. Its functions include drafting regulations and directives, bulletins and advisory letters; preparing and monitoring legislation; representing the Department in litigation before federal and state courts; enforcing insurance regulatory laws in administrative hearings; and assisting Department staff by providing legal advice on policy forms and any other insurance related matters. It also serves as a liaison between the Department and other federal, state and local government departments, agencies and commissions as well as insurance companies, producers and consumers. The Division of Legal Services may provide legal opinions to the public, the insurance industry, other regulators and Department personnel.

### ADMINISTRATIVE HEARING LITIGATION REPORT

In Fiscal Year 2010-2011, the Division of Legal Services tracked 256 activities related to legal representation of the Department of Insurance in its enforcement and regulatory capacity. Each attorney works closely with different Department offices/divisions to enforce the requirements of Title 22, the Insurance Code.

Staff attorneys also serve as prosecutors for violations of the Insurance Code in legal hearings by the Division of Administrative Law. Ten of the following are matters that reflect violations of Title 22, Part IV, Sections 1963 and 1964. See Table 45 for details.

**TABLE 45**      **TYPES OF LEGAL ISSUES/ADMINISTRATIVE HEARINGS  
AS CONDUCTED BY LEGAL SERVICES**

---

Bail Bond Forfeitures	206
Cease & Desist Orders	11
Misappropriations	11
Misrepresentations	3
Unlicensed/Unauthorized Agents or Companies	3
Revocation of Certificate of Authority/License	2
Other	20
<b>TOTAL</b>	<b>256</b>

### FINES COLLECTED

In Fiscal Year 2010-2011, the Division of Legal Services assisted the Commissioner of Insurance in collecting \$35,000 in civil fines.

## **DIVISION OF LEGAL SERVICES**

### **RULES, REGULATIONS, DIRECTIVES, ADVISORY LETTERS, BULLETINS & OPINIONS**

In addition to administrative hearings, other key responsibilities center on legislation, regulatory policies and legal opinions. Lists of advisory letters, bulletins, directives and legal opinions issued, and rules and regulations promulgated in FY 2010-2011 follow:

#### **A. REGULATIONS, RULES, DIRECTIVES, ADVISORY LETTERS & BULLETINS ISSUED, AMENDED, REPEALED:**

Regulation 47:	Actuarial Opinion and Memorandum Regulation. Amended LR 37:598 (February 2011).
Regulation 99:	Certificates of Insurance. Promulgated LR 36:2869 (December 2010).
Directive 202:	Temporary Life Insurance License Program for Life-Only License. Expired June 30, 2011.
Advisory Letter 2010-01:	Producer Compensation. Issued August 9, 2010.
Advisory Letter 2010-02:	Anti-Fraud Plan Filing Requirements. Issued December 30, 2010.
Bulletin 2010-01:	Compliance with Federal Health Care Laws. Issued July 6, 2010.
Bulletin 2010-02:	Stranger Originated Annuity Transactions. Issued July 6, 2010.
Bulletin 2010-03:	Fraud Investigations and Claims Audits by Health Insurance Issuers and Health Maintenance Organizations. Issued September 3, 2010.
Bulletin 2010-04:	Mandatory Use of the System for Electronic Rate and Form Filings (SERFF) for Electronic Rate, Rule and/or Policy Form Filings in Louisiana. Issued November 23, 2010.
Bulletin 2010-05:	Rebating and Inducements; Value Added Services. Issued August 9, 2010.

## **DIVISION OF LEGAL SERVICES**

### **B. POLICY OPINIONS/LEGAL OPINIONS/ADVICE**

When requested, attorneys in the Division of Legal Services provide formal and informal legal opinions to Department personnel, other insurance regulators, regulated entities and public entities. Two opinions were issued as follows:

- LA 10-04: LA 10-04 addresses issues related to timing in filing an application for the Bail Bond Apprentice Program. It considers the handling of applications received by the LDI prior to the implementation of La. R.S. 22:1571 and also the handling of certifications that apprenticeship requirements were fulfilled in part or in full prior to implementation of La. R.S. 22:1571. It also provides guidance regarding the requirement in La. R.S. 22:1571 that the Commissioner deny applications of those with prior felony convictions.
  
- LA 11-01: LA 11-01 evaluates a check fraud program designed to provide certain services to customers such as identity theft advice and review, proprietary website access, police report filing assistance and monthly informational e-mails. The opinion concludes the program would not be regulated as an insurance product in Louisiana.

## **INSURANCE FRAUD SECTION**

### **PURPOSE**

The Insurance Fraud Section investigates all forms of suspected insurance fraud:

- » Claims fraud;
- » Producer fraud, including bail bond agents and bail enforcement agents;
- » Claims adjuster fraud;
- » Company fraud, including fraud committed by a company or fraud committed against a company (i.e. insider fraud);
- » Provider fraud, which includes doctors, attorneys, body shops, pharmacies or any person or entity playing a role in the insurance process.

Investigators work closely with the various Department of Insurance offices and divisions across the nation, as well as with the Insurance Fraud/Auto Theft Investigation Unit of the Office of State Police and the Insurance Fraud Support Unit of the Office of the Attorney General, local and federal law enforcement officers, prosecutors, insurance company personnel, insurance agencies and the general public in their mission to reduce fraud in Louisiana. The Insurance Fraud Section places emphasis on the following:

- » Investigating suspected fraudulent claims and working closely with the respective law enforcement agencies and prosecutors' offices for the successful investigation and prosecution of individuals involved in fraudulent activities;
- » Investigating insurance producers and companies suspected of engaging in fraudulent practices and working with the respective law enforcement agencies and prosecutors' offices for the successful prosecution of individuals involved in fraudulent activities;
- » Performing background investigations on companies, individuals and other entities seeking to conduct the business of insurance in Louisiana;
- » Performing background investigations on individuals seeking an 18 U.S.C. Section 1033 consent to engage in the business of insurance.

In 1999, legislation was passed that created an assessment on insurance company premiums to provide funding to combat insurance fraud. The use of these funds was designated for the creation of the insurance fraud units within the Office of State Police and the Office of the Attorney General and for additional assistance to the existing Insurance Fraud Section of the Department of Insurance.

The fraud units of the three agencies work closely as a task force, each playing a vital part in the process, from preliminary investigation and criminal referral, to arrest and prosecution.

## **DIVISION OF LEGAL SERVICES**

### **INSURANCE FRAUD SECTION**

Any law enforcement authority may investigate insurance fraud, but the majority of cases are channeled through the State Police Insurance Fraud/Auto Theft Investigation Unit. When local authorities pursue insurance fraud cases, the Department of Insurance Fraud Section works with them to lend its experience and expertise, as well as to act as an informal liaison between local law enforcement authority and the State Police.

The State Police developed the Homeland Security Information Network, an information sharing website for the three fraud units to share information among themselves and with special investigation units of the insurance industry. The status of all cases referred to the State Police can be found on HSIN, along with arrest messages and an information sharing link. HSIN information is confidential and accessible only by the insurance fraud task force members and industry special investigation units which must sign confidentiality agreements before being permitted access to HSIN.

## **CLAIMS FRAUD**

The Department of Insurance Fraud Section received 2,623 reports of suspected fraudulent claims during FY 2010-2011. The majority were from insurance companies in accordance with La. R.S. 22:1926. Since its inception in 2007, the Insurance Fraud Section database has accumulated 8,355 entries of suspected fraudulent claims, and the Fraud Section records verify that it has processed 14,980 claims since it was founded.

The database enables the Insurance Fraud Section to determine patterns of numerous suspicious claims which involve an individual claimant, possibly several insurance companies and specific medical providers, attorneys, and/or possibly insurance company staff. The database may expose fraudulent schemes.

Exaggerated loss statements are reported more frequently than any other type of suspected fraud. There are various ways to initiate exaggerated loss statements. These include the following:

- » Claiming greater and more prolonged severity of a physical injury than actually occurred;
- » Claiming damage to a vehicle from a wreck when the damage actually occurred from another wreck or incident;
- » Claiming property was destroyed or burglarized in a home when in fact the items never existed or were never stolen or destroyed.

