

TECHNICAL ADVISORY

TA-99

January 30, 1997

SUBJECT: POLICY FEES

BACKGROUND: A frequent question from IIAL members concerns whether or not policy fees can be added to certain accounts, where such fees may be warranted.

MAIN POINTS: The Louisiana Insurance Code provides that policy fees may be made, but within specific guidelines.

Here is a summary of the law (R.S. 22:627.A):

- (1) The fees must be reasonable.
- (2) The fees must be identified in writing, and separately stated.
- (3) The cap on fees for homeowners and personal auto in the standard market (surplus lines placements exempted) is \$25.

NECESSARY ACTION: (1) A copy of this Technical Advisory should be circulated to all agency personnel who handle account development. (2) All policies including a policy fee should be reviewed to insure compliance with the law.