
DIGEST

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Huval

HB No. 414

Abstract: Authorizes agency fees on health and accident insurance policies.

Present law prohibits an insurer or its representative, including an insurance producer (agent) from charging or receiving any fee, compensation, or consideration for insurance which is not included in the premium quoted to the insured and the premium specified in the policy delivered to the insured, except for the following: the premium tax on a surplus lines policy, reimbursement for expenses due the producer, and for an agency fee. Specifically authorizes a producer to receive reimbursement from the insured for expenses and to charge a reasonable agency fee directly related to the services provided by the producer on all insurance policies other than life, annuity, health and accident, and reinsurance policies. Further requires that such an agency fee be prominently disclosed and itemized separately on the invoice.

Proposed law deletes the exemption of health and accident policies from present law, thus extending the authorization for a producer to receive reimbursement from the insured for expenses and to charge a reasonable agency fee related to the services provided by the producer to health and accident insurance policies.

Proposed law requires health insurance issuers to establish one or more schedules of commission for the sale of each health insurance product by an insurance producer.

Proposed law allows health insurance producers to negotiate charges, fees, and any other forms of compensation directly with the insured, plan sponsor, or employer group.

Proposed law provides for the effectivity date of proposed law for health insurance contracts entered into prior to the effective date of proposed law. Such health insurance contracts shall commence compliance with proposed law upon the first annual anniversary or renewal date following the effective date of proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:855(H); Adds R.S. 22:1568)

Summary of Amendments Adopted by House

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

1. Required health insurance issuers to establish one or more schedules of commission for the sale of each health insurance product by an insurance producer.
2. Notwithstanding the schedules of commission provided for in proposed law, allowed health insurance producers to negotiate charges, fees, or any other form of compensation directly with the insured, plan sponsor, or employer group.
3. Provided that health insurance contracts entered into prior to the effective date of proposed law shall comply with proposed law upon the annual anniversary or renewal date of such contract.