Other examples of fraudulent claims include staged accidents (i.e., planned incidents that are made to appear and claimed by the participants to be "accidents" involving some type of loss), provider fraud and medical/health care fraud.

Louisiana laws (La. R.S. 22:1926 and 40:1424) require the reporting of all cases of suspected fraudulent activity to the Department of Insurance Fraud Section. Suspected fraudulent claim report forms are available online for both insurance companies and the general public. Online reporting allows anonymous submissions, the reporting of more than one person or entity per form and the attachment of documents.

## DIVISION OF LEGAL SERVICES

### INSURANCE FRAUD SECTION

The Insurance Fraud Section made 761 criminal referrals involving insurance fraud to the State Police during this fiscal year. There were 128 arrests resulting in 374 charges for numerous crimes as a result of criminal referrals related to these suspected fraudulent acts. Those charges are categorized in Table 46.

#### **CHARGES RESULTING FROM FRAUD SECTION REFERRALS BY CATEGORY**

**TABLE 46**

<i>Category</i>	<i>Number Of Charges*</i>	<i>Percent Of Crimes</i>
Insurance Fraud	173	46.3%
Forgery	66	17.6%
Theft	60	16.0%
Doctor Shopping	20	5.3%
Filing False Public Records	14	3.7%
Failure to Remit Premiums	11	2.9%
Conspiracy	10	2.7%
Wire Fraud	7	1.9%
Altering of VIN	3	0.8%
Health Care Fraud	3	0.8%
Mail Fraud	3	0.8%
Bank Fraud	2	0.6%
Carnal Knowledge of a Juvenile	1	0.3%
Resisting Arrest	1	0.3%

\*An arrest may include multiple charges.

## PRODUCER AND COMPANY FRAUD

Investigations of producers and companies may involve misrepresentation; misappropriation of funds belonging to the policyholder, premium finance company or insurer; unlicensed and/or unauthorized entities; and fraudulent insurance identification cards or certificates of insurance. The single greatest producer fraud activity from an administrative perspective continues to be the misappropriation of funds from a policyholder. Because these funds go unreported to an insurance company or premium finance company, counterfeit insurance identification cards and certificates of insurance may also be involved.

Investigations include the compilation, research and analysis of information obtained by the Insurance Fraud Section from consumer complaints, producers, companies, Department offices and additional sources. A detailed analysis is done to determine if sufficient evidence exists to justify Department action and/or criminal referral. Investigators work closely with law enforcement during on-site investigations of fraudulent activity and with the gathering of additional evidence if warranted.

## **DIVISION OF LEGAL SERVICES**

### **INSURANCE FRAUD SECTION**

**TABLE 47**      **ACTIONS TAKEN REGARDING  
PRODUCER, CLAIMS ADJUSTER AND COMPANY FRAUD**

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Number of Investigations Opened	66
Cease & Desist Orders Served	19
Notices of Proposed Action Served	19
Criminal Referrals to Law Enforcement	7
Arrests Made as a Result of Criminal Referrals	7

## **INSURANCE FRAUD PREVENTION**

The Insurance Fraud Section plays a critical role in insurance fraud prevention. The key components are educating the public, regulated entities and conducting extensive background investigations.

### **EDUCATION**

The Fraud Section's efforts in the area of education include press releases, brochures, an online presence and presentations to various groups and organizations about insurance fraud.

### **BACKGROUND INVESTIGATIONS**

One of the duties and responsibilities of the Insurance Fraud Section is to investigate the backgrounds of companies, officers, directors, Medical Necessity Review Organizations, claims adjusters and other entities applying to conduct the business of insurance in Louisiana. This includes changes of officers and directors of domestic companies currently authorized to do business in the state. Contacts utilized to conduct background investigations include but are not limited to the following:

- » U.S. Attorneys;
- » District Attorneys;
- » FBI and other federal enforcement agencies;
- » Other state law enforcement agencies nationwide;
- » Sheriff's Departments across the state;
- » Other state insurance regulatory agencies nationwide;
- » Federal and state agencies involved in the regulation of securities;
- » Professional licensing boards in all states, nationally and internationally;
- » Professional associations and organizations at all levels;
- » Other regulatory agencies, depending on the background of the entity involved;
- » Fraud prevention and detection organizations such as the National Insurance Crime Bureau, Coalition Against Insurance Fraud, and the International Association of Special Investigative Units, as well as the vast resources of the National Association of Insurance Commissioners.



## **DIVISION OF LEGAL SERVICES**

### **INSURANCE FRAUD SECTION**

Table 48 outlines applications completed by the Insurance Fraud Section for the 2010-2011 Fiscal Year.

<b><u>BACKGROUND INVESTIGATIONS</u></b>		<b>TABLE 48</b>
Company Applications Received	105	
Company Applications Approved	101	
Company Biographical Affidavits Received	934	
Company Biographical Affidavits Approved	923	

The Insurance Fraud Section also investigates and reviews all applications for written consent in accordance with federal law, 18 U.S.C. Section 1033, which requires an applicant who has been convicted of certain felonies to apply for and be granted written consent from the Commissioner of Insurance before he can be allowed to participate in the business of insurance. The extensive background investigation aids the decision making process.

# **LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY**

## **LEGISLATIVE BACKGROUND**

Act 711 of the 2004 Regular Session of the Louisiana Legislature established the Louisiana Automobile Theft and Insurance Fraud Prevention Authority. Act 711 also established an Automobile Theft and Insurance Fraud Prevention Authority Fund within LATIFPA. This specially-created fund is the mechanism used to collect and disburse funds through a grant process for the purpose of reducing motor vehicle theft and insurance fraud.

LATIFPA is governed by an 11-member board of directors, consisting of the following:

- » The Commissioner of Insurance or his designee;
- » The state Treasurer or his designee;
- » A representative of the Louisiana State Police Insurance Fraud/Auto Theft Unit;
- » The chairman of the Senate Committee on Insurance or his designee;
- » The chairman of the House Committee on Insurance or his designee;
- » Two members appointed by the Attorney General to represent law enforcement officials in this state;
- » Two members representing motor vehicle insurers doing business in this state;
- » Two members representing purchasers of motor vehicle insurance.

For more information on the LATIFPA program, please visit: <http://www.lti.la.gov/latifpa>

## **PURPOSE**

LATIFPA is a public agency whose purpose is to combat motor vehicle theft, including fraud by theft and other criminal acts.

In carrying out its purpose, LATIFPA may:

- » Solicit and accept gifts, grants, donations, loans and other assistance from any person or entity, private or public;
- » Establish programs in conjunction with other state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement;
- » Make grants to state agencies, local governing authorities and law enforcement agencies for motor vehicle theft and insurance fraud prevention, detection and enforcement;
- » Enter into cooperative endeavors with any public or private association, corporation or individual with similar obligations and purpose as long as all expenditures are for a public purpose and create a public benefit proportionate to the cost.

## **DIVISION OF LEGAL SERVICES**

### **LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY**

## **INITIATIVES**

LATIFPA has continued to issue statewide grants to law enforcement agencies under its bait vehicle and license plate reader programs. These grants are awarded to law enforcement agencies to promote more efficient and effective law enforcement activities in vehicle theft investigations and enforcement.

LATIFPA's education initiative in FY 2010-2011 included additional school districts. This program emphasizes the consequences and prevention of vehicle theft.

During this reporting period, LATIFPA continued its collaborative efforts with the National Insurance Crime Bureau and law enforcement authorities to raise public awareness by expanding existing programs as outlined below.

