

**Effect of Excluding Advertising Expenses  
in Setting Automobile Insurance Rates  
(HR 198)**

**Report to the Legislature**



**Louisiana Department of Insurance**

**James J. Donelon, Commissioner**

Louisiana Department of Insurance

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# HR 198

Effect of Excluding Advertising Expenses in Setting Automobile Insurance Rates  
Louisiana Department of Insurance – December 30, 2022

## Scope of HR 198

HR 198 of the 2022 Regular Session by Rep. Robby Carter urged and requested “the Department of Insurance to study and make recommendations to the Legislature of Louisiana regarding the effect of excluding advertising expenses in setting automobile insurance rates.”

HR 198 was preceded by HB 116 by Rep. Robby Carter which would have amended R.S. 22:1452(C)(7) and 1454(B)(3) to exclude all advertising expenses from the calculation of rates for property and casualty insurance.

The NAIC Property/Casualty Annual Statement Instructions define advertising expenses as follows for financial reporting purposes:

Include:

- Services of advertising agents
- Public relations counsel
- Space in newspapers, periodicals, billboards, programs, and other publications
- Circulars, pamphlets, calendars and literature issued for advertising or promotional purposes
- Drawings, plates, etchings, etc., in connection with advertising
- All charges for printing, paper, etc., in bills covering advertising
- Media Broadcasts (e.g., radio, television, etc.)
- Prospect and mailing lists
- Signs, frames, medals, etc., for agents
- Souvenirs for general distribution
- House organs and similar publications distributed to others than employees
- Advertising required by law when more than the minimum space required to comply with the law is taken

Exclude:

- Compensation to employees (see Salaries)
- Items includible in Travel and Travel Items, Claim Adjustment Services, and Boards, Bureaus and Associations
- Cost of literature, booklets, placards, signs, etc., issued solely for accident and loss prevention (see Surveys and Underwriting Reports)
- Advertising and business development expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors, and other producers (see Allowances to Managers and Agents)

- Cost of help wanted advertising (see Employee Relations and Welfare)
- Cost of advertising in connection with owned real estate (see Real Estate Expenses)
- Cost of house organs and similar publications for the use of employees (see Printing and Stationery)
- Donations to organized charities (see Miscellaneous)
- Cost of souvenirs not generally distributed (see Travel and Travel Items)

## Other States

Currently, two states, California and Texas, exclude certain expenses related to advertising. California by regulation excludes “institutional advertising expenses” for ratemaking purposes. “Institutional advertising” means advertising not aimed at obtaining business for a specific insurer and not providing consumers with information pertinent to the decision whether to buy the insurer’s product.” (See 10 CA ADC §2644.10(f)). Except as provided otherwise, the calculation of institutional advertising expenses is based on the insurer’s national expenditures, allocated among the states in proportion to earned premium.

California has not done any study or other evaluation of the efficacy of this rule in lowering insurance rates. Advertising that is connected, even loosely, to a specific product or type of product is not considered institutional advertising. Discussions with the California Department of Insurance indicate that a rate increase may be reduced by as much as 0.02% by the exclusion of this expense.

Texas disallows for rate justification advertising expenses other than for advertising that is either directly related to the services or products provided by the insurer or designed and directed at loss prevention. (See Tex. Ins. Code Sec. 2251.002(1-a)(C)). This definition is similar to the California definition of “institutional advertising,” but it explicitly addresses loss prevention expenditures.

Both California and Texas require additional data reporting for advertising and other excluded or disallowed expenses. (See attached Texas data call reporting documents.)

## Louisiana

In Louisiana, advertising expenses are reported in accordance with the NAIC definition stated above. Property and casualty companies report a range of advertising expenses without distinguishing among lines of business.

Unlike HB 116, HR 198 limited the inquiry to “the effect of excluding advertising expenses in setting automobile rates.” Information on advertising expenses by line of insurance is not in the currently available data. Information by line would require specific data reporting requirements like those in Texas.

## Conclusion and Recommendations

Louisiana, like all states other than California and Texas, does not exclude advertising expenditures or any portion thereof from calculations of insurance rates. Were Louisiana to enact such an exclusion for only automobile lines of insurance, the effect on rates would not be predictable based on current information available to the LDI and the experiences of California and Texas.

