



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON
COMMISSIONER

BULLETIN 2017-05

TO: ALL LICENSED INSURANCE PRODUCERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

**RE: EFFECT OF ACT 63 OF THE 2017 REGULAR LEGISLATIVE SESSION
ON PRODUCER AGENCY FEES**

DATE: JUNE 29, 2017

Please be advised that Act 63 of the 2017 Regular Session of the Louisiana Legislature (Act 63) amended La. R.S. 22:855(B)(1) and (2)(c) and 22:1568(B) and enacted 22:855(B)(2)(d) to authorize agency fees on individual and group health insurance policies and supplemental benefit insurance policies; to provide for commissions and other forms of compensation and to provide for related matters. The purpose of Bulletin No. 2017-05 is to inform the industry of the change in the law, which takes effect August 1, 2017.

As a result of Act 63, effective August 1, 2017, La. R.S. 22:855(B)(1) will permit an agency fee as an additional charge over and above the premium quoted to the insured, any premium tax on surplus lines policies and any expense reimbursement due the producer. The additional agency fee charge is allowed for all lines of insurance including but not limited to property insurance, casualty insurance, individual and group health insurance and supplemental benefit insurance coverages, subject to a \$25.00 annual cap for standard risk bail bond, homeowner or personal automobile lines. Additionally, La. R.S. 22:855(B)(2)(c) now provides that expenses or agency fees charged for an individual health insurance policy:

1. Shall be disclosed on a separate document;
2. Said document shall be signed by the named insured;
3. The exclusive remedy for failure to obtain the signed disclosure document is the return of the expenses and/or agency fees collected.


Act 63 also enacted La. R.S. 22:855(B)(2)(d) that states the Commissioner of Insurance may promulgate rules to enforce the provisions of this section.

Furthermore, Act 63 amended La. R.S. 22:1568(B) to provide that a health insurance producer may negotiate the charge, fee or any other form of compensation authorized by La. R.S. 22:855(B) directly with the insured. Finally, as amended La. R.S. 22:1568(B) states that the health insurance producer shall:

1. Provide notification in a separate written document of sufficient size and legibility that advises the insured that he may purchase the same health insurance policy online or by contacting a health care navigator;
2. The notice shall inform the insured that if he elects to purchase a health insurance policy with his current agent he may be charged a fee and expenses that he would not incur if he purchases a policy online or through a health care navigator;
3. The required form shall be signed by the named insured.

The provisions of Act 63 take effect August 1, 2017.

Baton Rouge, Louisiana this 29TH day of June 2017.



JAMES J. DONELON
COMMISSIONER OF INSURANCE