



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

December 9, 2022

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

ELECTRONIC TRANSMISSION
apa.senatepresident@legis.la.gov

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

ELECTRONIC TRANSMISSION
apa.housespeaker@legis.la.gov

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

ELECTRONIC TRANSMISSION
apa.s-ins@legis.la.gov

The Honorable Mike Huval
Chairman of the House Insurance Committee
P.O. Box 94062
Baton Rouge, LA 70804

ELECTRONIC TRANSMISSION
apa.h-ins@legis.la.gov

RE: Summary Report, Regulation 42—Group Self-Insurance Funds

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

The Louisiana Department of Insurance (LDI) hereby submits the following summary report required by La. R.S. 49:968(D)(1)(b) and announces its intention to proceed with final rulemaking of Regulation 42, which was published as a Notice of Intent in the June 2022 edition of the *Louisiana Register*.

Interested persons were provided an opportunity to submit written comments to the LDI on the proposed regulation. The LDI received several comments from interested parties in response to the Notice of Intent and responded accordingly. The comments and the LDI's responses are summarized below and enclosed for your review.

The comments received from Homebuilders Self Insurers Fund, Louisiana Automobile Dealers Self-Insurers' Trust Fund, LRA SIF for Workers' Compensation, LAC Self-Insured Fund, and Louisiana Loggers SIF resulted in substantive changes to the Notice of Intent. A Potpourri was published on August 20, 2022, detailing the substantive

changes proposed, and a public hearing was held on September 21, 2022. There were no further comments received at the public hearing. Per review by the Legislative Fiscal Office, the changes necessitated by the comments accepted did not have any fiscal impact, so no changes were needed to the previously provided fiscal note.

Email from Cliff King dated June 7, 2022:

After reviewing the proposed amendment to Regulation 42, I was a little confused. If we had a redline version the questions may be answered. In its absence, is everything missing from the amendment that was in the original Regulation now deleted? Examples include definitions of Administrator, Aggregate Losses, IBNR, and other pieces of the original regulation.

LDI Response:

Good morning, Mr. King,

I take it that you're referring to the sections in the Notice of Intent where you see the ellipses. Those are parts of the current regulation that are being preserved as is. Per the Office of the State Register's requirements, we are not supposed to publish portions of the regulation that are not being amended. I've attached a copy of the current regulation. Please let me know if this addresses your concern, and please advise if I can be of further assistance.

Letter Dated July 11, 2022 from Homebuilders Self Insurers Fund, Louisiana Automobile Dealers Self-Insurers' Trust Fund, LRA SIF for Workers' Compensation, LAC Self-Insured Fund, and Louisiana Loggers SIF:

Comment No. 1:

Section 1101. Definitions (A)

Due to the statutory change that removed references to "Surplus" in the statute, we think it would appropriate to remove the definition of "Surplus" from the regulation.

Based on the statutory revisions, we suggest that a definition of "Insolvency" be inserted into the Regulation 42. R.S. 23:1200.5 (A) states that "For purposes of this Subpart, an insolvency shall be defined as the condition existing when the fund's liabilities before member distribution payable or dividend payable are greater than the fund's assets determined in accordance with generally accepted accounting principles as delineated in the fund's financial statement audited by an independent certified public accountant. For the purpose of determining insolvency, assets will not include intangible property, such as patents, trade names or goodwill." We suggest inserting this wording from the statute into the definitions of Regulation 42.

LDI Response:

The Department accepts this comment. The definition of “surplus” will be removed from Regulation 42 and a definition of “insolvency” will be added.

Comment No. 2:

It appears that the Notice of Intent failed to pick up on the statutory increase of net worth from \$500,000 to \$1,000,000 applicable to both the application process (R.S. 23:1195 (C)(1)), and ongoing requirement (R.S. 23:1195(A)(6)). We suggest that Regulation 42 be modified to raise the financial statement requirement from \$500,000 to \$1,000,000.

The Notice of Intent does however replace the word “certified” with “audited by an independent certified public accountant” in the opening sentence. We would presume that this change is due to R.S. 23:1195 (C)(1) which requires audited financials of two or more members during the application process. We agree with that change.

Section 1107 of Regulation 42 then goes further to address that after the fund is approved, all members joining the fund after the inception date shall provide to the Commissioner a certified audit or a financial statement certified by an officer, owner, or partner of the employer joining the fund.