Furthermore, there would be a need to define more clearly for reporting purposes those advertising expenses that would be excluded, such as the institutional or brand building advertising, and those that would be included, if any, in rate filings, such as loss prevention—e.g., antifraud or safe driving messaging. There would also have to be a reporting system developed for the information required.

Last, there would be a need to develop a calculation for allocating advertising expenses to Louisiana and among lines of insurance for multi-line insurers, if the exclusion were limited to automobile insurance.

Therefore, the Louisiana Department of Insurance recommends against the adoption of an exclusion from rate setting for any or all advertising expenses.

2022 Regular Session

HOUSE RESOLUTION NO. 198

BY REPRESENTATIVE ROBBY CARTER

A RESOLUTION

To urge and request the Department of Insurance to study and make recommendations to the House of Representatives of the Legislature of Louisiana regarding the effect of excluding advertising expenses in setting automobile insurance rates and to report its findings and recommendations.

WHEREAS, Statista reported that certain insurance companies spent over one billion dollars in advertising in 2020; and

WHEREAS, insurance company mascots have become ubiquitous in cable network commercials, internet advertisements, and video streaming commercials; and

WHEREAS, the insurance market is an industry concerned with mitigating the cost of losses by spreading risk among policyholders; and

WHEREAS, policyholders pay premiums to insurance companies for the purpose of receiving insurance proceeds in the event of a loss to assist them in financing repairs of the damage resulting from a loss; and

WHEREAS, policyholders do not pay premiums to insurance companies for the purpose of being entertained during commercial breaks in television programming; and

WHEREAS, it is in the interest of the residents of Louisiana to pay reasonable insurance premiums for adequate coverage; and

WHEREAS, Kelley Blue Book reported in January 2022 that Louisiana is the state with the fourth highest average monthly cost for car insurance in the United States; and

WHEREAS, it is the duty of the Department of Insurance to study and regulate the insurance industry for the state of Louisiana.

THEREFORE, BE IT RESOLVED that the House of Representatives of the Legislature of Louisiana does hereby urge and request the Department of Insurance to study and make recommendations to the Legislature of Louisiana regarding the effect of excluding advertising expenses in setting automobile insurance rates.

BE IT FURTHER RESOLVED that the Department of Insurance shall report its findings and recommendations in writing to the elected members of the House of Representatives of the Legislature of Louisiana and the David R. Poynter Legislative Research Library on or before January 1, 2023.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the commissioner of insurance.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

2022 Regular Session

HOUSE BILL NO. 116

BY REPRESENTATIVE ROBBY CARTER

INSURANCE/RATES: Provides for the exclusion of advertising expenses in setting rates or making rate filings

1 AN ACT

2 To amend and reenact R.S. 22:1452(C)(7) and 1454(B)(3), relative to rate making and rate  
3 filing; to prohibit the use of advertising expenses in rate setting; to provide  
4 definitions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:1452(C)(7) and 1454(B)(3) are hereby amended and reenacted  
7 to read as follows:

8 §1452. Purpose of rate regulation; construction; definitions

9 \* \* \*

10 C. As used in this Subpart, the following definitions shall be applicable:

11 \* \* \*

12 (7) "Expenses" means that portion of a rate attributable to acquisition, field  
13 supervision, collection expenses, general expenses, taxes, licenses, and fees and does  
14 not include loss adjustment expenses or advertising expenses.

