

SENATE BILL NO. 117

BY SENATOR COLOMB

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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AN ACT

To amend and reenact R.S. 22:1570(B)(1)(introductory paragraph) and (i) and 1963, and to enact R.S. 22:1570.1 relative to insurance producers; to require certain insurance producers to maintain professional liability insurance for the benefit of insurance customers; to provide for unfair trade practices; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1570(B)(1)(introductory paragraph) and (i) and 1963 are hereby amended and reenacted and R.S. 22:1570.1 is hereby enacted to read as follows:

§1570. Limitation on termination of independent insurance producers

\* \* \*

B.(1) No admitted insurance company which is authorized to do business in this state shall terminate the appointment or the agency contract of a non-captive insurance producer without the mutual agreement of the parties in writing at the time of the termination of the agency agreement or without providing at least one hundred eighty ~~days~~ **days'** advance written notice, except when the termination is for one of the following reasons which shall constitute "cause" for which an insurer may terminate a producer's appointment without providing such notice:

\* \* \*

(i) Failure to maintain the agent's professional liability coverage required in the agency contract **and as required in R.S. 22:1570.1.**

\* \* \*

**§1570.1. Requirement for professional liability coverage**

**A.(1) Every insurance producer who is actively writing insurance policies in this state and is subject to the provisions of R.S. 23:1570 shall maintain professional liability insurance or an errors and omissions policy**

1 which includes coverage for acts or omissions as a non-captive insurance  
 2 producer and which policy is for the purpose of providing coverage for the  
 3 benefit of the insured customers of the producer.

4 (2) An insurance producer who is duly empowered and authorized to act  
 5 through or on behalf of another licensed insurance producer in the sale,  
 6 solicitation, or negotiation of insurance may satisfy the requirements of this  
 7 Subsection with professional liability coverage provided by the authorizing  
 8 insurance producer.

9 B.(1) Every insurance producer who is actively writing insurance  
 10 policies in this state and is required to be licensed pursuant to R.S. 22:1543 and  
 11 who sells insurance products for which the premiums are financed, in whole or  
 12 in part, by an insurance premium finance company as provided for in R.S.  
 13 9:3550 shall maintain professional liability insurance or an errors and omissions  
 14 policy which includes coverage for acts or omissions as an insurance producer  
 15 and which policy is for the purpose of providing coverage for the benefit of the  
 16 insured customers of the producer.

17 (2) An insurance producer who is duly empowered and authorized to act  
 18 through or on behalf of another licensed insurance producer in the sale,  
 19 solicitation, or negotiation of insurance may satisfy the requirements of this  
 20 Subsection with professional liability coverage provided by the authorizing  
 21 insurance producer.

22 C. Should any insurance producer who is subject to the provisions of  
 23 this Section fail to maintain professional liability insurance or an errors and  
 24 omissions policy as provided in this Section, such failure shall constitute an  
 25 unfair trade practice as provided for in R.S. 22:1963 and shall subject the  
 26 insurance producer to the provisions of R.S. 22:1554(A)(6).

27 D. The provisions of this Section shall not apply to a producer licensed  
 28 pursuant to R.S. 22:1547(13).

29 \* \* \*

30 §1963. Unfair methods and unfair or deceptive acts and practices prohibited

1                   No person shall engage in this state in any trade practice which is defined in  
 2                   this Part to be an unfair method of competition or an unfair or deceptive act or  
 3                   practice in the conduct of the business of insurance, including unauthorized  
 4                   insurance as provided in R.S. 22:1902 et seq. or the failure to maintain  
 5                   professional liability insurance, if such coverage is required pursuant to R.S.  
 6                   22:1570.1.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_