

(KEYWORD, SUMMARY, AND DIGEST as amended by Senate committee amendments)

**INSURANCE/POLICIES: Authorizes agency fees on health and welfare plans.**

-----

DIGEST

Huval

HB No. 414

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. Specifies that this provision shall not apply to any employee welfare benefit plan exclusively regulated by the U.S. Department of Labor pursuant to the Employee Retirement Income Security Act.

Proposed law allows health insurance producers, in addition to a commission, to negotiate charges, fees, and any other forms of compensation directly with the health insurance product sponsor or employer group.

Proposed law provides for the effective date of proposed law for health insurance contracts entered into prior to the effective date of proposed law. Specifically provides that such a health benefit contract shall commence compliance with proposed law upon the first annual anniversary or renewal date following the effective date of proposed law. Further provides that proposed law applies to political subdivisions.

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.
4. Made proposed law applicable to political subdivisions.

House Floor Amendments to the engrossed bill.

1. Provided that proposed law relative to establishment of schedules of commission shall only apply to employers with health and welfare plans covering 100 or fewer employees.
2. Changed various terms, including "health insurance products" and "health and accident insurance policies" to "health and welfare plans".
3. Added definition of a health and welfare plan.
4. Deleted authorization for a producer to negotiate compensation with an insured, limiting such negotiation to a plan sponsor or employer group.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Insurance to the reengrossed bill

1. Changes the term "health and welfare plans" and "health and accident insurance policies" to "health insurance products".
2. Exempts any welfare benefit plan exclusively regulated by the U.S. Department of Labor pursuant to the Employee Retirement Income Security Act of 1974 from the requirement to establish one or more schedules of commission for the sale of each health insurance product by an insurance producer.
3. Deletes the definition of a health and welfare plan.