15 \* \* \*

16 §1454. Rating standards and methods

17 \* \* \*

18 B. In determining whether rates are excessive, inadequate, or unfairly  
19 discriminatory, consideration may be given to the following items:

20 \* \* \*



## DISALLOWED EXPENSES DATA CALL INSTRUCTIONS

**DUE JULY 8, 2022**

### Instructions:

1. Report **countrywide** data only for lines written in Texas. Do not report Texas premium only. If you did not have Texas premium for any of the lines specified in the report template, then you will file a "NONE" submission. If you file a "NONE" submission (i.e., you have no data to report), you must still include a signed and notarized affidavit.
2. Include only data for admitted companies in this submission. Exclude data for farm mutual and surplus lines insurers.
3. Enter countrywide direct premium written from IEE Part III, Column 1.
4. Report premium in thousands. *Note:* This is how it is already listed on IEE Part III, Column 1.
5. For group filings, complete the "Group Info" tab. If you are filing by individual company, you do not need to complete the "Group Info" tab.
6. Save your file using the following naming convention:
  - For group filings, enter the file name as GRP # DER2021.xlsx. For example, "GRP [1234] DER2021.xlsx".
  - If not making a group filing, enter the group number as "0" followed by the five-digit NAIC company number. For example, "GRP 0 [12345] DER2021.xlsx".
7. Do not send your submission with hidden or deleted columns.
8. Your email should include two attachments:
  - the Disallowed Expenses Data Call Excel reporting form, and
  - the signed/notarized affidavit in pdf format.
9. Send the email with the Excel file name as the subject line to [DataCall@tdi.texas.gov](mailto:DataCall@tdi.texas.gov). Be sure to include both attachments.

Direct questions concerning this call to TDI's Data Services team at 512-676-6690 or [DataCall@tdi.texas.gov](mailto:DataCall@tdi.texas.gov).

## **2021 TEXAS DISALLOWED EXPENSES DATA CALL CALENDAR YEAR 2021 EXPERIENCE**

### **GENERAL INSTRUCTIONS**

This data call requires companies to submit countrywide direct written premium and insurance expense exhibit data for all of the following property and casualty lines for which the company had writings in Texas in 2021:

- Residential Fire
- Commercial Fire
- Combined Fire
- Residential Allied Lines
- Commercial Allied Lines
- Combined Allied Lines
- Private Crop
- Farmowners Multiple Peril
- Homeowners Multiple Peril
- Commercial Multiple Peril (Non-Liability Portion)
- Commercial Multiple Peril (Liability Portion)
- Inland Marine
- Medical Malpractice
- Other General Liability
- Products Liability
- Private Passenger Auto Liability
- Commercial Auto Liability
- Private Passenger Auto Physical Damage
- Commercial Auto Physical Damage
- Fidelity (Other than Criminal Court Appearance Bonds)
- Surety (Other than Criminal Court Appearance Bonds)

### **Start Worksheet and Affidavit**

In the "Start" worksheet, you must include the name of the company or group and the corresponding NAIC number or group number. Include only admitted companies in this submission; farm mutual and surplus lines insurers must be excluded. If submitting a group filing, go to the "Group Info" worksheet and list each company and corresponding NAIC number for all companies within the group for which you are submitting data. The Affidavit form must be signed by the highest ranking company official with management and control authority over the development of the reported information, and notarized.

If you are submitting a group filing, you may do one of the following:

- file insurance expense exhibit data by line in aggregate amounts for companies with Texas direct written premium, or
- make copies of the MS Excel files and submit a "Report of Insurance Expense Exhibit Data" file for each company in your group.

### **Report of Insurance Expense Exhibit Data**

1. Reported experience should be valued as of December 31, 2021. Report all amounts to the nearest thousand (000) as they are reported on the Insurance Expense Exhibit in your company's annual statement.

2. If your company has no experience to report:
  - Complete the appropriate information on the “Start” and “Group Info” worksheets.
  - No entries or entries totaling zero in the Direct Premiums Written section of the “Start” worksheet will denote a “None” submission. Skip to Line 7.
3. Direct premiums written **must** equal the amount reported on Part III - Allocation to Lines of Direct Business Written, column 1 of the Insurance Expense Exhibit.

If your company wrote Residential and Commercial Fire or Residential and Commercial Allied lines in Texas, and you are able to allocate the premium to Residential and Commercial, please do so. The total of the two should equal Part III - Allocation to Lines of Direct Business Written, column 1 of the Insurance Expense Exhibit for those lines. If you are unable to allocate the premium, please complete the "Combined Fire" and "Combined Allied Lines" sections of the report.

