

Regular Session, 2014

HOUSE BILL NO. 722

BY REPRESENTATIVE HUVAL

INSURANCE: Provides relative to producer compensation

1 AN ACT

2 To amend and reenact 22:855(H) and 1568(A) and (C), relative to producer compensation;
3 to exempt ancillary products; to exempt certain health and accident plans; to provide
4 for commissions and other forms of compensation; and to provide for related
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:855(H) and 1568(A) and (C) are hereby amended and reenacted
8 to read as follows:

9 §855. Quoted premium shall include all charges; dollar amount required

10 * * *

11 H. The provisions of this Section shall apply to all policies except life,
12 annuity, ~~and reinsurance policies,~~ and ancillary products.

13 * * *

14 §1568. Producer compensation for sales of health and accident plans

15 A. A health insurance issuer shall establish one or more schedules of
16 commission for the sale of each health insurance product by an insurance producer.
17 Such schedules of commission shall be uniformly applied to all producers within the
18 same schedule and shall be payable to all insurance producers licensed and appointed
19 to sell the health insurance products of the issuer. The provisions of this Subsection
20 shall not apply to any ~~employee welfare benefit~~ health and accident plan exclusively
21 regulated by the United States Department of Labor pursuant to Section 514 of the

Employee Retirement Income Security Act of 1974, 29 U.S.C. 1144, or Section 4 of the same act, 29 U.S.C. 1003.

* * *

C. Each health insurance contract entered into prior to ~~June 14, 2013~~, the effective date of this Section shall comply with the provisions of this Section at the annual anniversary or renewal date following ~~June 14, 2013~~ the effective date of this Section. ~~This Section shall apply to political subdivisions as defined by R.S. 42:1102, except for any political subdivision that had a contract on June 14, 2013, with an insurance producer or health insurance plan on a net of commission or stipulated fee basis for the placement of group health insurance coverage.~~

Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Huval

HB No. 722

Abstract: Provides an exemption for ancillary products from the amount included in the quoted premium for a policy; provides that certain health and accident plans exclusively regulated by the federal government are excluded from the requirement that health insurance issuers establish schedule of commissions for the sale of each health insurance product by a producer.

Present law provides that the quoted premium for a policy include all charges, with exemptions for life, annuity, and reinsurance policies.

Proposed law retains present law, but adds an additional exemption for ancillary products.

Present law provides that employee welfare benefit plans subject to exclusive federal regulation are exempt from the requirement that insurers establish schedules of commission for the sale of their products, and further provides that present law is applicable to political subdivisions.

Proposed law provides that health and accident plans subject to exclusive federal regulation are exempt from the requirement that insurers establish schedules of commission for the sale

of their products, and removes the provision that present law is applicable to political subdivisions.

(Amends R.S. 22:855(H) and 1568(A) and (C))