Last, Section 1107(A) states that financial statements from members joining the fund after inception are no longer due to the commissioner once the fund as a whole is able to produce a certified annual audit report. We would suggest that “a certified annual audit report” be replaced with “an annual financial statement audited by an independent certified public accountant” as it relates to the fund as a whole.

LDI Response:

The Department accepts this comment. The financial statement requirement in Section 1107.A of Regulation 42 will be changed from \$500,000 to \$1,000,000, and Section 1107.A will also be changed to replace “a certified audit” and “a certified annual audit report” with “an annual financial statement audited by an independent certified public accountant.”

Comment No. 3:

Section 1117 (A) of Regulation 42 does not appear to contemplate annual premium audits being conducted by “either an independent payroll audit firm **or by the fund**” (R.S. 23:1196(A)(2)(a)). We would also suggest that this section be updated to include phone audits and/or virtual audits that are not conducted at the physical location of the employer.

LDI Response:

The Department accepts this comment. Section 1117.A will be changed to provide for telephone audits and/or virtual audits and “contracted audit personnel or firms” will be replaced with “either an independent payroll audit firm or by the fund.”

Comment No. 4:

Section 1109 (C) Excess Insurance Requirements for Group Self-Insurance Funds

We suggest that the loss fund amounts, and specific excess self-insured retentions provided in subsection (C) are outdated, and do not align with the current industry. The Regulation provides retention percentages based on three loss fund amounts. The loss fund categories are less than \$50 million, \$50 million and less than \$100 million, and then equal to or greater than \$100 million. We are not aware of any Louisiana fund that even reaches the first threshold of \$50 million, much less \$100 million or more.

The percentages of loss funds that then equate to the retention allowed on the specific excess insurance or reinsurance are for many funds are not available in the market. We suggest that the Department update this subsection to contemplate a more fair balance between current self-insured retentions, and the impact on potential insolvency for funds.

LDI Response:

The Department is rejecting this comment. However, we are open to discuss the subject for future amendments to Regulation 42.

Comment No. 5:

Section 1119(C)(1)

The percentages in Regulation 42 regarding a claims fund account and an administrative account are not in align with historical loss ratios in Louisiana workers’ compensation, and particularly so of the group self-insurance fund industry. We suggest that claims fund account percentage be reduced to reflect historical industry loss ratios, or in the alternative that the concept of a claims fund account and administrative account be removed entirely.

LDI Response:

The Department is rejecting this comment as this section was not open for public comment and cannot be amended at this time. However, we are open to discuss the subject for future amendments to Regulation 42.

Subject to legislative oversight, the LDI would like to amend Regulation 42 and submit it to the Office of the State Register for final publication in the February 2023 edition of the *Louisiana Register*. A copy of the summary report will be placed on the LDI's website in accordance with La. R.S. 49:968(D)(1)(c).

Enclosures: Notice of Intent published June 20, 2022
Potpourri published August 20, 2022

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

**RULE TITLE: Public Health
Immunization Requirements**

- I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)
The Office of Public Health (OPH) will incur \$426 in expenses associated with the publication of this proposed rule change. The expenses will be paid with State General Fund.
- II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)
The proposed rule change will not affect revenue collections for state or local governmental units.
- III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES OR NONGOVERNMENTAL GROUPS (Summary)
The proposed rule is not anticipated to have an economic impact.
- IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)
The proposed rule is not anticipated to have an impact on existing competition or employment among vaccination providers.

Kimberly Hood, JD, MPH
Assistant Secretary
2206#058

Evan Brasseaux
Interim Deputy Fiscal Officer
Legislative Fiscal Office

NOTICE OF INTENT

**Department of Insurance
Office of the Commissioner**

**Regulation 42—Group Self-Insurance Funds
(LAC 37:XIII.Chapter 11)**

In accordance with R.S. 49:950 et seq., the Administrative Procedure Act, and through the authority granted under R.S. 22:1 et seq., and specifically R.S. 22:11, the Department of Insurance hereby gives notice of its intent to amend Regulation 42—Group Self-Insurance Funds. The Department of Insurance is amending Regulation 42 to update statutory references and revise language to align with current law.

The purpose of the amendment of Regulation 42 is to make changes to bring Regulation 42 into alignment with current law. Definitions have been updated. The requirements for an application to create a group self-insurance fund have been revised. The language regarding filing and use of rates has been updated. The procedure for addressing fund insolvencies has been updated. Language regarding required examinations of group self-insurance funds has been added.