### **VEHICLE INVESTIGATION PREVENTION ENFORCEMENT RESPONSE PROGRAM**

LATIFPA began supporting local law enforcement agencies in 2006 when it introduced VIPER, a statewide bait vehicle program implemented through a Cooperative Endeavor Agreement with the National Insurance Crime Bureau. Under the program, vehicles donated by insurance companies and equipped with systems funded by LATIFPA are granted to law enforcement agencies through an application process approved by the LATIFPA Board of Directors. During this reporting period, the bait vehicle program was operational in Shreveport, Baton Rouge, New Orleans and Calcasieu Parish. Since the program's inception, approximately 134 arrests have been made. During FY 2010-2011, bait vehicles were deployed a total of 18,080 hours, resulting in 34 activations and 37 adult arrests. There were no expenditures by LATIFPA for the program this fiscal year.

### **LICENSE PLATE RECOGNITION PROGRAM**

The License Plate Recognition program is implemented through a Cooperative Endeavor Agreement with the NICB. Under the LPR program, grant awards of license plate recognition systems are made to Louisiana law enforcement agencies selected by application and ranked according to certain criteria including city populations of 50,000 or more.

During FY 2010-2011, license plate readers were operational in Baton Rouge, New Orleans and Livingston Parish. The use of license plate readers in these locations resulted in 1,209,500 reads, 40 arrests, the recovery of 53 stolen vehicles and 29 stolen license plates valued at \$363,750. There were no expenditures by LATIFPA for the program this fiscal year.

### **AUTO THEFT EDUCATION PROGRAM**

The Auto Theft Education Program, originally designed to inform and educate middle and high school students about the consequences of auto theft, is administered at no cost to school districts or schools. The subject of insurance fraud was added to the curriculum this fiscal year. The program's target audience now includes not only middle and high school students but also senior citizens and members of civic, business and professional organizations.

## DIVISION OF LEGAL SERVICES

### LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY

This fiscal year the education program was presented to 1,305 middle school students in East Baton Rouge and St. Martin parishes and 556 high school students in East Baton Rouge, Livingston, Lafayette and Orleans parishes. The vehicle theft and insurance fraud curricula were also presented to 2,995 individuals in various civic, business and professional organizations in Orleans, Bossier and East Baton Rouge parishes.

Since the inception of this program, presentations on vehicle theft and prevention and insurance fraud prevention have been delivered to nearly 24,000 individuals.

**TABLE 49**                      **LATIFPA RELATED ACTIVITIES — 3-YEAR HISTORY**

<b>VIPER (Bait Vehicle) Program</b>	<b>2010-2011</b>	<b>2009-2010</b>	<b>2008-2009</b>
Hours Deployed	18,080	21,461	15,529
Arrests			
Adult	37	58	24
Juvenile	0	0	3
Activations	34	74	48
Expenditures	\$0	\$5,776	\$5,500
<b>License Plate Recognition Program</b>			
Reads	1,209,500		
Stolen Vehicles Recovered	49	54	70
Stolen License Plates Recovered	29	17	19
Arrests	40	36	28
Value of Recoveries	\$363,750		
Expenditures	\$0	\$1,217	\$40,662
<b>Education Program</b>			
Middle School Students	1,305	1,756	2,901
High School Students	556	3,247	580
Civic Organizations and Events	2,995		
<b>Total Attendees</b>	<b>4,856</b>	<b>5,003</b>	<b>3,481</b>

## PUBLIC AWARENESS AND EDUCATIONAL CAMPAIGN

Acts 1013 of the 2010 Regular Session of the Louisiana Legislature allocated \$187,000 in revenue to LATIFPA from the Insurance Fraud Investigation Fund. These funds were used for educational and public awareness programs designed to inform the citizens of the state about methods of preventing motor vehicle theft and combating insurance fraud. This fiscal year LATIFPA expanded its public awareness and educational campaign through the use of billboard, radio and shopping mall advertisements as well

## **DIVISION OF LEGAL SERVICES**

### **LOUISIANA AUTOMOBILE THEFT AND INSURANCE FRAUD PREVENTION AUTHORITY**

as through the distribution of informational brochures. The purpose of this campaign was to stimulate public awareness about the economic, social and public safety consequences of vehicle theft; encourage public participation in theft prevention and enforcement efforts; encourage the use of fraud hotlines to report suspected vehicle theft and suspicious insurance fraud activity; and inform and educate middle and high school students about the consequences of vehicle theft and insurance fraud.

## **MEETINGS**

LATIFPA conducted three public meetings of its board of directors during this fiscal year: July 28, 2010, December 8, 2010 and March 16, 2011. Two meetings of the LATIFPA Steering Committee on Equipment Purchases were held: July 22, 2010 and November 10, 2010. All meetings are open to the public. In October 2010, LATIFPA sponsored a conference on insurance fraud and vehicle theft at The Crowne Plaza Hotel in Baton Rouge with over 400 people in attendance.

## **COLLECTIONS**

Pursuant to La. R.S. 22:2134 the Automobile Theft and Insurance Fraud Prevention Authority Fund was established as a depository for all revenues received. All monies in this fund are used only to enhance fraud and vehicle theft prevention efforts as determined by the board of directors.

All revenue derived from solicitations, grants or donations from any person or entity, private or public, or federal, state or local governments is deposited upon receipt into the Automobile Theft and Insurance Fraud Prevention Authority Fund. All interest earned on money from the fund through investments by the state treasurer is credited to the fund.

At the beginning of FY 2010-2011, there was a statutory dedicated fund balance of \$14,638.97. Revenue collections from solicitations, grants or donations totaled \$29,000. Acts 2010, No. 1013 provided an additional \$187,000 in revenue from the Insurance Fraud Investigation Fund. The interest on investments totaled \$464. Total funds for this period were \$231,102.97.

## **OBLIGATIONS**

Expenditures from July 1, 2010, through June 30, 2011, from the statutory dedicated fund totaled \$190,097.91. The ending fund balance for this period was \$41,005.06. At the beginning of the reporting period, there was a balance of \$12,513.01 under the General Cooperative Endeavor Agreement between LATIFPA and the NICB. There was an ending balance of \$12,513.01 remaining under this agreement from the 2009-2010 fiscal year.

All administrative expenses of LATIFPA are funded with self-generated funds of the Louisiana Department of Insurance.

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# APPENDICES

<b>APPENDIX A:</b>	<b>EXPLANATION OF TERMS</b>
<b>APPENDIX B:</b>	<b>PROPERTY &amp; CASUALTY INSURANCE</b>
<b>APPENDIX C:</b>	<b>LIFE, ACCIDENT &amp; HEALTH INSURANCE</b>
<b>APPENDIX D:</b>	<b>GROUP SELF-INSURANCE FUNDS</b>
<b>APPENDIX E:</b>	<b>HEALTH MAINTENANCE ORGANIZATIONS</b>
<b>APPENDIX F:</b>	<b>TITLE INSURANCE</b>
<b>APPENDIX G:</b>	<b>FRATERNAL INSURANCE</b>
<b>APPENDIX H:</b>	<b>MARKET SHARE REPORT FOR LIFE &amp; ANNUITY (<i>WEB ONLY</i>)</b>
<b>APPENDIX I:</b>	<b>MARKET SHARE &amp; LOSS RATIO REPORT FOR HEALTH (<i>WEB ONLY</i>)</b>
<b>APPENDIX J:</b>	<b>MARKET SHARE &amp; LOSS RATIO REPORT FOR PROPERTY &amp; CASUALTY (<i>WEB ONLY</i>)</b>

# APPENDIX A

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## EXPLANATION OF TERMS

The following tables show gross direct premium writings in Louisiana, on a **calendar year basis**, for all insurers segregated by line of business. These categories do not provide information about specific insurance coverages or classes of insureds. The data contained hereafter may conflict with other areas of the Annual Report due to the treatment of some premiums as non-taxable. Following is a brief description of terms used throughout the appendices.

### SOURCE

*Barron's Business Guides: Dictionary of Insurance Terms, Third Edition; Harvey W. Rubin; 2000*

### GENERAL TERMS

**Direct:** the term used to describe insurance transactions between the consumer and the insurance company before or without regard to reinsurance transactions among insurance companies.

