

Regular Session, 2011

HOUSE BILL NO. 137

BY REPRESENTATIVE CORTEZ

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURERS/AGENTS: Authorizes producer compensation in the form of fees in certain circumstances

1 AN ACT

2 To enact R.S. 22:1567, relative to producer compensation; to authorize producers and
3 certain insurers or policyholders to negotiate any combination of commissions, fees,
4 or fees in lieu of commissions, for certain insurance coverages; and to provide for
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1567 is hereby enacted to read as follows:

8 §1567. Producers' compensation in form of fees; commercial property and casualty
9 insurance; criteria for policyholders

10 Notwithstanding any other provision of law to the contrary, an insurance
11 producer may negotiate with both or either a property and casualty insurer or a
12 commercial policyholder, including a governmental entity pursuant to R.S.
13 42:1123(37)(b), to compensate the insurance producer for the placement of
14 commercial property and casualty insurance coverages by any combination of
15 commissions, fees, or fees in lieu of commissions if the commercial insurance
16 policyholder, including a governmental entity pursuant to R.S. 42:1123(37)(b), meets
17 one of the following criteria:

18 (1) Has total annual property and casualty insurance premiums in excess of
19 five hundred thousand dollars.

1 (2) Obtains insurance coverage with a per occurrence or per claim deductible
2 or self-insured retention of fifty thousand dollars or more for workers' compensation,
3 general liability, or automobile insurance coverages.

4 (3) Has a net worth in excess of twenty-five million dollars.

5 (4) Qualifies as a self-insurer with the state of Louisiana.

6 (5) Is a governmental entity that had a contract prior to August 9, 2010, with
7 an insurance producer on a stipulated fee basis for the placement of commercial
8 property and casualty insurance coverages.

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)]

Cortez

HB No. 137

Abstract: Authorizes producers and certain policyholders to negotiate any combination of commissions, fees, or fees in lieu of commissions, for certain commercial property and casualty insurance coverages.

Proposed law provides that, notwithstanding any other provision of law in the Insurance Code to the contrary, an insurance producer and a property and casualty insurer may negotiate any combination of commissions and fees, or fees in lieu of commissions, to compensate the insurance producer for the placement of commercial property and casualty insurance coverages if the commercial insurance policyholder meets any one of the following criteria:

- (1) Has total annual property and casualty insurance premiums in excess of \$500,000.
- (2) Obtains insurance coverage with a per occurrence or per claim deductible or self-insured retention of \$50,000 or more for workers' compensation, general liability, or automobile insurance coverages.
- (3) Has a net worth in excess of \$25 million.
- (4) Qualifies as a self-insurer with this state.
- (5) Is a governmental entity that had a contract prior to August 9, 2010, with an insurance producer on a stipulated fee basis for the placement of commercial property and casualty insurance coverages.

(Adds R.S. 22:1567)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Provided that an insurance producer may negotiate commissions, fees, or fees in lieu of commissions with both or either a property and casualty insurer or a commercial policyholder.
2. Added to the list of policyholders who may so negotiate producer compensation a governmental entity that had a contract prior to August 9, 2010, with an insurance producer on a stipulated fee basis for the placement of commercial property and casualty insurance coverages.