

Prior law prohibited an insurer or its representative, including an insurance producer (agent) from charging or receiving any fee, compensation, or consideration for insurance which was 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 authorized 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 required that such an agency fee be prominently disclosed and itemized separately on the invoice.

New law deletes the exemption of health and accident policies from prior 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.

New 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. Dept. of Labor pursuant to the Employee Retirement Income Security Act.

New 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.

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

Effective upon signature of governor (June 14, 2013).

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