**Domestic:** an insurer formed under the laws of the state of Louisiana. The insurance company is domiciled in the state.

**Foreign:** insurance company whose domicile is in a state other than Louisiana and is writing business in Louisiana.

**Loss Ratio:** relationship of incurred losses plus loss adjustment expense to earned premiums.

**Losses Incurred:** important quantitative measure for an insurance company indicating the percentage of each premium dollar that is going to pay for losses. Based on losses incurred, appropriate reserves are established. Changes in incurred losses over several policy periods indicate the trend in the loss picture and the accuracy of the basic premium charged to reflect expected losses.

**Market Share:** the ratio of direct premiums written by a company to the total direct premiums written by all companies writing that line of business.

**Premium Earned:** portion of a premium paid by an insured that has been allocated to the insurance company's loss experience, expenses, and profit year to date. (Earned premium)

**Premium Written:** total premiums generated from all policies written by an insurance company within a given period of time. (Written premium)



## APPENDIX A – EXPLANATION OF TERMS

### LINES OF BUSINESS

**Aggregate Write-Ins:** coverages not generally described above (e.g., Involuntary Unemployment Insurance, Automobile Warranty, etc.).

**Aircraft Hull Insurance:** coverage on an all risks basis whether the airplane is on the ground or in the air.

**Aircraft Liability Insurance:** coverage for the insured in the event that the insured's negligent acts and/or omissions result in losses in connection with the use, ownership, or maintenance of aircraft liability coverage can be provided for bodily injury and/or property damage to passengers and also to individuals who are not passengers.

**Allied Lines:** property insurance closely associated with fire insurance and usually purchased in conjunction with a Standard Fire Policy. Allied lines include Data processing insurance, demolition insurance, earthquake insurance, increased cost of construction clause, radioactive contamination insurance, sprinkler leakage insurance, standing timber insurance, vandalism and malicious mischief insurance, water damage insurance.

**Annuity:** contract sold by insurance companies that pays a monthly (or quarterly, semiannual, or annual) income benefit for the life of a person (the annuitant), for the lives of two or more persons, or for a specified period of time. The annuitant can never outlive the income from the annuity.

**Auto Liability Coverage:** coverage if an insured is legally liable for bodily injury or property damage caused by an automobile (Automobile Liability Insurance).

**Auto Physical Damage:** coverage in the event an insured's automobile is damaged, destroyed, or lost through fire, theft, vandalism, malicious mischief, collision, or windstorm. There are two kinds of property damage coverage – collision insurance and comprehensive insurance (Automobile Physical Damage Insurance).

**Boiler and Machinery Coverage:** covers losses resulting from the malfunction of boilers and machinery. Most property insurance policies exclude these losses, which is why a separate boiler and machinery policy or a special multiperil insurance policy is needed. The insurance covers business property, other property involved, and legal fees if any (Boiler and Machinery Insurance).

**Burglary and Theft Coverage:** coverage against loss as the result of a burglary, robbery or other forms of larceny.

**Commercial Multiple Peril:** insurance policy that is commercial lines in orientation and is composed of two or more of the following coverages: Commercial Property, Business Crime, Business Automobile, Boiler and Machinery, Commercial General Liability (CGL), Inland Marine Insurance, and Farmowners and Ranchowners Insurance (Commercial Package Policy).

**Credit Coverage:** indemnifies manufacturers, merchants, or other providers of goods and services extending credit, for losses or damages resulting from the nonpayment of debts owed to them for goods or services provided in the normal course of their business.

## APPENDIX A – EXPLANATION OF TERMS

### LINES OF BUSINESS

**Credit Health Insurance:** coverage issued to a creditor on the life of a debtor so that if the debtor becomes disabled, the insurance policy pays the balance of the debt to the creditor.

**Credit Life Insurance:** insurance issued to a creditor (lender) to cover the life of a debtor (borrower) for an outstanding loan. If the debtor dies prior to repayment of the debt, the policy will pay off the balance of the amount outstanding.

**Earthquake:** coverage that can be purchased as an endorsement to many property policies such as the standard fire policy or as a separate policy. Coverage is for direct damage resulting from earthquake or volcanic eruption (Earthquake Insurance).

**Farmowners Multiple Peril:** provides the same coverage as a comprehensive personal liability insurance policy, plus coverage to exposures that are peculiar to farms, such as farm business operations, farm employees engaged in farm business activities, and liability arising out of selling farm products (Farmowners Comprehensive Personal Liability Insurance).

**Fidelity Coverage:** coverage that guarantees that the insurance company will pay the insured business or individual for money or other property lost because of dishonest acts of its bonded employees, either named or by positions. The bond covers all dishonest acts, such as larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, or willful misapplication, whether employees act alone or as a team (Fidelity Bond).

**Financial Guaranty:** coverage whereby the insurer generally guarantees the principal and interest payments on a corporate or governmental bond issue.

**Fire:** intense combustion resulting in a flame or glow. In order for the fire peril to be covered under property insurance, the fire must be a hostile fire, not a friendly fire.

**Fraternal Insurer:** group coverage for members of a fraternal association, usually on a nonprofit basis (Fraternal Life Insurance).

**Group Accident and Health:** single policy under which individuals in a natural group (such as employees of a business firm) and their dependents are covered. (Group Disability Insurance, Group Health Insurance, Group Insurance)

**Health Maintenance Organization (HMO):** prepaid group health insurance plan that entitles members to services of participating physicians, hospitals, and clinics.

**Homeowners Multiple Peril:** package policy that combines (1) coverage against the insured's property being destroyed or damaged by various perils, and (2) coverage for liability exposure of the insured (Homeowners Insurance Policy).

**Inland Marine:** transit over land.

## APPENDIX A – EXPLANATION OF TERMS

### LINES OF BUSINESS

**Inland Marine Insurance:** business risks coverage for (1) property damage or destruction of an insured's property and (2) liability exposure of an insured for damage or destruction of someone else's property under his or her care, custody, or control. The insured (shipper) needs this insurance because the carrier (who can also be the insured and purchase inland marine insurance) may be found not at fault for damage to a property; or the carrier may not have any insurance or adequate insurance.

**Life Insurance:** protection against the death of an individual in the form of payment to a beneficiary – usually a family member, business, or institution.

**Medical Malpractice:** coverage protecting a licensed health care provider or health care facility against legal liability resulting from the death or injury of any person due to the insured's misconduct, negligence, or incompetence in the rendering of professional services.

**Mortgage Guaranty Insurance:** life insurance that pays the balance of a mortgage if the mortgagor (insured) dies (Mortgage Insurance).

**Ocean Marine:** coverage for goods in transit and the vehicles of transportation on waterways, land, and air (Marine Insurance).

**Other Accident and Health Coverage:** presence of other contract(s) covering the same conditions. When more than one policy covers the exposure, each policy will pay an equal share of the loss (Other Insurance).

**Other Liability Coverage:** protects the insured against legal liability resulting from negligence, carelessness or a failure to act causing property damage or personal injury to others. Can include General Liability; Umbrella Liability; Professional Liability; Contractor, Construction and Landlord Liability; and Environmental Liability.

**Product Liability Coverage:** protects manufacturers, merchants and distributors against financial loss arising out of legal liability for losses or injury incurred from use of a covered product.

**Self-Insurance Plan:** any contract, plan, trust, arrangement or other agreement which is established or maintained to offer or provide health care services, indemnification, or payment for health care services, or health and accident benefits to employees of two or more employers, but which is not fully insured. An arrangement shall be deemed "fully-insured" only if said benefits are guaranteed under a policy of health insurance issued by an insurer authorized to transact business in Louisiana.

**Title Insurance:** coverage for losses if a land title is not free and clear of defects that were unknown when the title insurance was written. Title insurance protects a purchaser if there is a defect in the title, such as a lien against the property; that is not discovered at the time of purchase.

**Worker's Compensation Insurance:** coverage providing four types of benefits (medical care, death, disability, rehabilitation) for employee job-related injuries or diseases as a matter of right (without regard to fault).

