

Regular Session, 2014

HOUSE BILL NO. 705

BY REPRESENTATIVE FANNIN

PUBLIC CONTRACTS: Authorizes the state to enter into consulting service contracts with licensed insurance producers for the procurement of insurance for risk management

1 AN ACT

2 To amend and reenact R.S. 39:1484(A)(4)(b) and 1540, relative to consulting service
3 contracts; to authorize the office of risk management to enter into consulting service
4 contracts with one or more licensed insurance producers; to provide for the definition
5 of consulting services; to provide for approvals of such contracts; to provide for
6 reporting; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 39:1484(A)(4)(b) and 1540 are hereby amended and reenacted to
9 read as follows:

10 §1484. Definitions and objectives

11 A. When used in this Chapter, the words defined in this Section shall have
12 the meanings set forth below unless the context in which they are used clearly
13 requires a different meaning or a different definition is prescribed for a particular
14 Part or provision:

15 * * *

16 (4)(a)

17 * * *

18 (b) The term "consulting service" includes the procurement of supplies and
19 services by a contractor without the necessity of complying with provisions of the
20 Louisiana Procurement Code when such supplies and services are either for

1 insurance procured directly by a licensed insurance producer pursuant to R.S.
2 39:1540(B) or, are merely ancillary to the provision of consulting services under a
3 contingency fee arrangement, even though the procurement of such supplies or
4 services directly by a governmental body would require compliance with the
5 Louisiana Procurement Code. Supplies or services ancillary to the provision of
6 consulting services are those supplies or services which assist the contractor in
7 fulfilling the objective of his contract when the cost for such supplies and services
8 is less than the cost of providing consulting services, as determined by the using
9 agency.

* * *

11 §1540. Competition

12 A. Every contract entered into by the state for the purchase of insurance or
13 for obtaining services relating to the operation of the insurance program shall be
14 awarded by either competitive sealed bidding or competitive negotiation.
15 Competitive negotiation shall be initiated by the issuance of a request for proposals
16 containing a description of the coverage required and the factors to be used in
17 evaluating the proposals. Where there is more than one offeror, written or oral
18 discussions shall be conducted with at least the three, or two if there are only two,
19 highest qualified offerors who submit proposals determined in writing to be
20 reasonably susceptible of being selected for award. The contract shall be awarded
21 with reasonable promptness by written notice to the responsible offeror whose
22 proposal meets the requirements and criteria set forth in the request for proposals and
23 whose proposal is most beneficial to the state, considering the price and the
24 evaluation factors set forth in the request for proposal. Public notice of the request
25 for proposals shall be provided in the same manner as established in ~~Part V of~~
26 ~~Chapter 1 of Title 39⁺ of the Louisiana Revised Statutes~~ R.S. 39:1503.

27 B.(1) The office of risk management, under the direction of the
28 commissioner of administration, is authorized to contract for consulting services
29 with one or more licensed insurance producers upon a finding by the commissioner

- 1 that the contract is in the best interest of the state. The contract authorized pursuant
 2 to the provisions of this Subsection may authorize one or more producers to advise
 3 the office of risk management regarding the office's insurance programs and to
 4 directly procure insurance.
- 5 (2) No contract executed for consulting services under the provisions of this
 6 Subsection shall be effective until is has been approved by the Joint Legislative
 7 Committee on the Budget.
- 8 (3) The division of administration shall report annually on the savings
 9 achieved due to contracts entered into under this Subsection to the Joint Legislative
 10 Committee on the Budget.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Fannin

HB No. 705

Abstract: Authorizes the office of risk management to contract with licensed insurance producers to advise the office regarding the office's programs and to directly procure insurance. Requires the Joint Legislative Committee on the Budget (JLCB) to approve the contract and for annual reporting to the JLCB of cost savings achieved by the contract.

Present law relative to the procurement of consulting services contracts, provides that consulting services includes the procurement of supplies and services without compliance with the La. Procurement Code if services are ancillary to contract.

Proposed law retains present law but adds the procurement of the insurance by a licensed producer to the consulting services exempt from compliance with the La. Procurement Code.

Proposed law authorizes the office of risk management, under the direction of the commissioner of administration, to contract for consulting services with insurance producers if the commissioner finds that such contract is in the best interest of the state. Such contracts may allow one or more producers to advise the office of risk management regarding the office's insurance programs and to directly procure insurance.

Proposed law specifies that no contract executed shall be effective until approved by the JLCB.

Proposed law requires the division of administration to report annually to JLCB on the savings achieved under the contract.

(Amends R.S. 39:1484(A)(4)(b) and 1540)