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## DIGEST

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Huval

HB No. 1210

**Abstract:** Expands certain ethics exceptions to allow insurance producers providing certain insurance functions and services to governmental entities to receive compensation from other sources.

Present law (Code of Governmental Ethics) generally prohibits a public servant and certain associated persons from participating in certain transactions that involve the governmental entity of the public servant. Prohibits certain contractual arrangements or transactions between a public servant, or certain associated persons, and the public servant's agency. Provides that persons who have or who are seeking a business or financial or contractual relationship with the public servant's agency are prohibited sources of compensation to the public servant.

Present law provides an exception to present law which provides that an insurance producer of record shall not be precluded by the ethics code from providing all of the normal insurance and risk management services to a governmental entity, including but not limited to providing advice or recommendations regarding insurance coverages, markets, costs, terms, selection of coverages and all related matters; provided that an insurance producer who solicits to be producer of record or serves as producer of record for a governmental entity shall not serve in any other official decisionmaking capacity over insurance issues for the governmental entity, including but not limited to elected or appointed positions, advisory committees, as an employee, or as risk manager and that any insurance producer who has served in any official decisionmaking capacity over insurance issues for a governmental entity who wishes to solicit or serve as producer of record for that same governmental entity shall comply with the two-year post service restrictions in the ethics code.

Proposed law provides instead that an insurance producer shall not be precluded by the ethics code from serving as the insurance producer of record; from providing any of the normal insurance services; from providing risk management services, including but not limited to providing advice or recommendations regarding insurance coverages, markets, costs, terms, selection of coverages and all related matters or any combination thereof for a governmental entity, provided that an insurance producer who provides or solicits to provide any of those services shall not serve in any other official decisionmaking capacity over insurance issues for the governmental entity, including but not limited to elected or appointed positions, advisory committees, as an employee, or as risk manager and that any insurance producer who has served in any official decisionmaking capacity over insurance issues for a governmental entity who wishes to solicit to provide any of the services for that same governmental entity shall comply with the two-year post service restrictions in the ethics code.

Present law specifies that the insurance producer of record may be compensated by means of normal commissions or pursuant to a written contract providing for a stipulated fee, or both, provided that an insurance producer of record fully discloses in writing to the governmental entity all fees, commissions, or other compensation payable to the producer of record from the insurer or any source other than the governmental entity that relate to the placement of the insurance coverages.

Proposed law provides instead that the ethics code does not preclude an insurance producer from being compensated by means of normal commissions or pursuant to a written contract providing for a stipulated fee, or both, for any of the services authorized pursuant to proposed law provided that the producer shall fully disclose to the governmental entity in writing all fees, commissions, or other compensation payable to the producer of record from the insurer or any source other than the governmental entity that relate to the placement of the services provided.

Proposed law further provides that present law (ethics code) does not preclude an insurance producer from receiving fees, commissions, or other compensation payable to the insurance producer from insurance companies for services rendered to those insurance companies for products or services sold to other governmental entities or persons that do not directly relate to the services provided by the insurance producer to the governmental entity; provided that the insurance producer discloses to the governmental entity the name of any insurer or source from which he receives fees, commissions, or other compensation if the insurer or source is providing or seeking to provide services or insurance coverage to the governmental entity at the time the insurance producer is providing services to the governmental entity.

Present law further specifies that it does not preclude a governmental entity from contracting with an insurance consultant, separate from the producer of record, to provide risk management services and to assist the governmental entity in making insurance decisions.

Proposed law changes "insurance consultant" to "insurance producer" and otherwise maintains present law.

Present law retained by proposed law, specifies that the ethics code exceptions in present law and proposed law do not apply to individually underwritten guaranteed renewable limited benefit health insurance policies.

(Amends R.S. 42:1123(37))

### Summary of Amendments Adopted by House

#### House Floor Amendments to the engrossed bill.

1. Removes provisions requiring the insurance producer to disclose any fees, commissions, or other compensation from any insurer or source which is providing or is seeking to provide insurance coverages to the governmental entity and provides instead that the insurance producer shall disclose the name of any insurer or source

from which he receives any fees, commissions, or other compensation if the insurer or source is providing or seeking to provide insurance coverages or services to the governmental entity at the time the insurance producer is providing services to the governmental entity.