

2017 Regular Session

HOUSE BILL NO. 408

BY REPRESENTATIVE HUVAL

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

INSURANCE: Provides for the change of insurance producer on record

1 AN ACT

2 To amend and reenact R.S. 22:1564(B)(1)(b) through (d), relative to the qualifications and
3 licensing of insurance producers; to provide with respect to producers on record; to
4 provide for a change in producer; to require quotations and proposals; to provide
5 notice; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1564(B)(1)(b) through (d) are hereby amended and reenacted to
8 read as follows:

9 §1564. Producers of record

10 * * *

11 B.(1)

12 * * *

13 (b) If the insurer receives a producer of record letter for an application, the
14 insurer shall provide the new producer of record with a quotation or proposal based
15 on new applications submitted by the new producer of record regardless of any other
16 outstanding quotations or proposals. If the quotation or proposal is accepted by the
17 insured, the insurer shall issue the policy with the designated producer of record. If
18 the insurer receives a written request by the insured to change the producer of record
19 on an application, the insurer shall give the initial producer of record written notice
20 ~~fifteen~~ ten calendar days in advance of the change or removal. If the insurer receives

1 a request to change a producer of record on an application within ~~fifteen~~ ten calendar
2 days of the policy inception, the insurer shall provide the required ~~fifteen-day~~ ten
3 calendar day notice; however, any required change of producer shall be effective on
4 the inception date of the policy.

5 (c) If a change or removal of a producer is requested by an insured during
6 a policy period, the insurer shall give the producer written notice ~~fifteen~~ ten calendar
7 days in advance of the change or removal. If the insurer receives a request to change
8 a producer within the last ~~fifteen~~ ten calendar days of the policy period, the insurer
9 shall provide the required ~~fifteen-day~~ ten calendar day notice; however, any required
10 change of producer shall be effective on the inception date of the renewal policy.

11 (d) Property, casualty, and bond commissions shall be paid to the ~~original~~
12 producer of record at the policy inception for the full term of the policy, unless such
13 policy is written for more than one year or is continuous until canceled, in which
14 case commissions shall be paid to the new producer of record starting on the
15 anniversary rating date when new rates take effect. Accident, health, or benefits
16 commissions shall be paid to the current producer of record and shall change when
17 the producer of record changes.

18 * * *

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)]

HB 408 Engrossed 2017 Regular Session Huval

Abstract: Requires an insurer to provide a new producer of record with a new quotation or proposal regardless of any other outstanding quotation or proposal.

Present law provides that any insurer which issues or delivers property, casualty, accident, or health insurance, or bonds in this state shall recognize a producer of record when selected by the owner of the policy or the first-named insured if there are multiple-named insureds in writing. Proposed law retains present law.

Present law provides that if an insurer receives a producer of record letter for an application, the insurer shall provide any quotations or proposals to the producer. Proposed law changes present law to provide that instead of providing the record containing the quotation or proposal, the insurer must submit a new quotation or proposal to the producer of record as if there are no outstanding proposals.

Present law provides that if the quotation or proposal is approved by the insured, the insurer shall issue the policy with the producer on record. Proposed law retains present law.

Present law requires that if the insurer receives a written request by the insured to change the producer of record, the insurer shall give the initial producer of record written notice 15 days in advance of the change or removal. Proposed law changes this requirement to 10 calendar days.

(Amends R.S. 22:1564(B)(1)(b)-(d))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Change the time period for an insurer to notify a producer of record of a change or removal of producer of record from 15 days to 10 calendar days.
2. Clarify that property, casualty, and bond commissions shall be paid to the producer of record at policy inception for the full term of the policy.
3. Make technical changes.