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# **APPENDIX B**

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## **PROPERTY & CASUALTY INSURANCE**

**PROPERTY & CASUALTY INSURERS EXHIBIT OF PREMIUMS & LOSSES  
BUSINESS IN LOUISIANA DURING CALENDAR YEAR 2010**

LINE#	LINE OF BUSINESS	DIRECT PREMIUM WRITTEN	DIRECT PREMIUM EARNED	DIVIDENDS PAID ON DIRECT BUSINESS	DIRECT UNEARNED PREMIUM RESERVE	DIRECT LOSSES PAID (DEDUCTING SALVAGE)	DIRECT LOSSES INCURRED
01	Fire	328,997,461	314,627,974	196,862	144,156,841	92,644,862	77,792,862
02.1	Allied Lines	367,967,155	368,004,464	261,622	162,317,699	188,832,939	52,995,148
02.2	Multiple Peril Crop	77,851,298	75,711,968	-	5,471,575	45,569,053	27,012,789
02.3	Federal Flood	291,863,285	297,944,865	-	145,941,912	34,984,289	11,639,848
03	Farmowners Multiple Peril	10,884,979	10,648,431	-	5,195,248	4,561,196	5,433,169
04	Homeowners Multiple Peril	1,561,828,368	1,531,838,328	4,549,890	795,251,285	473,634,308	365,426,191
05.1	Commercial Multiple Peril (Non-Liability)	324,925,012	330,864,284	14,609	150,291,473	128,091,480	80,586,789
05.2	Commercial Multiple Peril (Liability)	127,046,905	128,551,430	4,039	59,740,270	58,687,868	44,517,645
06	Mortgage Guaranty	72,140,889	72,548,537	-	5,750,049	48,200,851	45,325,023
08	Ocean Marine	250,657,979	246,447,630	14,108	102,447,095	205,033,672	103,643,078
09	Inland Marine	285,559,638	289,346,712	180,346	96,385,071	115,543,972	81,547,246
10	Financial Guaranty	8,331,341	15,529,296	-	119,354,404	502,616	2,246,251
11	Medical Professional Liability	102,626,437	102,403,081	5,120,631	44,092,172	25,180,361	(6,467,813)
12	Earthquake	9,843,686	9,394,435	7,995	4,183,711	-	293,371
13	Group Accident and Health	39,061,609	36,712,726	-	7,511,214	28,514,154	29,879,277
14	Credit Accident and Health	1,890,562	1,780,577	-	1,330,580	361,215	338,168
15.1	Collectively Renewable Accident and Health	2,921	194	-	9,152	-	(448)
15.2	Non-Cancelable Accident and Health	96,199	103,119	-	59,030	-	-
15.3	Guaranteed Renewable Accident and Health	11,841,687	7,472,955	-	39,516,574	8,181,039	7,571,174
15.4	Non-Renewable Accident and Health	4,359,928	4,429,635	597	1,832,722	2,358,299	1,973,003
15.5	Other Accident Only	65,146	73,727	-	30,910	54,736	41,338
15.6	Medicare Title XVIII	-	-	-	-	-	-
15.7	All Other Accident and Health	1,191,065	1,184,243	-	312,328	423,410	366,092
15.8	Federal Employees Health Benefits Program	-	-	-	-	-	-
16	Workers' Compensation	700,603,404	699,611,023	16,377,309	224,594,857	416,366,431	509,533,180
17.1	Other Liability-Occurrence	514,886,145	519,333,828	416,895	237,914,016	627,310,765	628,678,500
17.2	Other Liability-Claims Made	175,493,268	179,284,719	8,246	89,683,564	72,502,969	37,381,689
17.3	Excess Workers' Compensation	36,646,131	36,576,762	-	6,544,502	19,118,543	(14,604,074)
18	Products Liability	31,749,989	32,058,992	684	14,900,704	20,057,189	7,492,443
19.1	Private Passenger Auto No-Fault	319	1,921	-	(93)	225,190	(203,354)
19.2	Private Passenger Auto Liability	1,998,018,698	1,964,046,677	5,786,231	540,935,655	1,229,566,559	1,259,258,190
19.3	Commercial Auto No-Fault	227,433	195,860	-	43,329	15,654	33,406
19.4	Commercial Auto Liability	419,470,686	430,710,557	19,262	180,427,612	328,713,192	303,901,124
21.1	Private Passenger Auto Physical Damage	1,285,010,048	1,289,365,861	3,812,744	353,476,567	653,194,907	644,761,470
21.2	Commercial Auto Physical Damage	87,080,406	91,159,267	4,633	50,938,414	42,075,173	40,674,486
22	Aircraft (All Perils)	59,698,476	64,329,756	-	24,536,976	41,180,897	32,395,366
23	Fidelity	11,536,968	11,627,886	30	7,791,353	6,289,197	6,913,464
24	Surety	132,338,148	128,021,931	-	65,047,810	22,239,200	31,004,845
26	Burglary and Theft	2,124,257	2,058,705	10	900,407	834,125	629,064
27	Boiler and Machinery	24,835,767	23,742,908	403	10,787,043	11,669,337	9,940,288
28	Credit	34,240,987	33,164,823	-	18,681,105	3,612,489	3,313,332
30	Warranty	7,259,147	9,498,372	-	15,613,902	7,297,763	7,019,248
34	Aggregate Write-Ins, Other Lines of Business	35,901,424	37,088,962	-	18,969,848	26,555,001	26,123,024
<b>35</b>	<b>Totals</b>	<b>9,436,155,246</b>	<b>9,397,497,438</b>	<b>36,777,148</b>	<b>3,753,085,601</b>	<b>4,990,184,890</b>	<b>4,466,405,915</b>

CAUTION: This page is unaudited and may contain inadvertent errors.

DATA SOURCE: 2010 Property & Casualty Annual Statement, Exhibit of Premiums & Losses (State Page) for all companies writing business in Louisiana.