**Title 37
INSURANCE**

Part XIII. Regulations

Chapter 11. Regulation Number 42—Group Self-Insurance Funds

§1101. Definitions

A. When used in this regulation, the following words or terms shall have the following meaning.

Contingent Liability—the amount that a group self-insurance fund may be obligated to pay in excess of a given fund year’s normal premium collected or on hand.

Department—the Louisiana Department of Insurance.

Fiscal Agent—an individual, partnership, or corporation engaged by a group self-insurance fund to carry out the fiscal policies of the fund, invest and disburse assets, and oversee the financial matters of the fund. An administrator may be a fiscal agent.

Gross Premium—premium determined by multiplying the payroll (segregated into the proper workers' compensation job classifications) by the manual premium rates approved by the commissioner.

Group Self-Insurance Fund or Fund—employers who enter into agreements to pool their workers compensation liabilities in accordance with Louisiana Revised Statutes 23:1195.

Standard Premium—gross premium adjusted by experience modifiers.

Surplus—assets of a group self-insurance fund in excess of loss reserves, actual and contingent liabilities and loss development reserves in all fund years.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1103. Application to Create a Group Self-Insurance Fund

A. All applications to create a group self-insurance fund shall meet the requirements of Louisiana Revised Statutes Title 23, §1195 et seq., any other applicable laws of the state of Louisiana, and this regulation.

B. Applications shall be made in writing on a form provided by the department.

C. Applications shall be submitted to the department at least 90 days prior to the effective date for establishment of a fund. Any application submitted with less than 90 days remaining before the desired effective date, or which does not contain answers to all questions, or which is not sworn to and subscribed before a notary public, or which does not contain all required documents, statements, reports, and required information, may be returned without review by the department.

D. All applications shall be accompanied by:

1. a properly completed indemnity agreement in a form acceptable to the department, pursuant to §1111 of this regulation;

2. security as required by Louisiana Revised Statutes Title 23, §1195 et seq. and this regulation;

3. copies of acceptable excess insurance or reinsurance policies, pursuant to Louisiana Revised Statutes Title 23, §1195 et seq. and this regulation;

4. a bond covering each third party administrator, pursuant to Louisiana Revised Statutes Title 23, §1195 et seq.;

5. ...

6. copies of the fund bylaws and trust agreement or other governance documents;

7. individual application of each member of the fund applying for membership in the fund on the effective date of the fund, and copies of their executed indemnity agreements;

8. evidence of financial strength and liquidity of the members dated as of the date of the filing of the application to satisfy the financial strength and liquidity requirements of Louisiana Revised Statutes Title 23, §1195 et seq. and this regulation;

9. proof that the fund shall have the minimum annual earned normal premium as specified in Louisiana Revised Statutes Title 23, §1195 et seq.;

10. the current annual report or financial statement of any casualty insurance company providing excess or reinsurance coverage for the fund, which meets the requirements of Louisiana Revised Statutes Title 23, §1195 et seq. if such statement is not already on file with the department;

11. the name, address, and telephone number of the attorney representing the fund, of the qualified actuary for the fund, and of the certified public accountant who will be auditing the annual financial statements of the fund, as well as evidence of appointment of each by the fund;

12. the domicile address in this state where the books and records of the fund will be maintained, and the state from which the fund will be administered;

13. proof of advance payment to the fund by each initial member of the fund of not less than 25 percent of that member's first year estimated annual earned normal premium;

14. a feasibility study, or other analysis, prepared by a qualified actuary utilizing actual loss history of the initial members of the fund;

15. pro forma financial statements projecting the first three years of operations of the fund based upon a feasibility study or other analysis prepared by a qualified actuary, pursuant to Louisiana Revised Statutes Title 23, §1195 et seq. and §5(A) hereof. Such pro forma financial statements shall include a pro forma balance sheet, income statement, and statement of cash flow. Each shall be prepared in accordance with generally accepted accounting principles;

16. a copy of the fund's premium billing policy indicating whether the premium payments to the fund will be paid by members annually, monthly, quarterly, or any combination thereof.

E. Upon receipt of the application and other required materials, the department will review the application and will request any additional information which is required in a letter to the applicant.

F. - G. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1105. Conditions for Retaining the Self-Insurance Privilege

A. The certificate of authority shall be continuous until revoked or suspended by the department, or until it is voluntarily surrendered by the fund.