4. Other acquisition, field supervision, and collection expenses incurred (Line 2a) **must** equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.
5. Report all advertising expenses (Line 2b) incurred **except** the following:<sup>1</sup>
  - advertising directly related to the services or products provided by the insurer, and
  - advertising designed and directed at loss prevention.
6. General expenses incurred (Line 3a) **must** equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.
7. Review the submission for accuracy before submission. The "Check" tab will allow the company(ies) to compare the information submitted on the IEE and the data submitted on the "Enter Data" tab. If an entry on the Enter Data tab does not match the information submitted on the IEE, the Check tab will indicate "False" for the relevant entry.
8. Save your file according to the following standard: GRP # DER2021.xlsx
  - If not making a group filing, enter a "0" after "GRP."
  - Example: GRP 0 12345 DER2021.xlsx
  - Email the report as an attachment to DataCall@tdi.texas.gov using the file name as the subject, and include the signed and notarized Affidavit as a separate attachment in the same email.

<sup>1</sup> However, do include advertising for promotion of organizations exempt from federal taxation under IRC 501(c)(3), or its subsequent amendments, in line 2b

## Retention of Records

The underlying data and other information utilized in the development of your call response must be maintained within your company's records for a minimum of two years after the due date.

## Due Date

The Disallowed Expenses Data Call is due on or before July 8, 2022.

## Other

Questions concerning this data call should be directed to Brandon Easley in Property and Casualty Actuarial at 512-676-6690 or DataCall@tdi.texas.gov.



**Texas Department of Insurance  
Disallowed Expense Data Call**

**Report of Insurance Expense Exhibit Data  
Premiums in Thousands \$000**

**Calendar Year:** 2021  
**Group/Company Name:** \_\_\_\_\_  
**NAIC:** \_\_\_\_\_  
**Group No.:** \_\_\_\_\_  
**Group Filing:** \_\_\_\_\_

(if "Yes", click here to enter detail on Group Info worksheet)

**REPORT ONLY LINES WRITTEN IN TEXAS**

**Enter Countrywide Direct Premiums Written from IEE Part III, Column 1**

<b>Annual Statement Line Numbers</b>	<b>Annual Statement Line Names</b>	<b><u>Direct Premiums Written</u></b>
1	Residential Fire	
1	Commercial Fire	
1	Combined Fire	
2.1	Residential Allied Lines	
2.1	Commercial Allied Lines	
2.1	Combined Allied Lines	
2.4	Private Crop	
3	Farmowners Multiple Peril	
4	Homeowners Multiple Peril	
5.1	Commercial Multiple Peril (Non-liability Portion)	
5.2	Commercial Multiple Peril (Liability Portion)	
9	Inland Marine	
11	Medical Malpractice	
17.1 + 17.2	Other General Liability	
18	Products Liability	
19.1 + 19.2	Private Passenger Auto Liability	
19.3 + 19.4	Commercial Auto Liability	
21.1	Private Passenger Auto Physical Damage	
21.2	Commercial Auto Physical Damage	
23	Fidelity (Other than Criminal Court Appearance Bonds)	
24	Surety (Other than Criminal Court Appearance Bonds)	

**If "NONE" stop here and submit report**





**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0

00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Residential Fire		Commercial Fire		Combined Fire		Residential Allied Lines	
		(IEE Part III-Line 1)		(IEE Part III-Line 1)		(IEE Part III-Line 1)		(IEE Part III-Line 02.1)	
		Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written
		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE	
1	<a href="#">Direct premiums written</a>	-		-		-		-	
2a	<a href="#">Other acquisition</a>								
2b	<a href="#">Advertising expenses</a>								
2c	<a href="#">Adjusted other acquisition</a>	-		-		-		-	
3a	<a href="#">General expenses incurred</a>								
3b	<a href="#">Loss control and safety engineering expenses</a>								
3c	<a href="#">Lobbying expenses</a>								
3d	<a href="#">Bad faith</a>								
3e	<a href="#">Legislative advocacy</a>								
3f	<a href="#">Fees and penalties for violation of law</a>								
3g	<a href="#">Charitable contributions</a>								
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>								
3i	<a href="#">Excess premium</a>								
3j	<a href="#">Unreasonable expense</a>								
3k	<a href="#">Disallowed general expenses</a>	-		-		-		-	
3l	<a href="#">Adjusted general expenses incurred</a>	-		-		-		-	

