

March 21, 2016

Louisiana Senate Insurance Committee Members
Louisiana State Capitol
Baton Rouge, Louisiana

Via email

RE: NAMIC opposition to SB 200

Members of the Senate Insurance Committee:

The National Association of Mutual Insurance Companies (NAMIC) appreciates the opportunity to register its opposition to SB 200.

NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers. NAMIC members represent 40 percent of the total property/casualty insurance market, serve more than 170 million policyholders, and write nearly \$225 billion in annual premiums. In Louisiana, 128 member companies do business here, comprising a market share of 40%.

Under current law, the Commissioner of the Louisiana Department of Insurance (LDI) can refuse to renew, suspend or revoke a license or certificate of authority for a violation of the Insurance Code. This bill would extend that authority, allowing the Commissioner the right to invoke such sanctions for rule and regulatory violations as well. (We appreciate the fact that a rule or regulatory violation will not, in and of itself, rise to the level of losing a license or certificate of authority.)

We understand the Commissioner can invoke such serious penalties for a *statutory violation* – one which has been vetted through the entire legislative process and enacted into law. The regulatory process, however, is geared towards “fleshing out the details” of the statutory mandates created by the Legislature. Hence, a state agency cannot exceed the scope of its statutory authority in either rulemaking or enforcement. These regulations have the force of law; yet they fulfill a different role than statutes passed by the Legislature.

Insurers invest tremendous resources to do business in a state with no guarantee of a return on such investments. Similarly, license holders invest much of their time and money into their

livelihoods. If a violation is so egregious that it warrants the most serious of penalties, thus jeopardizing that investment or livelihood, the basis of such revocation should be spelled out in statute – created through the legislative process.

Note well that the Commissioner is not without adequate authority under the Insurance Code to assess penalties against those falling under LDI jurisdiction. Under current law, the Commissioner may:

- refuse to renew, or may suspend, or revoke the certificate of authority or license of any insurer, person, or entity violating any of the provisions of the Insurance Code;
- levy a fine not to exceed one thousand dollars for each violation per insurer, person, or entity, up to one hundred thousand dollars aggregate for all violations in a calendar year per insurer, person, or entity;
- order any insurer, person, or entity to cease and desist any such action that violates any provision of the Insurance Code.

The Legislature has given LDI significant authority to penalize persons or entities violating the law. We are not aware of any new reasons which necessitate an additional grant of authority for such significant penalties.

We appreciate the Committee's consideration of this issue. Please contact me if you have questions or comments about our position.

Sincerely,

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive style with a large, stylized "P" and "M".

Paul Martin
Director – State Affairs
Southwest Region

CC: Darie Jordan, Louisiana Department of Insurance