



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

ADVISORY LETTER 2017-01

TO: ALL LICENSED HEALTH AND ACCIDENT PRODUCERS

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: REFUND OF PRODUCER AGENCY FEES ON INDIVIDUAL HEALTH INSURANCE PLANS

DATE: FEBRUARY 8, 2017

On October 28, 2016, Directive 209 was issued which clarified that health insurance producers were prohibited from charging an agency fee on individual health insurance policies. A court proceeding was filed in the Nineteenth Judicial District Court against the Louisiana Department of Insurance ("Department") seeking to have the directive declared invalid and to allow the charging of an agency fee. Following a court hearing and preliminary ruling in favor of the Department, that litigation was dismissed. As a result of the Court's ruling and dismissal, I am issuing this Advisory Letter that pertains to the Refund of Producer Agency Fees on Individual Health Insurance Plans. The purpose of this Advisory Letter is to reiterate that producers are prohibited by law from charging a fee on individual health insurance policies.

Because producers may have been erroneously informed by agent association that they could charge such a fee, I am granting those producers who at any time charged an agency fee on individual health insurance policies the opportunity to self-report and disclose any agency fees that were collected from individual insureds in violation of the law and Directive 209. Specifically, any producer who has collected an agency fee on an individual health policy is advised to report such action to the Department by March 9, 2017. The report shall list the name, address, policy number, date and amount of each agency fee collected from each individual insured.

If the report does not evidence a refund, the Department shall order the Producer to refund the agency fees to the individual insureds within thirty (30) days from the date of said order as required by LSA R.S. 22:855 E. The Producer may also be subject to the provisions of LSA 22:855 F and G.

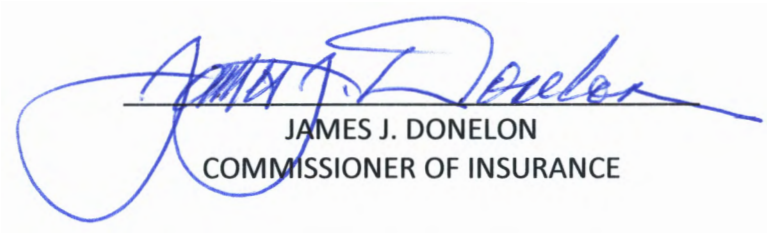
Those producers who self-report and evidence in the report that they have refunded all monies due to consumers before March 9, 2017 will not be subject to regulatory action by the

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Department on this matter. However, failure to self-report and show proof of refunds or failure to accurately disclose all the information requested by the Department by March 9, 2017 may result in regulatory action against as outlined in LSA R.S. 22:855 E, F and G.

Please be governed accordingly.

Baton Rouge, Louisiana this 8th day of February, 2017.



JAMES J. DONELON
COMMISSIONER OF INSURANCE