B. All funds shall be required to submit the following documents and reports:

1. - 2. ...;

3. annual actuarial reports prepared by a qualified actuary;

4. changes in items required to be furnished under §1103.D.1, 2, 3, 4, 6, 10, 11, and 12 within 10 days of the effective date of such change;

5. any other documents permitted or required by regulation or statute.

C. - F. ...

G. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1107. Financial and Actuarial Reports for Group Self-Insurance Funds

A. Each fund shall submit a current financial statement, audited by an independent certified public accountant, of at least two members showing, at the inception of the fund, a combined net worth of a minimum of \$500,000, current financial statements of all other members, a combined ratio of current assets to current liabilities of more than one to one, a combined working capital of an amount establishing financial strength and liquidity of the members to pay normal compensation claims promptly, and showing evidence of the financial ability of the group to meet its obligations. A certified audit or a financial statement properly certified by an officer, owner, or partner for all members joining the fund after the inception date shall be submitted to the commissioner until such time as a certified annual audit report is available for the fund as a whole. In no event shall the cumulative net worth or ratio of the current assets to current liabilities of all members be less than that required in this Subsection.

B. ...

C. Actuarial reviews shall be made by a qualified actuary. Actuarial reports shall be due and filed at the same time as the fund's annual financial statement, except as otherwise provided by the commissioner.

D. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1109. Excess Insurance Requirements for Group Self-Insurance Funds

A. All funds shall maintain specific excess insurance or reinsurance in the amount of at least \$2,000,000 per occurrence and aggregate excess insurance or reinsurance of at least \$2,000,000.

B. - C.2. ...

3. for funds with a loss fund greater than or equal to \$100,000,000, the maximum retention shall be 4 percent of the fund's loss fund;

C.4.-L. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1111. Indemnity Agreement

A. ...

B. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1113. Rates and Reporting of Rates

A. Each fund shall file rates on an actuarially justified class code basis with the department and may use the rates 90 days after filing, unless the department disapproves the use of such rates within the 90-day period.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1115. Authorized Investments for Group Self-Insurance Funds

A. Amounts not needed for current obligations may be invested by the board of trustees in deposits in federally insured banks or savings and loan associations or in direct obligations of the United States government or direct obligations of the state of Louisiana, or in any other investments permissible under R.S. 23:1196.1.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1117. Premium Audit

A. All self-insurance funds shall determine the normal premium due from each member in each policy year based on actual audited payroll. Audits shall consist of physical on-site audits or mail self-audits. The requirements set forth herein shall apply to the fund and its present or former members. Funds shall be responsible for compliance with this Subsection by contracted audit personnel or firms.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1121. Group Membership; Termination, Liability

A. An employer joining a fund after the group has been issued a certificate of approval shall:

A.1. - E. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1127. Deficits and Insolvencies

A. In the event that a fund is insolvent, the fund shall file a written plan within 60 days, signed by the board of trustees, detailing the means by which the fund intends to eliminate the insolvency. The means of eliminating the insolvency may include an assessment of the members of the fund. The fund shall also include the timetable for implementation and requirements for reporting to the

department. Within 30 days of receiving the plan, the department shall review the plan and notify the fund of the approval or disapproval of the plan.

B. If the department disapproves a plan submitted by the fund or determines that a fund is not implementing a plan in accordance with the plan terms, the department shall notify the fund in writing of such decision or determination.

C. If the fund fails to file a plan to eliminate an insolvency, or should the department notify a fund that a plan has been disapproved or that the fund is not implementing the plan according to the plan, the department shall have the following powers and authority in addition to any other powers and authority granted under law:

1. The department may order the fund to immediately levy an assessment upon its members that will eliminate the insolvency.

2. If the fund fails or refuses to assess its members, the department may levy an assessment upon fund members in the name of the fund.

D. Repealed.

E. Repealed.

F. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1129. Review of Rate Determination

A. Funds shall provide reasonable means whereby any member aggrieved by the application of the fund's rating system may, in writing, request a review of the manner in which such rating system has been applied in connection with the coverage afforded. The fund shall have 30 days from receipt to grant or deny the request, in writing. If the fund rejects such request or fails to grant or reject such request within such 30-day period, the member may, within 30 days following the expiration of such 30-day period, appeal to the commissioner, who, after a hearing held upon not less than 10 days' written notice to the member and to the fund, may affirm, modify, or reverse such action.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1131. Cease and Desist Orders and Other Penalties

A.1. The department shall have authority to issue cease and desist orders and suspend or revoke the certificate of authority of any fund which the department determines is not in compliance.