**PROPERTY & CASUALTY INSURERS EXHIBIT OF PREMIUMS & LOSSES  
BUSINESS IN LOUISIANA DURING CALENDAR YEAR 2010**

LINE#	LINE OF BUSINESS	DIRECT LOSSES UNPAID	DIRECT DEFENSE & COST CONTAINMENT EXPENSE PAID	DIRECT DEFENSE & COST CONTAINMENT EXPENSE INCURRED	DIRECT DEFENSE & COST CONTAINMENT EXPENSE UNPAID	COMMIS- SIONS AND BROKERAGE EXPENSES	TAXES, LICENSES AND FEES
01	Fire	91,556,495	3,850,770	6,382,396	6,504,767	39,706,724	10,024,354
2.1	Allied Lines	307,074,307	13,022,980	3,330,138	11,072,915	46,072,683	3,186,681
02.2	Multiple Peril Crop	17,379,622	156,919	114,969	56,242	7,244,489	257,869
02.3	Federal Flood	43,129,482	1,791,057	(207,700)	211,330	42,475,387	7,557,575
03	Farmowners Multiple Peril	4,724,486	457,748	498,026	689,483	1,691,488	493,815
04	Homeowners Multiple Peril	424,010,316	33,029,175	32,207,508	40,483,903	203,495,872	62,521,884
05.1	Commercial Multiple Peril (Non-Liability)	266,242,221	12,965,644	9,470,493	27,760,049	54,092,367	14,781,559
05.2	Commercial Multiple Peril (Liability)	245,695,861	26,021,049	24,657,187	93,200,139	21,891,483	5,540,477
06	Mortgage Guaranty	163,932,868	621,810	414,346	1,836,189	-	3,594,413
08	Ocean Marine	419,077,136	21,152,680	19,919,227	43,316,604	42,130,628	7,054,286
09	Inland Marine	98,833,588	3,112,703	2,016,550	5,326,914	50,892,400	10,364,578
10	Financial Guaranty	5,735,170	13,299	77,462	67,598	6,794	323,839
11	Medical Professional Liability	203,511,050	27,487,525	25,487,049	137,751,256	6,417,212	3,050,138
12	Earthquake	518,580	1,799	10,957	34,211	924,891	242,114
13	Group Accident and Health	20,770,271	148,040	268,495	528,850	3,948,500	988,145
14	Credit Accident and Health	432,444	82	1,491	3,366	323,221	81,250
15.1	Collectively Renewable Accident and Health	453	-	(10)	20	110	82
15.2	Non-Cancelable Accident and Health	-	-	-	-	4,609	1,273
15.3	Guaranteed Renewable Accident and Health	9,975,134	2,971	(9,812)	83,355	1,168,661	306,230
15.4	Non-Renewable Accident and Health	3,155,142	19,273	13,114	50,483	398,707	116,545
15.5	Other Accident Only	241,150	3,724	4,036	1,597	25,279	2,199
15.6	Medicare Title XVIII	-	-	-	-	-	-
15.7	All Other Accident and Health	643,462	-	22,031	30,552	202,460	47,191
15.8	Federal Employees Health Benefits Program	-	-	-	-	-	-
16	Workers' Compensation	2,116,023,100	54,271,816	70,764,155	193,233,301	60,137,491	48,404,674
17.1	Other Liability-Occurrence	1,369,871,046	86,726,092	99,859,990	349,684,118	77,243,437	11,017,400
17.2	Other Liability-Claims Made	304,702,749	31,497,780	34,293,868	81,125,753	25,957,113	5,649,340
17.3	Excess Workers' Compensation	193,034,002	2,027,266	6,446,552	12,679,350	4,558,600	1,180,229
18	Products Liability	301,200,216	23,327,451	15,222,079	107,157,974	5,528,440	1,167,338
19.1	Private Passenger Auto No-Fault	1,544,934	13,137	9,594	99,686	118,028	674
19.2	Private Passenger Auto Liability	1,163,395,824	92,840,960	100,789,992	210,674,876	188,722,255	57,919,398
19.3	Commercial Auto No-Fault	106,694	(3,611)	(297)	21,831	30,821	8,461
19.4	Commercial Auto Liability	620,111,785	46,967,649	49,489,555	86,840,725	59,741,518	13,809,275
21.1	Private Passenger Auto Physical Damage	56,669,102	6,678,626	6,290,770	4,367,836	121,384,909	37,963,607
21.2	Commercial Auto Physical Damage	15,278,805	2,113,331	2,434,669	3,507,454	13,918,136	2,701,679
22	Aircraft (All Perils)	69,949,694	3,910,096	5,874,433	9,145,640	8,962,613	2,008,383
23	Fidelity	6,628,132	258,502	573,671	1,656,908	1,486,394	526,664
24	Surety	47,946,876	3,540,886	9,100,333	2,436,442	30,329,327	5,778,283
26	Burglary and Theft	802,512	108,666	239,734	342,887	312,815	93,541
27	Boiler and Machinery	7,849,914	137,199	165,841	551,418	1,889,392	698,230
28	Credit	3,686,568	91,188	97,839	145,674	13,704,496	895,364
30	Warranty	424,363	60,706	50,901	27,511	336,986	387,023
34	Aggregate Write-Ins, Other Lines of Business	103,589,774	2,372,194	1,652,028	5,413,630	4,819,029	1,293,710
<b>35</b>	<b>Totals</b>	<b>8,709,455,341</b>	<b>500,799,174</b>	<b>528,033,657</b>	<b>1,438,122,830</b>	<b>1,142,295,750</b>	<b>322,039,746</b>

CAUTION: This page is audited and may contain inadvertent errors.

DATA SOURCE: 2010 Property & Casualty Annual Statement, Exhibit of Premiums & Losses (State Page) for all companies writing business in Louisiana.

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# **APPENDIX C**

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## **LIFE, ACCIDENT & HEALTH INSURANCE**

**LIFE INSURERS EXHIBIT OF PREMIUMS AND BENEFITS  
BUSINESS IN LOUISIANA DURING CALENDAR YEAR 2010**

**Life Insurance**

<b>Direct Premiums and Annuity Considerations</b>	<b>ORDINARY</b>	<b>CREDIT LIFE</b>	<b>GROUP</b>	<b>INDUSTRIAL</b>	<b>TOTAL</b>
1. Life Insurance	1,606,067,099	40,732,734	372,167,414	10,934,948	2,029,902,197
2. Annuity Considerations	2,562,322,011	-	614,991,915	-	3,177,313,925
3. Deposit-Type Contract Funds	37,933,403		151,578,682		189,512,086
4. Other Considerations	106,206,945	-	389,355,220	-	495,562,165
<b>5. TOTALS</b>	<b>4,312,529,464</b>	<b>40,732,734</b>	<b>1,528,093,232</b>	<b>10,934,948</b>	<b>5,892,290,374</b>
<b>Direct Dividends to Policyholders</b>					
Life Insurance					
6.1 Paid in Cash or Left on Deposit	26,713,963	-	1,469,419	5,827	28,189,209
6.2 Applied to Pay Renewal Premiums	23,869,630	-	950,009	7	24,819,646
6.3 Applied to Provide Paid-Up Additions or Shorten the Endowment or Premium-Paying Agent	129,660,295	-	56	663,036	130,323,387
6.4 Other	251,113	-	-	-	251,113
<b>6.5 TOTAL LIFE</b>	<b>180,494,995</b>	<b>-</b>	<b>2,419,483</b>	<b>668,870</b>	<b>183,583,351</b>
Annuities					
7.1 Paid in Cash or Left on Deposit	5,452,130	-	154,503	-	5,606,633
7.2 Applies to Provide Paid-Up Annuities	264,303	-	(3,663)	-	260,640
7.3 Other	4,817,990	-	620,406	-	5,438,397
<b>7.4 TOTAL ANNUITIES</b>	<b>10,534,422</b>	<b>-</b>	<b>771,246</b>	<b>-</b>	<b>11,305,669</b>
<b>8. GRAND TOTALS</b>	<b>191,029,419</b>	<b>-</b>	<b>3,190,730</b>	<b>668,870</b>	<b>194,889,021</b>
<b>Direct Claims and Benefits Paid</b>					
9. Death Benefits	782,133,170	12,974,700	310,109,490	13,669,218	1,118,886,579
10. Matured Endowments	4,087,758	-	24,268	803,801	4,915,827
11. Annuity Benefits	503,432,401	-	226,982,481	-	730,414,880
12. Surrender Values and Withdrawals for Life Contracts	1,770,223,498	-	937,488,533	2,355,116	2,710,067,149
13. Aggregate Write-Ins for Miscellaneous Direct Claims and Benefits Paid	2,275,311	-	665,909	809	2,942,029
14. All Other Benefits, Except Accident and Health	17,233,499	132,300	2,556,405	38,784	19,960,986
<b>15. TOTALS</b>	<b>3,079,385,637</b>	<b>13,107,000</b>	<b>1,477,827,086</b>	<b>16,867,731</b>	<b>4,587,187,451</b>

CAUTION: This page is unaudited and may contain inadvertent errors.

DATA SOURCE: 2010 Life & Health Annual Statements (State Page) for all companies writing business in Louisiana.

