

HOUSE SUMMARY OF SENATE AMENDMENTS

House Bill No. 414 by Representative Huval

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

Synopsis of Senate Amendments

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".

Digest of Bill as Finally Passed by Senate**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)