HOUSE BILL NO. 695
BY REPRESENTATIVE WRIGHT

INSURANCE/HEALTH-ACCID: Provides for health and accident insurance producers and consultants and modifies terminology relative to health and accident insurance

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:456, 1547(F) and (I)(introductory paragraph), 1551(C)(introductory paragraph), (3), and (4), 1564(B)(2), 1573(C), (E), and (G), 1575(A)(1), and 1808.4(A)(2), relative to insurance producers and consultants; to provide for appointments of producers; to provide for technical corrections relative to exemptions from examinations, licensing, and continuing education of producers and consultants; to modify terminology relative to accident and health insurance; to provide for technical changes; and to provide for related matters.

§456. Producers; appointment

A. Any self-insurer who has been issued a certificate of authority under this Subpart may contract with and appoint as its representatives in this state, as its producer or producers, any person or persons licensed as a life and health producer for the line of accident and health or sickness pursuant to Chapter 5 of this Title, R.S. 22:1541 et seq. No solicitation of insurance shall be made by any producer prior to notification of such self-insurer that its appointment has been recorded by the commissioner of insurance. If the commissioner has not...
notified the self-insurer of his disapproval of a particular producer within thirty days
after receipt of the self-insurer's appointment of such producer, the producer
thereafter may commence solicitation of insurance.

B. On or before the first day of March of each year, each self-insurer shall
submit to the commissioner of insurance by certified mail an alphabetical list of the
licensed producers which it wishes to appoint, together with a fee of ten dollars for
each such appointment. Any appointment shall remain in full force and effect until
the thirtieth day of April following the date of recordation by the commissioner of
insurance, unless the license of the appointed producer is revoked by the
commissioner or until cancelled by the self-insurer upon written notice to the
producer and the commissioner. To appoint a producer as its agent, the self-insurer
shall file, in a manner prescribed by the commissioner, a notice of appointment
within fifteen days from the date the agency contract is executed. Each notice of
appointment shall include the fee in the amount set forth in R.S. 22:821.

C. Any self-insurer who violates the provisions of this Section shall be fined
the sum of ten dollars for each producer's appointment received after the first day of
March of each year. If any producer is operating or intends to operate its business
affairs as a partnership, corporation, or other business entity, the appointments in this
Section may be issued by a self-insurer in the name of the partnership, corporation,
or other business entity if all persons in the partnership, corporation, or other
business entity actively engaged in soliciting, negotiating, or effecting contracts of
insurance or renewals thereof also hold an active producer license issued in
accordance with the provisions of R.S. 22:1541 et seq. and are registered pursuant
to R.S. 22:1546(B).

D. An appointment as provided for in this Section remains effective until the
following date of renewal, unless the license of the named appointed producer is
revoked by the commissioner as provided for in R.S. 22:1541 et seq., or until
canceled by the self-insurer upon written notice to the producer with a copy thereof
filed with the commissioner.
E. Appointments for individual producers expire on January 1 of each year and a self-insurer shall submit to the commissioner, in a manner prescribed by the commissioner, a list of appointed individual producers which it intends to reappoint no later than the expiration date of January 1 and the fee in the amount set forth in R.S. 22:821.

F. Appointments for a business entity expire on August 1 of each year and a self-insurer shall submit to the commissioner, in a manner prescribed by the commissioner, a list of appointed business entity producers which it intends to reappoint no later than the expiration date of August 1 and the fee in the amount set forth in R.S. 22:821.

G.(1) Any self-insurer which issues or delivers a policy or contract of insurance pursuant to the application or request of a producer who is not appointed to represent the self-insurer as a producer shall be deemed to have authorized such producer to act on the self-insurer's behalf. The payment to such a producer shall be payment to the self-insurer with all resultant obligations and duties.

(2) This Subsection establishes an agency relationship only for the matter of premiums collected pursuant to the provisions of this Section.

§1547. License

F. The license shall state the name and mailing business address of the licensee, date of issuance, the renewal or expiration date, the line or lines of insurance covered by the license, and such other information as the commissioner of insurance deems necessary.

I. Any licensed property and casualty or health and accident and health or sickness insurance producer maintaining an office at a designated location in this state and having at least two years experience in the insurance business with an
insurer or as an insurance producer may be licensed as a surplus lines broker as
follows:

§1551. Exemption from examination

C. The following resident applicants shall be exempt from the
requirement of an examination:

(3) Any applicant who shall be licensed for a license to act only as a
producer with respect to life, health, and accident and health or sickness insurance
on borrowers or debtors or with respect to property and casualty insurance on
collateral and involuntary unemployment, commonly known as credit insurance.

(4) Any applicant who shall be licensed for a license to act only as a producer
with respect to travel insurance.

§1564. Producers of record

B.

(2) Except as provided in Paragraph (1) of this Subsection upon the specific,
written instruction of the owner of the policy or the first-named insured, no insurer
or producer shall cancel and rewrite any such contract during the term of
such contract or until the renewal date of the contract, whichever occurs first, which
would change the producer of record.