**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0  
00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Commercial Allied Lines		Combined Allied Lines		Private Crop		Farmowners Multiple Peril	
		(IEE Part III-Line 02.1)		(IEE Part III-Line 02.1)		(IEE Part III-Line 2.4)		(IEE Part III-Line 03)	
		Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written
		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE	
1	<a href="#">Direct premiums written</a>	-		-		-		-	
2a	<a href="#">Other acquisition</a>								
2b	<a href="#">Advertising expenses</a>								
2c	<a href="#">Adjusted other acquisition</a>	-		-		-		-	
3a	<a href="#">General expenses incurred</a>								
3b	<a href="#">Loss control and safety engineering expenses</a>								
3c	<a href="#">Lobbying expenses</a>								
3d	<a href="#">Bad faith</a>								
3e	<a href="#">Legislative advocacy</a>								
3f	<a href="#">Fees and penalties for violation of law</a>								
3g	<a href="#">Charitable contributions</a>								
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>								
3i	<a href="#">Excess premium</a>								
3j	<a href="#">Unreasonable expense</a>								
3k	<a href="#">Disallowed general expenses</a>	-		-		-		-	
3l	<a href="#">Adjusted general expenses incurred</a>	-		-		-		-	

**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0  
00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Homeowners Multiple Peril		Commercial Multiple Peril (Non-liability Portion)		Commercial Multiple Peril (Liability Portion)		Inland Marine	
		(IEE Part III-Line 04)		(IEE Part III-Line 5.1)		(IEE Part III-Line 5.2)		(IEE Part III-Line 09)	
		Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written
		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE	
1	<a href="#">Direct premiums written</a>	-		-		-		-	
2a	<a href="#">Other acquisition</a>								
2b	<a href="#">Advertising expenses</a>								
2c	<a href="#">Adjusted other acquisition</a>	-		-		-		-	
3a	<a href="#">General expenses incurred</a>								
3b	<a href="#">Loss control and safety engineering expenses</a>								
3c	<a href="#">Lobbying expenses</a>								
3d	<a href="#">Bad faith</a>								
3e	<a href="#">Legislative advocacy</a>								
3f	<a href="#">Fees and penalties for violation of law</a>								
3g	<a href="#">Charitable contributions</a>								
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>								
3i	<a href="#">Excess premium</a>								
3j	<a href="#">Unreasonable expense</a>								
3k	<a href="#">Disallowed general expenses</a>	-		-		-		-	
3l	<a href="#">Adjusted general expenses incurred</a>	-		-		-		-	

**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0  
00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Medical Malpractice		Other General Liability		Products Liability		Private Passenger Auto Liability	
		(IEE Part III-Line 11)		(IEE Part III-Line 17.1+17.2)		(IEE Part III-Line 18)		(IEE Part III-Line 19.1 + 19.2)	
		Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written
		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE	
1	<a href="#">Direct premiums written</a>	-		-		-		-	
2a	<a href="#">Other acquisition</a>								
2b	<a href="#">Advertising expenses</a>								
2c	<a href="#">Adjusted other acquisition</a>	-		-		-		-	
3a	<a href="#">General expenses incurred</a>								
3b	<a href="#">Loss control and safety engineering expenses</a>								
3c	<a href="#">Lobbying expenses</a>								
3d	<a href="#">Bad faith</a>								
3e	<a href="#">Legislative advocacy</a>								
3f	<a href="#">Fees and penalties for violation of law</a>								
3g	<a href="#">Charitable contributions</a>								
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>								
3i	<a href="#">Excess premium</a>								
3j	<a href="#">Unreasonable expense</a>								
3k	<a href="#">Disallowed general expenses</a>	-		-		-		-	
3l	<a href="#">Adjusted general expenses incurred</a>	-		-		-		-	