2. Upon finding, after notice and opportunity for a hearing, that any person or group has violated any cease and desist order, the commissioner may revoke the group's certificate of authority.

B. Upon the determination that a fund failed to comply with any provision of R.S. 23:1195-1200.17, any rule or regulation promulgated by the department or orders or directives issued by the commissioner, the department may levy a fine of up to \$2,000 for each violation.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 48:

§1135. Examinations

A. The commissioner shall examine, not less frequently than once every five years, and at any other time when an examination is necessary in the opinion of the commissioner, all group self-insurance funds established pursuant to R.S. 23:1191 et seq. The expenses of such examinations shall be paid by the fund being examined.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 48:

Family Impact Statement

1. Describe the Effect of the Proposed Regulation on the Stability of the Family. The proposed amended regulation should have no measurable impact upon the stability of the family.

2. Describe the Effect of the Proposed Regulation on the Authority and Rights of Parents Regarding the Education and Supervision of their Children. The proposed amended regulation should have no impact upon the rights and authority of children regarding the education and supervision of their children.

3. Describe the Effect of the Proposed Regulation on the Functioning of the Family. The proposed amended regulation should have no direct impact upon the functioning of the family.

4. Describe the Effect of the Proposed Regulation on Family Earnings and Budget. The proposed amended regulation should have no direct impact upon family earnings and budget.

5. Describe the Effect of the Proposed Regulation on the Behavior and Personal Responsibility of Children. The proposed amended regulation should have no impact upon the behavior and personal responsibility of children.

5. Describe the Effect of the Proposed Regulation on the Ability of the Family or a Local Government to Perform the Function as Contained in the Rule. The proposed amended regulation should have no impact upon the ability of the family or a local governmental unit to perform the function as contained in the rule.

Small Business Analysis

The impact of the proposed regulation on small businesses as defined in the Regulatory Flexibility Act has been considered. It is estimated that the proposed action is not expected to have a significant adverse impact on small businesses. The agency, consistent with health, safety, environmental and economic welfare factors has considered and, where possible, utilized regulatory methods in the drafting of the proposed regulation that will accomplish the objectives of applicable statutes while minimizing the adverse impact of the proposed regulation on small businesses.

1. Identification and Estimate of the Number of the Small Businesses Subject to the Proposed Rule. The proposed amended regulation should have no measurable impact upon small businesses.

2. The Projected Reporting, Record Keeping, and Other Administrative Costs Required for Compliance with the Proposed Rule, Including the Type of Professional Skills Necessary for Preparation of the Report or Record. The proposed amended regulation should have no measurable impact upon small businesses.

3. A Statement of the Probable Effect on Impacted Small Businesses. The proposed amended regulation should have no measurable impact upon small businesses.

4. Describe any Less Intrusive or Less Costly Alternative Methods of Achieving the Purpose of the Proposed Rule. The proposed amended regulation should have no measurable impact on small businesses; therefore, will have no less intrusive or less cost alternative methods.

Poverty Impact Statement

1. Describe the Effect on Household Income, Assets, and Financial Security. The proposed amended regulation should have no effect on household income assets and financial security.

2. Describe the Effect on Early Childhood Development and Preschool through Postsecondary Education Development. The proposed amended regulation should have no effect on early childhood development and preschool through postsecondary education development.

3. Describe the Effect on Employment and Workforce Development. The proposed amended regulation should have no effect on employment and workforce development.

4. Describe the Effect on Taxes and Tax Credits. The proposed amended regulation should have no effect on taxes and tax credits.

5. Describe the Effect on Child and Dependent Care, Housing, Health Care, Nutrition, Transportation and Utilities Assistance. The proposed amended regulation should have no effect on child and dependent care, housing, health care, nutrition, transportation and utilities assistance.

Provider Impact Statement

1. Describe the Effect on the Staffing Level Requirements or Qualifications Required to Provide the Same Level of Service. The proposed amended regulation will have no effect.

2. The Total Direct and Indirect Effect on the Cost to the Provider to Provide the Same Level of Service. The proposed amended regulation will have no effect.

