

CONFERENCE COMMITTEE REPORT
House Bill No. 1195 By Representative Lorusso

June 1, 2014

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. 1195 by Representative Lorusso, recommend the following concerning the Engrossed bill:

1. That Senate Floor Amendments Nos. 1 through 3 proposed by Senator Gary L. Smith and adopted by the Senate on May 15, 2014, be rejected.
2. That the following amendments to the reengrossed bill be adopted:

AMENDMENT NO. 1

On page 1, line 2, after "and (25)" insert "and to enact R.S. 22:1964 (26) and (27)"

AMENDMENT NO. 2

On page 1, line 8, after "trade practice;" insert the following:

"to provide that the deliberate use of misrepresentation or false statements to convince a customer to replace a limited benefit insurance policy shall be deemed such an unfair trade practice; to allow the commissioner of insurance to promulgate regulations regarding the placement of limited benefit insurance companies; to provide that any policy or contract of insurance without notice indicating that the policy or contract contains defense costs within the limit of liability shall be deemed such an unfair trade practice;"

AMENDMENT NO. 3

On page 2, after line 15, insert the following:

"(26) Deliberate use of misrepresentations or false statements for the purpose of convincing a customer to replace a limited benefit insurance policy. The commissioner shall promulgate regulations which address the replacement of limited benefit insurance policies as defined in R.S. 22:47(2)(c).

(27) Failure by an admitted insurer upon renewal or issuance of any policy or contract of insurance which includes a provision that the policy or contract contains defense costs within the limit of liability to provide notice of such provision through a separate notice or inclusion on the declaration page of the insurance policy or contract. Failure to comply with the provisions of this Paragraph shall not subject the insurer to the penalties provided in R.S. 22:1969."

Respectfully submitted,

Representative George Gregory Cromer

Senator Dan "Blade" Morrish

Representative Nick Lorusso

Senator Gary L. Smith, Jr.

Representative Major Thibaut, Jr.

Senator Ronnie Johns

CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 1195 by Representative Lorusso

Keyword and oneliner of the instrument as it left the House

INSURERS/AGENTS: Provides relative to unfair trade practices in the business of insurance

Report rejects Senate amendments which would have:

1. Made technical changes.
2. Provided that failure to include in any policy or contract of insurance a conspicuous notice that the policy or contract contains defense costs within the limit of liability is an unfair trade practice.

Report amends the bill to:

1. Make technical changes.
2. Provide that deliberate use of misrepresentations or false statements to convince a customer to replace a limited benefit insurance policy is an unfair trade practice, and to further provide that the commissioner of insurance shall promulgate regulations regarding the replacement of limited benefit insurance policies.
3. Provide that failure to include in any policy or contract of insurance a notice that the policy or contract contains defense costs within the limit of liability is an unfair trade practice, but failure to provide the notice does not subject the insurer to the penalties contained in R.S. 22:1969.

Digest of the bill as proposed by the Conference Committee

Present law provides that it is an unfair trade practice to require or offer any incentive to a producer who represents multiple companies to limit the information provided to consumers on limited benefit plans. Provides for a penalty of \$2,500 to \$5,000, payable to the producer.

Proposed law retains present law but also makes it applicable to information provided to consumers on supplemental benefit plans. Further specifies that any attempt to enforce provisions in a sales agreement, a sales agent agreement, a non-solicitation agreement, or a non-competition agreement against such a producer which would result in limiting the information provided by the producer to consumers on limited benefit and supplemental benefit plans is an unfair trade practice in the business of insurance. Makes any such attempt subject to the penalty provided for in present law.

Present law provides that it is an unfair trade practice in the business of insurance to require or offer any incentive to a producer who represents multiple companies to limit the number of other insurers that such a producer may represent. Provides for a penalty of up to \$10,000.

Proposed law retains present law and specifies that any attempt to enforce provisions in a sales agreement, a sales agent agreement, a non-solicitation agreement, or a non-competition agreement against such a producer is an unfair trade practice in the business of insurance. Makes any such attempt subject to the penalty provided for in present law.

Proposed law provides that the deliberate use of a misrepresentation or false statement to convince a customer to replace a limited benefit insurance policy is an unfair trade practice in the business of insurance. Further provides that the commissioner of insurance shall promulgate regulations regarding the replacement of limited benefit insurance policies.

Proposed law provides that the failure to include a notice that the policy contains defense costs within the limits of liability is an unfair trade practice.

(Amends R.S. 22:1964(24) and (25); Adds R.S. 22:1964(26) and (27))