**LIFE INSURERS EXHIBIT OF PREMIUMS AND BENEFITS  
BUSINESS IN LOUISIANA DURING CALENDAR YEAR 2010**

Life Insurance	ORDINARY		CREDIT LIFE		GROUP		INDUSTRIAL		TOTAL	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
16. Unpaid December 31, Prior Year	5,327	108,231,917	139	2,102,464	439	84,650,667	3,781	2,113,581	9,686	197,098,633
17. Incurred During Current Year	48,090	804,281,928	3,338	13,193,082	14,583	299,672,495	16,941	11,230,555	82,952	1,128,378,062
Settled During Current Year	45,870	794,096,911	3,317	13,183,981	14,571	309,859,766	17,119	11,281,725	80,877	1,128,422,383
18.1 By Payment in Full	32	590,622	-	-	15	282,544	-	-	47	873,166
18.2 By Payment on Compromised Claims	32	590,622	-	-	15	282,544	-	-	47	873,166
<b>18.3 TOTALS PAID</b>	<b>45,902</b>	<b>794,687,533</b>	<b>3,317</b>	<b>13,183,981</b>	<b>14,586</b>	<b>310,142,311</b>	<b>17,119</b>	<b>11,281,725</b>	<b>80,924</b>	<b>1,129,295,550</b>
18.4 Reduction by Compromise	17	1,322,631	-	55,041	1	278,214	-	-	18	1,655,886
18.5 Amount Rejected	128	4,822,269	-	(88,553)	24	765,707	-	-	152	5,499,423
<b>18.6 Total Settlements</b>	<b>46,047</b>	<b>800,832,433</b>	<b>3,317</b>	<b>13,150,469</b>	<b>14,611</b>	<b>311,186,232</b>	<b>17,119</b>	<b>11,281,725</b>	<b>81,094</b>	<b>1,136,450,858</b>
19. Unpaid December 31, Current Year	7,370	111,681,417	160	2,145,079	411	73,136,929	3,603	2,062,409	11,544	189,025,839
<b>POLICY EXHIBIT</b>										
20. In Force December 31, Prior Year	2,856,652	218,030,325,916	676,899	3,197,190,925	80,770	134,799,042,329	1,267,999	746,136,392	4,882,320	356,772,695,561
21. Issued During Year	298,009	24,555,970,716	544,522	2,644,375,447	26,211	16,022,313,000	646	2,222,743	869,388	43,224,881,906
22. Other Changes to In Force (Net)	(476,907)	(18,658,543,827)	(569,252)	(2,902,579,756)	(25,521)	(33,073,666,294)	(72,174)	(44,231,219)	(1,143,854)	(54,679,021,098)
23. In Force December 31, Current Year	2,677,754	223,927,752,802	652,169	2,938,986,617	81,460	117,747,689,032	1,196,471	704,127,916	4,607,854	345,318,556,368

Accident and Health Insurance	DIRECT PREMIUMS	DIRECT PREMIUM EARNED	DIVIDENDS ON DIRECT BUSINESS	DIRECT LOSSES PAID	DIRECT LOSSES INCURRED
	24. Group Policies	2,387,974,367	2,408,367,732	375,996	1,935,917,474
24.1 Federal Employees Health Benefits Program	342,676,847	322,995,679	-	297,340,291	300,654,711
24.2 Credit (Group and Individual)	30,288,025	33,488,511	-	13,832,093	14,244,930
24.3 Collectively Renewable Policies	538,756	546,212	41,819	1,553,513	418,877
24.4 Medicare Title XVIII	480,784,336	479,055,395	-	374,661,190	368,445,212
Other Individual Policies					
25.1 Non-cancellable	72,089,264	72,866,674	2,983,135	62,566,178	74,928,822
25.2 Guaranteed Renewable	395,902,874	396,309,464	340,949	211,780,993	227,593,708
25.3 Non-renewable for Stated Reasons Only	36,625,809	36,714,924	74,220	24,264,413	22,900,772
25.4 Other Accident Only	1,088,370	1,101,775	-	705,729	581,444
25.5 All Other	338,975,856	315,860,995	1,634	250,044,671	255,447,053
<b>25.6 TOTALS</b>	<b>844,682,173</b>	<b>822,853,832</b>	<b>3,399,938</b>	<b>549,361,984</b>	<b>581,451,799</b>
<b>26. TOTAL</b>	<b>4,086,944,504</b>	<b>4,067,307,361</b>	<b>3,817,753</b>	<b>3,172,666,545</b>	<b>3,215,828,314</b>

CAUTION: This page is unaudited and may contain inadvertent errors.  
DATA SOURCE: 2010 Life & Health Annual Statements (State Page) for all companies writing business in Louisiana (excluding HMOs).

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# **APPENDIX D**

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## **GROUP SELF-INSURANCE FUNDS**

**STATE OF LOUISIANA  
GROUP SELF-INSURANCE PREMIUM BUSINESS  
WRITTEN DURING CALENDAR YEAR 2010**

FUND NAME	PREMIUM WRITTEN
LAC Self-Insured Fund (Cotton) <sup>(e)</sup>	\$5,960,186
Louisiana Association of Clerks of Court Risk Mgt Agency <sup>(b)</sup>	486,275
Louisiana Automobile Dealers Association SIF <sup>(e)</sup>	7,792,034
Louisiana Commerce & Trade Association SIF <sup>(e)</sup>	23,141,274
Louisiana Construction & Industry Self Insurers Fund <sup>(e)</sup>	10,465,266
Louisiana Health Care Self Insurance Fund <sup>(e)</sup>	6,640,387
Louisiana Hombuilders Association SIF <sup>(a)</sup>	16,472,611
Louisiana Hospital Association Workers' Compensation SIF <sup>(e)</sup>	4,272,334
Louisiana Housing Council Authorities Group SIF <sup>(a)</sup>	11,680,238
Louisiana Loggers Self-Insured Fund <sup>(e)</sup>	3,123,289
Louisiana Municipal Risk Management Agency <sup>(e)</sup>	41,439,161
Louisiana Oilfield Contractors Association Insurance Fund <sup>(e)</sup>	1,103,393
Louisiana Public Schools Risk Management Agency <sup>(d)</sup>	5,284,178
Louisiana Restaurant Association SIF <sup>(e)</sup>	19,603,079
Louisiana Rural Parish Insurance Cooperative <sup>(e)</sup>	4,328,194
Louisiana Safety Association of Timberman SIF <sup>(e)</sup>	10,530,968
Louisiana Schools Self-Insured Group <sup>(b)</sup>	2,848,221
Police Jury Association of Louisiana <sup>(e)</sup>	21,733,396
Property Casualty Alliance of Louisiana <sup>(b)</sup>	2,905,897
<b>TOTAL</b>	<b>\$199,810,381</b>

CAUTION: The information contained on this page is unaudited and not a complete financial analysis nor is it an expression of opinion on any insurer. This page may contain inadvertent errors.

DATA SOURCE: Audited Financial Statements for all Group Self-Insurance Funds writing coverage in Louisiana.

- (a) As of March 31, 2010
- (b) As of June 30, 2010
- (c) As of July 31, 2010
- (d) As of October 1, 2010
- (e) As of December 31, 2010

# **APPENDIX E**

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## **HEALTH MAINTENANCE ORGANIZATIONS**

**HEALTH MAINTENANCE ORGANIZATIONS EXHIBIT OF PREMIUMS & LOSSES  
BUSINESS IN LOUISIANA AS OF DECEMBER 31, 2010 (CALENDAR YEAR)**

NAIC#	COMPANY NAME	TOTAL MEMBERS	DIRECT PREMIUM WRITTEN	MARKET SHARE	CUMULATIVE MARKET SHARE	DIRECT PREMIUM EARNED	DIRECT LOSSES INCURRED	LOSS RATIO
95642	Humana Hlth Benefit Plan of LA Inc	147,604	1,263,080,739	46.39%	46.39%	1,263,080,739	1,049,724,146	83.11%
13607	Peoples Hlth Inc	45,360	585,674,254	21.51%	67.90%	585,674,254	497,252,326	84.90%
95643	Hmo LA Inc	116,898	478,205,849	17.56%	85.47%	468,615,829	394,448,756	84.17%
95173	Coventry Hlth Care of LA Inc	42,585	141,157,106	5.18%	90.65%	141,157,106	115,232,804	81.63%
95584	Vantage Hlth Plan Inc	20,837	126,860,301	4.66%	95.31%	126,860,301	105,991,919	83.55%
11954	Arcadian Hlth Plan of LA Inc	4,933	54,334,029	2.00%	97.31%	54,334,029	41,953,779	77.21%
12194	Wellcare of LA Inc	3,468	40,131,097	1.47%	98.78%	40,131,097	35,311,456	87.99%
95833	United Hlthcare of LA Inc	5,875	28,020,420	1.03%	99.81%	28,020,939	29,646,591	105.80%
95009	Health Plus Of LA Inc	-	5,182,487	0.19%	100.00%	5,302,168	5,803,380	109.45%
<b>9 HMO's</b>	<b>TOTAL</b>	<b>387,560</b>	<b>2,722,646,282</b>	<b>100.00%</b>		<b>2,713,176,462</b>	<b>2,275,365,157</b>	<b>83.86%</b>

CAUTION: The information contained on this page is unaudited and not a complete financial analysis nor is it an expression of opinion on any insurer.  
This page may contain inadvertent errors.