**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0  
00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Commercial Auto Liability		Private Passenger Auto Physical Damage		Commercial Auto Physical Damage		Fidelity	
		(IEE Part III-Line 19.3 + 19.4)		(IEE Part III-Line 21.1)		(IEE Part III-Line 21.2)		(IEE Part III-Line 23)	
		Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written	Amount (000)	% of Direct Premiums Written
		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE		DO NOT ENTER THIS LINE	
1	<a href="#">Direct premiums written</a>	-		-		-		-	
2a	<a href="#">Other acquisition</a>								
2b	<a href="#">Advertising expenses</a>								
2c	<a href="#">Adjusted other acquisition</a>	-		-		-		-	
3a	<a href="#">General expenses incurred</a>								
3b	<a href="#">Loss control and safety engineering expenses</a>								
3c	<a href="#">Lobbying expenses</a>								
3d	<a href="#">Bad faith</a>								
3e	<a href="#">Legislative advocacy</a>								
3f	<a href="#">Fees and penalties for violation of law</a>								
3g	<a href="#">Charitable contributions</a>								
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>								
3i	<a href="#">Excess premium</a>								
3j	<a href="#">Unreasonable expense</a>								
3k	<a href="#">Disallowed general expenses</a>	-		-		-		-	
3l	<a href="#">Adjusted general expenses incurred</a>	-		-		-		-	

**Report of Insurance Expense Exhibit Data  
Reported in Thousands (000)**

0

00000 NAIC  
0000 GROUP

2021 Calendar Year:

Check: **Input Data**

		Surety	
		(IEE Part III-Line 24)	
		Amount (000)	% of Direct Premiums Written
		<b>DO NOT ENTER THIS LINE</b>	
1	<a href="#">Direct premiums written</a>	-	
2a	<a href="#">Other acquisition</a>		
2b	<a href="#">Advertising expenses</a>		
2c	<a href="#">Adjusted other acquisition</a>	-	
3a	<a href="#">General expenses incurred</a>		
3b	<a href="#">Loss control and safety engineering expenses</a>		
3c	<a href="#">Lobbying expenses</a>		
3d	<a href="#">Bad faith</a>		
3e	<a href="#">Legislative advocacy</a>		
3f	<a href="#">Fees and penalties for violation of law</a>		
3g	<a href="#">Charitable contributions</a>		
3h	<a href="#">Advisory organization fees (please see updated Line Instruction)</a>		
3i	<a href="#">Excess premium</a>		
3j	<a href="#">Unreasonable expense</a>		
3k	<a href="#">Disallowed general expenses</a>	-	
3l	<a href="#">Adjusted general expenses incurred</a>	-	

	CODE	IEE			"Enter Data" Tab			Does it match?				
		Countrywide DWP	Other Ac	Gen Expense	Countrywide DWP	Other Ac	Gen Expense	Countrywide DWP	Other Ac	Gen Expense		
Combined Fire	1	0-1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Combined Allied Lines	2.1	0-2.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Homeowners Multiple Peril	4	0-4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Commercial Multiple Peril (Non-liability Portion)	5.1	0-5.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Commercial Multiple Peril (Liability Portion)	5.2	0-5.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Inland Marine	9	0-9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Medical Malpractice	11	0-11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Other General Liability (17.1 and 17.2)	17.1	0-17.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
	17.2	0-17.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Products Liability	18	0-18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Private Passenger Auto Liability	19.1	0-19.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Commercial Auto Liability	19.3	0-19.3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Private Passenger Auto Physical Damage	21.1	0-21.1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Commercial Auto Physical Damage	21.2	0-21.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Fidelity	23	0-23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE
Surety	24	0-24	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	TRUE	TRUE	TRUE

