

ACT No. 844

Regular Session, 2014

HOUSE BILL NO. 1195

BY REPRESENTATIVE LORUSSO

1 AN ACT

2 To amend and reenact R.S. 22:1964(24) and (25) and to enact R.S. 22:1964 (26) and (27),
3 relative to unfair trade practices in the business of insurance; to provide that any
4 attempt to limit through contractual provisions the amount of information that a
5 noncaptive producer may provide to consumers on competing limited benefit or
6 supplemental benefit plans shall be such an unfair trade practice; to provide that any
7 attempt to limit through contractual provisions the number of other insurance
8 companies that such a producer may represent shall be deemed such an unfair trade
9 practice; to provide that the deliberate use of misrepresentation or false statements
10 to convince a customer to replace a limited benefit insurance policy shall be deemed
11 such an unfair trade practice; to allow the commissioner of insurance to promulgate
12 regulations regarding the placement of limited benefit insurance companies; to
13 provide that any policy or contract of insurance without notice indicating that the
14 policy or contract contains defense costs within the limit of liability shall be deemed
15 such an unfair trade practice; and to provide for related matters.

16 Be it enacted by the Legislature of Louisiana:

17 Section 1. R.S. 22:1964(24) and (25) are hereby amended and reenacted to read as
18 follows:

1 §1964. Methods, acts, and practices which are defined as unfair or deceptive

2 The following are declared to be unfair methods of competition and unfair
3 or deceptive acts or practices in the business of insurance:

4 * * *

5 (24) Requiring a producer or offering any incentive for ~~producers~~ a producer
6 who ~~represent~~ represents more than one company to limit information provided to
7 consumers on limited benefit or supplemental benefit plans; including attempting
8 to enforce a provision of a sales representative agreement, a sales agent agreement,
9 a nonsolicitation agreement, or a noncompetition agreement against such a producer
10 which would result in limiting the information that the producer provides to
11 consumers on limited benefit or supplemental benefit plans. Failure to comply with
12 the provisions of this Paragraph shall subject the insurer to a penalty, of not less than
13 two thousand five hundred dollars nor more than five thousand dollars, payable to
14 the producer and shall not be subject to the penalties provided for in R.S. 22:1969.

15 (25) Requiring a producer or offering any incentive for ~~producers~~; a producer
16 who ~~represent~~ represents more than one insurance company; to limit the number of
17 other insurance companies ~~they~~ such a producer may represent; including attempting
18 to enforce a provision of a sales representative agreement, a sales agent agreement,
19 a nonsolicitation agreement, or a noncompetition agreement against such a producer
20 which would result in limiting the number of other insurance companies that the
21 producer may represent. Failure to comply with the provisions of this Paragraph
22 shall subject the insurer to a penalty up to ten thousand dollars and shall not be
23 subject to the penalties provided for in R.S. 22:1969.

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

28 (27) Failure by an admitted insurer upon renewal or issuance of any policy
29 or contract of insurance which includes a provision that the policy or contract
30 contains defense costs within the limit of liability to provide notice of such provision

1 through a separate notice or inclusion on the declaration page of the insurance policy
2 or contract. Failure to comply with the provisions of this Paragraph shall not subject
3 the insurer to the penalties provided in R.S. 22:1969.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____