

CONFERENCE COMMITTEE REPORT
House Bill No. 414 By Representative Huval

June 4, 2013

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 414 by Representative Huval, recommend the following concerning the Reengrossed bill:

1. That Senate Committee Amendments Nos. 1 through 7 proposed by the Senate Committee on Insurance and adopted by the Senate on May 23, 2013, be adopted.
2. That Amendment Nos. 1 and 2 proposed by the Legislative Bureau and adopted by the Senate on May 27, 2013, be adopted.
3. That the Senate Floor Amendment proposed by Senator Morrish and adopted by the Senate on May 28, 2013, be adopted.
4. That the following amendment to the Reengrossed bill be adopted:

AMENDMENT NO. 1

On page 2, line 7, after "R.S. 42:1102(17)" delete the period "." and insert a comma "," and the following:

"except for any political subdivision that had a contract on the effective date of this Act with an insurance producer or health insurance plan on a net of commission or stipulated fee basis for the placement of group health insurance coverage."

Respectfully submitted,

Representative Mike Huval

Senator Dan "Blade" Morrish

Representative George Gregory Cromer

Senator Gerald Long

Representative Marcus Hunter

Senator Gary L. Smith

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 414 by Representative Huval

Keyword and onliner of the instrument as it left the House

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

Report adopts Senate amendments to:

1. Change the term "health and welfare plan" to "health insurance product".
2. Restrict applicability of proposed law from any employee welfare benefit plan that is exclusively regulated by the United States Department of Labor.
3. Make technical changes.

Report amends the bill to:

1. Qualify the applicability of proposed law with respect to political subdivisions by clarifying that proposed law shall not apply to any governmental entity that, at the time of the effective date of proposed law, has a contract with an insurance producer or health insurance plan on a net of commission or stipulated fee basis for the placement of group health insurance coverage.

Digest of the bill as proposed by the Conference Committee

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 and welfare plan by an insurance producer. Specifies that this provision shall only apply to employers with health and welfare plans covering 100 or fewer employees.

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

Proposed law provides for the effective date of proposed law for health benefit plans entered into prior to the effective date of proposed law. Specifically provides that such a health benefit plan 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, except for any governmental entity that, at the time of the effective date of proposed law, has a contract with an insurance producer or health insurance plan on a net of commission or stipulated fee basis for the placement of group health insurance coverage.

Proposed law defines a health and welfare plan as including benefits for group health, life, short term disability, long term disability, dental and vision.

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

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