

Regular Session, 2014

SENATE BILL NO. 522

BY SENATOR WARD

PUBLIC CONTRACTS. Authorizes the state to enter into consulting services contracts with licensed insurance producers for the procurement of insurance for risk management. (8/1/14)

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; and to provide for
6 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) * * *

17 (b) The term "consulting service" includes the procurement of supplies and

1 services by a contractor without the necessity of complying with provisions of the
2 Louisiana Procurement Code when such supplies and services are either for
3 insurance procured directly by a licensed insurance producer pursuant to R.S.
4 39:1540(B) or, are merely ancillary to the provision of consulting services under a
5 contingency fee arrangement, even though the procurement of such supplies or
6 services directly by a governmental body would require compliance with the
7 Louisiana Procurement Code. Supplies or services ancillary to the provision of
8 consulting services are those supplies or services which assist the contractor in
9 fulfilling the objective of his contract when the cost for such supplies and services
10 is less than the cost of providing consulting services, as determined by the using
11 agency.

12 * * *

13 §1540. Competition

14 A. Every contract entered into by the state for the purchase of insurance or
15 for obtaining services relating to the operation of the insurance program shall be
16 awarded by either competitive sealed bidding or competitive negotiation.
17 Competitive negotiation shall be initiated by the issuance of a request for proposals
18 containing a description of the coverage required and the factors to be used in
19 evaluating the proposals. Where there is more than one offeror, written or oral
20 discussions shall be conducted with at least the three, or two if there are only two,
21 highest qualified offerors who submit proposals determined in writing to be
22 reasonably susceptible of being selected for award. The contract shall be awarded
23 with reasonable promptness by written notice to the responsible offeror whose
24 proposal meets the requirements and criteria set forth in the request for proposals and
25 whose proposal is most beneficial to the state, considering the price and the
26 evaluation factors set forth in the request for proposal. Public notice of the request
27 for proposals shall be provided in the same manner as established in ~~Part V of~~
28 ~~Chapter 1 of Title 39 of the Louisiana Revised Statutes~~ R.S. 39:1551, et seq.

29 B.(1) The office of risk management, under the direction of the

1 **commissioner of administration, is authorized to contract for consulting services**
 2 **with one or more licensed insurance producers upon a finding by the**
 3 **commissioner that the contract is in the best interest of the state. The contract**
 4 **authorized pursuant to the provisions of this Subsection may authorize one or**
 5 **more producers to advise the office of risk management regarding the office's**
 6 **insurance programs and to directly procure insurance.**

7 **(2) No contract executed for consulting services under the provisions of**
 8 **this Subsection shall be effective until it has been approved by the Joint**
 9 **Legislative Committee on the Budget.**

10 **(3) The division of administration shall provide a financial analysis and**
 11 **shall report annually on contracts and lines of insurance coverage secured**
 12 **under this Subsection to the Joint Legislative Committee on the Budget.**
 13 **Additionally, the commissioner of administration shall report to the Joint**
 14 **Legislative Committee on the Budget any contract award and all associated**
 15 **proposals received for consulting services under these provisions in response to**
 16 **each request for proposals.**

The original instrument was prepared by Jerry Guillot. The following digest, which does not constitute a part of the legislative instrument, was prepared by Jay Lueckel.

DIGEST

Ward (SB 522)

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

Proposed law provides that consulting services include the procurement of insurance without complying with the La. Procurement Code if such services are ancillary to such contract. Otherwise retains present law.

Proposed law authorizes the office of risk management, under the direction of the commissioner of administration, to contract for consulting services with one or more licensed insurance producers if the commissioner finds that the contract is in the best interest of the state. Provides that the contract 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 provides that no contract executed under proposed law is effective until it has been approved by the Joint Legislative Committee on the Budget (JLCB).

Proposed law requires that the commissioner of administration provide an annual submission of a financial analysis and report on contracts and lines of insurance coverage secured to the Joint Legislative Committee on the Budget. Additionally, requires reporting of any contract award and all associated proposals for consulting services in response to each request for proposals.

Effective August 1, 2014.

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

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill

1. Requires annual submission of a financial analysis and report on contracts and lines of insurance coverage secured to the Joint Legislative Committee on the Budget.
2. Requires the commissioner of administration to report any contract award and all associated proposals for consulting services in response to each request for proposals.