§1573. Continuing education requirements

C. Life insurance producers and consultants and health accident and health
or sickness insurance producers and consultants shall complete twenty-four hours of

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are additions.
approved instruction or verifiable approved self-study prior to each renewal of
license, with at least three hours dedicated to the subject of ethics. A person who
holds a combination of life or health accident and health or sickness insurance
producer licenses and life or health accident and health or sickness consultant
licenses shall complete a total of twenty-four hours of approved instruction or
verifiable approved self-study, with at least three hours dedicated to the subject of
ethics.

*          *          *

E. For producers authorized to write life, health and or accident and health
or sickness insurance and also authorized to write property, casualty, or property and
casualty or personal lines insurance business, and consultants authorized to consult
on life, health and or accident and health or sickness insurance and also authorized
to consult on property, casualty, or property and casualty or personal lines insurance
business, the continuing education requirement for renewal of license shall be is
twenty-four hours of approved instruction or verifiable approved self-study with at
least three hours of approved instruction or verifiable approved self-study dedicated
to the subject of ethics and three hours dedicated to the subject of flood insurance.
Persons who hold a combination of life, health and accident and health or sickness,
property, casualty, or property and casualty insurance producer licenses and life,
health and accident and health or sickness, property, casualty, or property and
casualty consultant licenses shall complete a total of twenty-four hours of approved
instruction or verifiable approved self-study, with at least three hours dedicated to
the subject of ethics and three hours dedicated to the subject of flood insurance.

*          *          *

G. Producers and consultants licensed for life, health and accident and health
or sickness, property, casualty or personal lines may carry over no more than ten
excess hours of approved insurance instruction accumulated during one renewal
period to be applied to the continuing education requirement for the next renewal
period.

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§1575. Producer training requirements to sell long-term care insurance

A.(1) An individual shall not sell, solicit, or negotiate long-term care insurance unless the individual is licensed as an insurance producer for health and accident or life or accident and health or sickness and has completed a one-time training course. The training shall meet the requirements set forth in Subsection B of this Section.

§1808.4. License

A. Unless denied licensure pursuant to R.S. 22:1808.8, persons who have met the requirements of this Part shall be issued an insurance consultant license. An insurance consultant may receive qualification for a license in one or more of the following lines of authority:

(2) Health and accident Accident and health or sickness, which provides insurance coverage for sickness, bodily injury, or accidental death, and may include benefits for disability income.
Present law requires a self-insurer to submit to the commissioner by certified mail an alphabetical list of the licensed producers it wishes to appoint, together with a $10 fee for each appointment, by March 1 of each year. Requires appointments to remain effective until the 30th day of April following the date of recordation by the commissioner, unless the appointment is revoked by the commissioner or canceled by the self-insurer through its written notice to the producer and the commissioner. Proposed law deletes present law.

Proposed law requires a self-insurer to file a notice of appointment in a manner prescribed by the commissioner within 15 days from the date the agency contract is executed. Requires each notice of appointment to include the fee prescribed in present law (R.S. 22:821).

Present law assesses a self-insurer a $10 fine for each producer's appointment untimely received by the commissioner after March 1 of each year. Proposed law deletes present law.

Proposed law provides that if any producer is operating or intends to operate as a partnership, corporation, or other business entity, the appointments in present and proposed law may be issued by a self-insurer in the name of the partnership, corporation, or other business entity if all persons in such partnership, corporation, or business entity actively engaged in soliciting, negotiating, or effecting contracts of insurance or renewals holds an active producer license and are registered in accordance with present and proposed law.

Proposed law provides for appointments to remain effective until the following date of renewal, unless the license of the named appointed producer is revoked by the commissioner or until canceled by the insurer through written notice to the producer and the commissioner.

Proposed law provides that appointments for individual producers expire on January 1 of each year. Requires a self-insurer to submit to the commissioner, in a manner prescribed by the commissioner, a list of appointed individual producers which it intends to reappoint by the expiration date of Jan. 1, including the fee prescribed in present law (R.S. 22:821).

Proposed law provides that appointments for a business entity expire on August 1 of each year and requires a self-insurer to submit to the commissioner, in a manner prescribed by the commissioner, a list of appointed business entity producers which it intends to reappoint no later than the expiration date of August 1 and the fee prescribed in present law (R.S. 22:821). Proposed law provides that if a self-insurer issues or delivers a policy or contract of insurance pursuant to the application or request of a producer who is not appointed to represent the self-insurer as a producer, the self-insurer is deemed to have authorized such producer to act on the insurer's behalf. Provides that payment to the producer is payment to the self-insurer with all resultant obligations and duties.

Proposed law establishes an agency relationship for premiums collected pursuant to present and proposed law (R.S. 22:456).

Present law prohibits an insurer or producer from canceling or rewriting certain contracts which would change the producer of record during the term of the contract. Proposed law modifies present law by authorizing such alterations to a contract upon specific, written instruction of the owner of the policy or the first-named insured on the policy.

Proposed law makes technical changes.

(Amends R.S. 22:456, 1547(F) and (I)(intro. para.), 1551(C)(intro. para.), (3), and (4), 1564(B)(2), 1573(C), (E), and (G), 1575(A)(1), and 1808.4(A)(2))

Summary of Amendments Adopted by House

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

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1. Specify that written instruction of the owner of the policy or the first-named insured on the policy is required to alter a contract that would change the producer of record during the term of the contract.

2. Make technical changes to remove sections of present law and modify language to improve readability.