

Regular Session, 2012

HOUSE BILL NO. 807

BY REPRESENTATIVE HUVAL

ETHICS/CODE: Provides relative to the application of the Code of Governmental Ethics to certain services provided by certain insurance producers and insurance consultants

1 AN ACT

2 To amend and reenact R.S. 42:1123(37)(d) and to enact R.S. 42:1123(37)(e), relative to
3 ethics; to provide for an exception for the provision of certain insurance services; to
4 provide for effectiveness; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 42:1123(37)(d) is hereby amended and reenacted and R.S.
7 42:1123(37)(e) is hereby enacted to read as follows:

8 §1123. Exceptions

9 This Part shall not preclude:

10 * * *

11 (37)

12 * * *

13 (d) For purposes of this Paragraph, the provision of normal insurance or risk
14 management services to a governmental entity in the manner provided by this
15 Paragraph shall not be considered to be the performance of a governmental function
16 nor shall any person providing the normal insurance or risk management services to
17 a governmental entity in the manner provided by this Paragraph be considered to be
18 under the supervision or authority of an elected official or public employee.

19 (e) The provisions of this Paragraph shall not apply to individually
20 underwritten guaranteed renewable limited benefit health insurance policies.

21 * * *

1 Section 2. This Act shall become effective upon signature by the governor or, if not
2 signed by the governor, upon expiration of the time for bills to become law without signature
3 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
4 vetoed by the governor and subsequently approved by the legislature, this Act shall become
5 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Huval

HB No. 807

Abstract: Specifies for purposes of certain ethics provisions that certain insurance functions and services to governmental entities are not governmental functions nor shall a person providing such services to a governmental entity be considered to be under the supervision or authority of an elected official or public employee.

Present law (Code of Governmental Ethics) generally prohibits a public servant and certain associated persons from participating in certain transactions that involve the governmental entity of the public servant. Prohibits certain contractual arrangements or transactions between a public servant, or certain associated persons, and the public servant's agency.

Present law provides an ethics exception which provides that an insurance producer of record shall not be precluded by the ethics code from providing all of the normal insurance and risk management services to a governmental entity, including but not limited to providing advice or recommendations regarding insurance coverages, markets, costs, terms, selection of coverages and all related matters; provided that an insurance producer who solicits to be producer of record or serves as producer of record for a governmental entity shall not serve in any other official decision making capacity over insurance issues for the governmental entity, including but not limited to elected or appointed positions, advisory committees, as an employee, or as risk manager and that any insurance producer who has served in any official decision making capacity over insurance issues for a governmental entity who wishes to solicit or serve as producer of record for that same governmental entity shall comply with the two year prohibition post service restrictions in the ethics code.

Present law requires that an insurance producer of record fully disclose in writing to the governmental entity all fees, commissions, or other compensation payable to the producer of record from the insurer or any source other than the governmental entity that relate to the placement of the insurance coverages.

Present law further specifies that it does not preclude a governmental entity from contracting with an insurance consultant, separate from the producer of record, to provide risk management services and to assist the governmental entity in making insurance decisions.

The exception in present law does not apply to individually underwritten guaranteed renewable limited benefit health insurance policies.

Proposed law specifies that for purposes of present law, the exception that the provision of normal insurance or risk management services to a governmental entity in the manner provided by the present law exception shall not be considered to be the performance of a governmental function nor shall any person providing the normal insurance or risk

management services to a governmental entity in the manner provided by present law be considered to be under the supervision or authority of an elected official or public employee.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 42:1123(37)(d); adds R.S. 42:1123(37)(e))