

# Technical Advisory



**TA 318**

**June 4, 2015**

**Subject: LDI Advisory Letter Regarding Producer Compensation, Rebating & Added Services**

**Background:** The Louisiana Department of Insurance has issued three important new advisory letters regarding producer compensation, rebating and value added services. It is important that every insurance producer read and understand these advisory letters.

**Main Points:** Below are links to three important new LDI advisory letters regarding producer compensation, rebating and value added services.

These advisory letters repeal existing Advisory Letters 2010-01, 2011-02, and 2012-01 under which insurance producers have been operating, and establishes new guidelines which are different in several important ways.

[Advisory Letter 2015-01](#) gives guidance regarding when and under what circumstances a person engaged in the business of insurance may give things of value to insureds or to potential insureds without committing a prima facie violation of the rebating prohibition of the Unfair Trade Practices Act, La. R.S. 22:1961-1973. Advisory Letter 2015-01 also gives guidance regarding common and ordinary marketing practices. Finally, Advisory Letter 2015-01 rescinds Bulletin No. 2010-05. The new Advisory Letter 2015-01 allows insurance producers new flexibility on compensation for value added services provided to their customers. This will require agencies to reexamine what services they provide and how they get compensated for certain services.

[Advisory Letter 2015-02](#) gives guidance to all insurers and to all producers regarding producer compensation practices and the negotiability of commissions in certain lines of insurance. Advisory Letter 2015-02 also gives notice that Advisory Letter 2010-01 has been rescinded.

[Bulletin 2015-05](#) rescinds previous Louisiana Department of Insurance Bulletin 2011-02 and Advisory Letter 2012-01.

These advisory letters come after many meetings and discussions with the Louisiana Department of Insurance. IIABL objected to some of the positions outlined in these new advisory letters.

**Necessary Action:** Please distribute these advisory letters to all agency personnel and develop new agency management policies for producer compensation and value added services to customers.

**Please note that this Technical Advisory is intended to be educational and is not legal advice upon which you should rely. Please seek any legal opinion you may need from a qualified attorney.**