

Regular Session, 2014

HOUSE BILL NO. 1195

BY REPRESENTATIVE LORUSSO

INSURERS/AGENTS: Provides relative to unfair trade practices in the business of insurance

1 AN ACT

2 To amend and reenact R.S. 22:1964(24) and (25), relative to unfair trade practices in the
3 business of insurance; to provide that any attempt to limit through contractual
4 provisions the amount of information that a non-captive producer may provide to
5 consumers on competing limited benefit or supplemental benefit plans shall be such
6 an unfair trade practice; to provide that any attempt to limit through contractual
7 provisions the number of other insurance companies that such a producer may
8 represent shall be deemed such an unfair trade practice; and to provide for related
9 matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 22:1964(24) and (25) are hereby amended and reenacted to read as
12 follows:

13 §1964. Methods, acts, and practices which are defined as unfair or deceptive

14 The following are declared to be unfair methods of competition and unfair
15 or deceptive acts or practices in the business of insurance:

16 * * *

17 (24) Requiring a producer or offering any incentive for producers who
18 represent more than one company to limit information provided to consumers on
19 limited benefit or supplemental benefit plans; including attempting to enforce a
20 provision of a sales representative agreement, a sales agent agreement, a non-

1 solicitation agreement, or a non-competition agreement against such a producer
 2 which would result in limiting the information that the producer provides to
 3 consumers on limited benefit or supplemental benefit plans. Failure to comply with
 4 the provisions of this Paragraph shall subject the insurer to a penalty, of not less than
 5 two thousand five hundred dollars nor more than five thousand dollars, payable to
 6 the producer and shall not be subject to the penalties provided for in R.S. 22:1969.

7 (25) Requiring a producer or offering any incentive for producers; who
 8 represent more than one insurance company; to limit the number of other insurance
 9 companies ~~they~~ such a producer may represent-, including attempting to enforce a
 10 provision of a sales representative agreement, a sales agent agreement, a non-
 11 solicitation agreement, or a non-competition agreement against such a producer
 12 which would result in limiting the number of other insurance companies that the
 13 producer may represent. Failure to comply with the provisions of this Paragraph
 14 shall subject the insurer to a penalty up to ten thousand dollars and shall not be
 15 subject to the penalties provided for in R.S. 22:1969.

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)]

Lorusso

HB No. 1195

Abstract: Provides that requiring a non-captive producer to limit the number of companies that such a producer represents or enforcing a noncompetition agreement against unfair trade practices in the business of insurance.

Present law provides that it is an unfair trade practice to require or offer any incentive to a producer who represents multiple companies to limit the information provided to consumers on limited benefit plans. Provides for a penalty of \$2,500 to \$5,000, payable to the producer.

Proposed law retains present law but also makes it applicable to information provided to consumers on supplemental benefit plans. Further specifies that any attempt to enforce provisions in a sales agreement, a sales agent agreement, a non-solicitation agreement, or a non-competition agreement against such a producer which would result in limiting the information provided by the producer to consumers on limited benefit and supplemental benefit plans is an unfair trade practice in the business of insurance. Makes any such attempt subject to the penalty provided for in present law.

Present law provides that it is an unfair trade practice in the business of insurance to require or offer any incentive to a producer who represents multiple companies to limit the number

of other insurers that such a producer may represent. Provides for a penalty of up to \$10,000.

Proposed law retains present law and specifies that any attempt to enforce provisions in a sales agreement, a sales agent agreement, a non-solicitation agreement, or a non-competition agreement against such a producer is an unfair trade practice in the business of insurance. Makes any such attempt subject to the penalty provided for in present law.

(Amends R.S. 22:1964(24) and (25))