DATA SOURCE: 2010 Health Annual Statement, Exhibit of Premiums, Enrollment and Utilization (by state), for all companies writing business in Louisiana.



# **APPENDIX F**

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## **TITLE INSURANCE**

**TITLE INSURANCE EXHIBIT OF PREMIUMS & LOSSES  
BUSINESS IN LOUISIANA AS OF DECEMBER 31, 2010 (CALENDAR YEAR)**

NAIC#	COMPANY NAME	DOMICILE	DIRECT PREMIUM WRITTEN			OTHER INCOME	DIRECT PREMIUM EARNED	DIRECT LOSSES PAID	DIRECT LOSSES INCURRED	DIRECT LOSSES UNPAID
			DIRECT OPERATIONS	NON-AFFILIATED AGENCIES	AFFILIATED AGENCIES					
50814	First Amer Title Ins Co	CA	2,001,391	32,877,658	452,017	2,005,755	35,588,387	2,130,211	1,468,330	2,384,323
50083	Commonwealth Land Title Ins Co	NE	15,759	19,721,563	-	9,001	19,528,970	1,982,464	2,575,466	1,658,467
50121	Stewart Title Guar Co	TX	138,831	14,304,019	2,007,954	302,059	16,590,732	697,958	1,054,009	899,355
50229	Chicago Title Ins Co	NE	1,508,126	8,233,004	2,787,834	3,483,973	12,182,199	537,116	577,985	559,117
51586	Fidelity Natl Title Ins Co	CA	389,509	13,121,098	200,647	278,342	14,054,902	507,662	613,173	561,001
51527	First Amer Transportation Title Ins	LA	694,223	708,241	-	8,421,720	1,431,118	50,188	54,156	22,327
50520	Old Republic Natl Title Ins Co	MN	276,468	4,301,479	-	353,906	4,467,279	188,253	235,453	258,135
50784	Security Title Guarantee Corp Baltim	MD	-	3,350,124	-	78,740	3,304,825	(5,292)	63,621	409,215
51020	National Title Ins Of NY Inc	NY	-	-	780,228	-	721,603	-	-	-
50369	Investors Title Ins Co	NC	-	557,037	-	13,326	528,915	49,174	52,750	5,067
51411	American Guar Title Ins Co	OK	34,257	215,410	-	3,100	226,249	475	475	-
51152	WFG Natl Title Ins Co	SC	-	14,666	4,662	50	17,357	-	-	-
51632	EnTitle Ins Co	OH	8,463	9,550	-	6,745	-	-	-	-
<b>13 Companies</b>		<b>TOTAL</b>	<b>5,067,027</b>	<b>97,413,849</b>	<b>6,233,342</b>	<b>14,956,717</b>	<b>108,642,536</b>	<b>6,138,209</b>	<b>6,695,418</b>	<b>6,757,007</b>

CAUTION: The information contained on this page is unaudited and not a complete financial analysis nor is it an expression of opinion on any insurer. This page may contain inadvertent errors.

DATA SOURCE: 2010 Title Annual Statement, Scheduled T for all companies writing business in Louisiana.

# **APPENDIX G**

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## **FRATERNAL INSURANCE**

**FRATERNAL INSURERS EXHIBIT OF PREMIUMS & ANNUITY CONSIDERATIONS  
BUSINESS IN LOUISIANA AS OF DECEMBER 31, 2010 (CALENDAR YEAR)**

NAIC#	COMPANY NAME	DOMICILE	DIRECT BUSINESS ONLY					
			LIFE CONTRACTS		ACCIDENT & HEALTH PREMIUMS	OTHER CONSIDER- ATIONS	DEPOSIT- TYPE CONTRACTS	
			LIFE INSURANCE PREMIUMS	ANNUITY CONSIDER- ATIONS				
57223	Baptist Life Assn	NY	4,063	-	-	-	-	
56017	Benevolent Knights Of Amer LA Inc	LA	1,978	-	-	-	-	
56030	Catholic Financial Life	WI	73,289	2,132	284	-	1,970	
57770	Catholic Holy Family Society	IL	191,869	-	-	-	-	
57347	Catholic Life Ins	TX	281,480	2,073,269	-	-	1,042	
57487	Catholic Order Of Foresters	IL	28,534	85,534	5,266	-	343	
56057	Equitable Reserve Assn	WI	1,067	-	-	-	-	
57991	Everence Assn Inc	IN	1,223	-	4,663	-	-	
56685	GBU Financial Life	PA	3,419	-	-	-	-	
56154	Gleaner Life Ins Society	MI	2,918	71,996	-	-	65	
58068	Independent Order Of Foresters Us Br	NY	3,703,340	21,246	2,849	-	94,266	
57509	Independent Order Of Vikings	IL	13	-	-	-	-	
58033	Knights Of Columbus	CT	14,739,907	250,000	794,776	-	9,662,775	
57835	Knights Of Peter Claver	AL	506,044	-	-	-	-	
56758	Loyal Christian Benefit Assn	PA	1,431	-	-	-	295	
57541	Modern Woodmen Of Amer	IL	4,948,417	5,619,828	220	-	35	
57568	National Catholic Soc Of Foresters	IL	746	-	-	-	-	
56073	National Mut Benefit	WI	876	-	-	-	172	
56383	Order of United Commerical Travelers	OH	32,721	1,000	8,442,661	-	-	
58009	Police & Firemens Ins Assn	IN	594,855	289,826	1,074,071	-	8,211	
57622	Polish Natl Alliance Us Of Na	IL	1,933	-	-	-	-	
57142	Sons Of Norway	MN	4,017	1,118	-	-	-	
58181	Supreme Council The Royal Arcanum	MA	28,119	-	825	-	-	
56014	Thrivent Financial For Lutherans	WI	3,253,304	6,906,827	632,320	-	245,786	
56006	Travelers Protective Assn Of Amer	MO	-	-	3,691	-	-	
56456	United States Letter Carriers Mut Be	TN	46,370	39,041	41,390	-	-	
56413	United Transportation Union Ins Assn	OH	124,733	266,275	88,478	-	-	
58017	Western Fraternal Life Assn	IA	17,267	-	-	-	761	
57010	William Penn Assn	PA	120	106,792	-	-	147	
56170	Womans Life Ins Society	MI	7,974	-	-	-	248	
56499	Woodmen World Assur Life Assn	CO	5,773	625	1,687,668	-	-	
57320	Woodmen World Life Ins Soc	NE	25,299,663	22,434,866	572,665	-	8,087,293	
<b>32 Companies</b>		<b>TOTAL</b>	<b>53,907,463</b>	<b>38,170,375</b>	<b>13,351,827</b>	<b>-</b>		<b>18,103,409</b>

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DATA SOURCE: 2010 Fraternal Annual Statement, Schedule T for all companies writing business in Louisiana.

*For complete access to Appendices H-J, please visit  
[http://www.lidi.la.gov/guides\\_and\\_forms/AnnualReports.htm](http://www.lidi.la.gov/guides_and_forms/AnnualReports.htm).*

*These appendices contain Market Share Reports for  
Life & Annuity, and Market Share and Loss Ratios for Health,  
and Property & Casualty.*



2010-2011 ANNUAL REPORT  
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