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

Public Comments

Interested persons who wish to make comments may do so by writing to Lisa Henson, Staff Attorney, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214, by faxing comments to (225) 342-1632, or electronically at regulations@ldi.la.gov. Comments will be accepted through the close of business, 4:30 p.m., Monday, July 11, 2022.

James J. Donelon
Commissioner

POTPOURRI

Department of Insurance
Office of the Commissioner

Regulation 42—Group Self-Insurance Funds
(LAC 37:XIII.Chapter 11)

The Department of Insurance published a Notice of Intent to amend its rule, Regulation 42, in the January 20, 2019, Volume 45, No. 01 edition of the *Louisiana Register*. The Department of Insurance proposes the following changes: to amend §1101 of the current notice of intent of Regulation 42 by removing the definition of *surplus* and inserting the definition of *insolvency*; to amend §1107 by changing \$500,000 to \$1,000,000, by replacing “a certified annual audit report” with “an annual financial statement audited by an independent certified public accountant,” and by adding language regarding when the filing of member financial statements is required; to amend §1117.A by providing for telephone audits and/or virtual audits and by removing “contracted audit personnel or firms” and replacing it with “either an independent payroll audit firm or by the fund.” Since these are substantive changes, the Louisiana Department of Insurance is giving the public an opportunity for a hearing as published in this potpourri.

Title 37

INSURANCE

Part XIII. Regulations

Chapter 11. Regulation Number 42—Group Self-Insurance Funds

§1101. Definitions

A. When used in this regulation, the following words or terms shall have the following meaning.

* * *

Insolvency—the condition existing when the fund’s liabilities before member distribution payable or dividend payable are greater than the fund’s assets determined in accordance with generally accepted accounting principles as delineated in the fund’s financial statement audited by an independent certified public accountant. For the purposes of determining insolvency, assets will not include intangible property, such as patents, trade names, or goodwill.

* * *

Surplus—repealed.

* * *

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 47:52 (January 2021), LR 48:

§1107. Financial and Actuarial Reports for Group Self-Insurance Funds

A. Each fund shall submit a current financial statement, audited by an independent certified public accountant, of at least two members showing, at the inception of the fund, a combined net worth of a minimum of \$1,000,000, current financial statements of all other members, a combined ratio of current assets to current liabilities of more than one to one, a combined working capital of an amount establishing

financial strength and liquidity of the members to pay normal compensation claims promptly, and showing evidence of the financial ability of the group to meet its obligations. An annual financial statement audited by an independent certified public accountant or a financial statement properly certified by an officer, owner, or partner for all members joining the fund after the inception date shall be submitted to the commissioner until such time as an annual financial statement audited by an independent certified public accountant is available for the fund as a whole. Thereafter, the filing of member financial statements with the Department is no longer required. In no event shall the cumulative net worth or ratio of the current assets to current liabilities of all members be less than that required in this Subsection.

B. An annual financial statement audited by an independent certified public accountant shall be due annually within six months of the close of the fiscal year of the fund, unless an extension is granted by the commissioner, on a form acceptable to the commissioner.

C. ...

D. Repealed.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 48:

§1109. Excess Insurance Requirements for Group Self-Insurance Funds

A. - B. ...

C. - E. Repealed.

F. The commissioner shall deny the use of a higher retention requested by a fund if he finds:

F.1. - G. ...

H. Repealed.

I. - L. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 48:

§1117. Premium Audit

A. All self-insurance funds shall determine the normal premium due from each member in each policy year based on actual audited payroll. Audits shall consist of physical on-site audits, ~~or~~ mail self-audits, telephone audits, or virtual audits. The requirements set forth herein shall apply to the fund and its present or former members. Funds shall be responsible for compliance with this Subsection by either an independent payroll audit firm or by the fund.

AUTHORITY NOTE: Promulgated in accordance with R.S. 23:1200.1.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 18:1403 (December 1992), amended LR 48:

Public Hearing

A public hearing on the proposed substantive changes will be held by the Louisiana Department of Insurance on September 21, 2022, at 10:00 a.m. in the Poydras Hearing Room, Poydras Building, 1702 North Third Street, Baton Rouge, LA. Interested persons who wish to make comments

may do so at the public hearing or by writing to Lisa Henson, Louisiana Department of Insurance, P.O. Box 94214, Baton Rouge, LA 70804-9214. Comments will be accepted no later than September 20, 2022 by close of business, 4:30 p.m.

