

2018 Regular Session

HOUSE BILL NO. 267

BY REPRESENTATIVE ANDERS

INSURANCE: Provides relative to prohibited acts for insurers and insurance producers

1 AN ACT

2 To amend and reenact R.S. 22:1562(A)(2) and (3) and to enact R.S. 22:1562(A)(4), relative
3 to prohibited acts for insurers and insurance producers; to provide exceptions to
4 prohibited payments by insurers and insurance producers for distributions of profits
5 to certain owners; to make technical changes; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1562(A)(2) and (3) are hereby amended and reenacted and R.S.
8 22:1562(A)(4) is hereby enacted to read as follows:

9 §1562. Prohibited acts

10 A.

11 * * *

12 (2) The prohibition of this Subsection shall not apply to the distribution of
13 profits to the owners of an insurance agency business entity licensed as a producer
14 ~~provided~~ if the business entity has complied with the provisions of R.S. 22:1546(B)
15 and the owners are not persons ~~who~~ to whom either of the following applies:

16 (a) ~~Have been~~ Been convicted or pleaded nolo contendere to any felony,
17 participated in a pretrial diversion program pursuant to a felony charge, suspension
18 and deferral of sentence, and probation pursuant to Code of Criminal Procedure
19 Article 893, or been convicted of any misdemeanor involving moral turpitude or
20 public corruption.

(b) ~~Have had~~ Had an insurance producer license revoked or suspended.

(3) The prohibitions of this Subsection shall not apply to the distribution of profits to the owner of an insurance agency business entity licensed as a producer if the owner has either one of the following:

(a) The written consent or a waiver from the commissioner pursuant to 18 U.S.C. 1033 to engage in the business of insurance.

(b) An individual insurance producer license issued subsequent to any plea or conviction described in Subparagraph (2)(a) of this Subsection.

(4) The provisions of Paragraph (2) of this Subsection shall not apply to the Louisiana Workers' Compensation Corporation.

* * *

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)]

HB 267 Original

2018 Regular Session

Anders

Abstract: Allows the distribution of profits to owners of insurance agency business entities under certain circumstances.

Present law prohibits an insurer or insurance producer from paying money or commission or brokerage, or giving or allowing any valuable consideration or compensation to any person or business entity not duly licensed as an insurance producer, nor to an insurer not licensed to do business in this state, for or because of service rendered or performed in this state in selling, soliciting, negotiating, or effecting a contract of insurance on any property or risks, or insurable interests, or business activities located within or transacted within this state.

Proposed law retains present law.

The prohibition of present law does not apply to any contract of reinsurance or the La. Workers' Compensation Corporation.

Proposed law retains present law.

The prohibition of present law does not apply to the distribution of profits to the owners of an insurance agency business entity licensed as a producer if the business entity has complied with the provisions of present law and the owners are not persons to whom either of the following applies:

- (1) Been convicted or pleaded nolo contendere to any felony, participated in a pretrial diversion program pursuant to a felony charge, suspension and deferral of sentence, and probation pursuant to C.C.P. Art. 893, or been convicted of any misdemeanor involving moral turpitude or public corruption.

- (2) Had an insurance producer license revoked or suspended or are found to have violated any provision of the Louisiana Insurance Code.

Proposed law retains present law but makes technical changes and repeals the requirement that the owners not have been found to violate any provision of the Louisiana Insurance Code.

Proposed law adds an exception for the distribution of profits to the owner of an insurance agency business entity licensed as a producer if the owner has either one of the following:

- (1) The written consent or a waiver from the commissioner to engage in the business of insurance.
- (2) An individual insurance producer license issued subsequent to any plea or conviction described in present law.

(Amends R.S. 22:1562(A)(2) and (3); Adds R.S. 22:1562(A)(4))