If Direct Written Premium is entered under Combined Fire on the "Start" sheet, then Residential Fire and Commercial Fire must both remain blank. Likewise, if Direct Written Premium is entered under one or both of Residential Fire or Commercial Fire on the "Start" sheet, then Combined Fire must remain blank.	TRUE
If expenses are entered in the Combined Fire column on the "Enter Data" sheet, then the Residential Fire and Commercial Fire columns must both remain blank. Likewise, if expenses are entered in one or both of the Residential Fire or Commercial Fire columns on the "Enter Data" sheet, then the Combined Fire column must remain blank.	TRUE
If Direct Written Premium is entered under Combined Allied Lines on the "Start" sheet, then Residential Allied Lines and Commercial Allied Lines must both remain blank. Likewise, if Direct Written Premium is entered under one or both of Residential Allied Lines or Commercial Allied Lines on the "Start" sheet, then Combined Allied Lines must remain blank.	TRUE
If expenses are entered in the Combined Allied Lines column on the "Enter Data" sheet, then the Residential Allied Lines and Commercial Allied Lines columns must both remain blank. Likewise, if expenses are entered in one or both of the Residential Allied Lines or Commercial Allied Lines columns on the "Enter Data" sheet, then the Combined Allied Lines column must remain blank.	TRUE

## Line by Line Instructions

1	Direct premiums written - must equal the amount reported on Part III, column 1 of the Insurance Expense Exhibit.
2a	Other acquisition, field supervision, and collection expenses incurred - must equal the amount reported on Part III, column 27 of the Insurance Expense Exhibit.
2b	All advertising expenses incurred <b>except</b> the following: <sup>1</sup> <ul style="list-style-type: none"> <li>• advertising directly related to the services or products provided by the insurer; and</li> <li>• advertising designed and directed at loss prevention.</li> </ul>
2c	Adjusted other acquisition, field supervision, and collection expenses incurred - line 2a minus line 2b.
3a	General expenses incurred - must equal the amount reported on Part III, column 29 of the Insurance Expense Exhibit.
3b	Loss control and safety engineering expenses.
3c	All lobbying expenses. Lobbying expenses are considered to include all salaries, fees, and other expenses incurred to influence elected or appointed decision makers regarding legislation or rule-making, and all other activities required to be reported under the Texas Ethics Law.
3d	All amounts paid or reserved by an insurer during the year, whether classified by the insurer as a loss or an expense, as damages in an action brought against the insurer for bad faith.
3e	All contributions to organizations engaged in legislative advocacy.
3f	All amounts paid or reserved by an insurer during the year, whether classified by the insurer as a loss or an expense, as fees, fines, or penalties for a civil or criminal violation of law.
3g	All contributions to social, religious, political, or fraternal organizations.
3h	All fees and assessments paid to advisory organizations, except as authorized by rule by the commissioner. <b>Please note:</b> Payments to advisory organizations licensed to do business in Texas for the development of statistical plans, data collection and reporting, the development and distribution of prospective loss costs, supplementary rating information, policy forms and endorsements, research, performance of inspections, and other reasonably related activities are not disallowed expenses and should not be included.
3i	Any amount determined by the commissioner to be excess premiums charged by the insurer.
3j	Any unreasonably incurred expenses, as determined by the commissioner after notice and hearing.
3k	Disallowed general expenses - sum of lines 3c, 3d, 3e, 3f, 3g, 3h, 3i, and 3j.
3l	Adjusted general expenses incurred - line 3a minus line 3b minus line 3k.

<sup>1</sup> However, do include advertising for promotion of organizations exempt from federal taxation under IRC 501(c)(3), or its subsequent amendments, in line 2b

Email as attachment to: [DataCall@tdi.texas.gov](mailto:DataCall@tdi.texas.gov)

# 2021 DISALLOWED EXPENSES DATA CALL AFFIDAVIT

(THIS FORM MUST BE COMPLETED AND RETURNED TO TDI)

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, the (position) \_\_\_\_\_

of the \_\_\_\_\_  
being duly sworn, deposes and says that all of the information of the named Company/Group contained herein, together with any necessary related exhibits, schedules, and explanations contained, annexed or referred to, are a full and true statement in accordance with the instructions provided, according to the best of my information, knowledge, and belief.

\_\_\_\_\_  
Signature

**SUBSCRIBED AND SWORN TO BEFORE ME** this the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
(Printed Name of Notary)

My Commission Expires:  
\_\_\_\_\_

\_\_\_\_\_  
Contact Person

\_\_\_\_\_  
Email address

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

Grp/Co:

NAIC:

Group#:

Grp Filing:

\_\_\_\_\_  
Mailing Address