2208#092

James J. Donelon
Commissioner

POTPOURRI

**Workforce Commission
Office of Workers' Compensation Administration**

Mileage Reimbursement Limits

Pursuant to R.S. 23:1203(D), and based on the statewide mileage reimbursement as determined by the Louisiana Department of Administration, the following limits shall apply to workers' compensation's mileage reimbursement effective July 1, 2022.

Mileage Reimbursement
\$ 0.62 (cents) per mile

Date	Mileage
2000 - 2001	\$0.28
2001 - 2002	\$0.30
2002 - 2003	\$0.32
2003 - 2004	\$0.32
2004 - 2005	\$0.34
2005 - 2006	\$0.36
2006 - 2007	\$0.40
2007 - 2008	\$0.44
2008 - 2009	\$0.52
07/01/2009 to 12/20/2009	\$0.52
12/21/2009 to 06/30/2010	\$0.48
2010 - 2011	\$0.48
2011 - 2012	\$0.51
2012 - 2013	\$0.51
2013 - 2014	\$0.51
2014 - 2015	\$0.51
2015 - 2016	\$0.51
2016 - 2017	\$0.51
2017 - 2018	\$0.53
2018 - 2019	\$0.54
07/01/2019 to 12/31/2019	\$0.58
01/01/2020 to 06/30/2020	\$0.575
07/01/2020 to 12/31/2020	\$0.57
1/01/2021 to 06/30/2021	\$0.56
07/01/2021 to 01/09/2022	\$0.56
01/10/2022 to 6/30/2022	\$0.58

Tavares A. Walker
Deputy Assistant Secretary

2208#021

POTPOURRI

**Workforce Commission
Office of Workers' Compensation Administration**

Weekly Compensation Benefits Limits

Pursuant to R.S. 23:1202, and based on the statewide average weekly wage as determined by the Louisiana Workforce Commission, the following limits shall apply to weekly compensation benefits for claimants injured during the period September 1, 2022 through August 31, 2023.

Average Weekly Wage	Maximum Compensation	Minimum Compensation	Mileage Reimbursement
\$1027.69	\$771.00	\$206.00	* .62 cents per mile
*Effective July 1, 2022 the mileage reimbursement is \$0.62 per mile pursuant to R.S. 23:1203(D).			

This information updates R.S. 23:1202 of the Louisiana Workers Compensation Act.

	Average Weekly Wage	Maximum Comp	Minimum Comp
Sept 1, 2000-Aug 31, 2001	517.93	388.00	104.00
Sept 1, 2001-Aug 31, 2002	530.43	398.00	106.00
Sept 1, 2002-Aug 31, 2003	554.31	416.00	111.00
Sept 1, 2003-Aug 31, 2004	572.53	429.00	114.00
Sept 1, 2004-Aug 31, 2005	584.40	438.00	117.00
Sept 1, 2005-Aug 31, 2006	605.46	454.00	121.00
Sept 1, 2006-Aug 31, 2007	637.19	478.00	127.00
Sept. 1, 2007-Aug 31, 2008	696.00	522.00	139.00
Sept. 1, 2008-Aug. 31, 2009	728.10	546.00	146.00
Sept. 1, 2009-Aug. 31, 2010	768.83	577.00	154.00
Sept. 1, 2010-Aug. 31, 2011	772.18	579.00	154.00
Sept. 1, 2011-Aug. 31, 2012	789.00	592.00	158.00
Sept. 1, 2012-Aug. 31, 2013	807.07	605.00	161.00
Sept. 1, 2013-Aug. 31, 2014	825.54	619.00	165.00
Sept. 1, 2014-Aug. 31, 2015	839.76	630.00	168.00
Sept. 1, 2015-Aug. 31, 2016	865.31	649.00	173.00
Sept. 1, 2016-Aug. 31, 2017	876.00	657.00	175.00
Sept. 1, 2017-Aug. 31, 2018	870.00	653.00	174.00
Sept. 1, 2018-Aug. 31, 2019	886.38	665.00	177.00
Sept. 1, 2019-Aug. 31, 2020	916.85	688.00	183.00
Sept. 1, 2020-Aug. 31, 2021	940.00	705.00	188.00
Sept. 1, 2021-Aug. 31, 2022	990.85	743.00	198.00
Sept. 1, 2022-Aug. 31, 2023	1027.69	771.00	206.00

Actual wages are to be paid if the wages are less than the minimum.

Tavares A. Walker
Deputy Assistant Secretary

2208#022