

2024 Regular Session

SENATE BILL NO. 10

BY SENATOR PRESSLY

COMMERCIAL REGULATIONS. Provides for the recognition of separate legal personalities among affiliated corporations and other business entities. (8/1/24)

1 AN ACT

2 To enact R.S. 12:1705, relative to commercial regulations; to provide relative to separate  
3 juridical personalities of a business organization; to provide for definitions; to  
4 provide for an exception; to provide for applicability; and to provide for related  
5 matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 12:1705 is hereby enacted to read as follows:

8 **§1705. Business organizations; juridical personalities**

9 **A. The separate juridical personality of a business organization shall not**  
10 **be disregarded as between one business organization and another except on**  
11 **grounds that would justify disregarding the separate personality of a business**  
12 **organization as between the business organization and a natural person.**

13 **B. Notwithstanding Subsection A of this Section, the separate juridical**  
14 **personality of a business organization may not be disregarded merely because**  
15 **one or more of the following circumstances exist:**

16 **(1) They control one another or are under the common control of the**  
17 **same person or business organization.**

1                   **(2) They have common directors, officers, shareholders, members,**  
2                   **managers, partners, or employees.**

3                   **(3) They have common offices.**

4                   **(4) They are subject to unified administrative control.**

5                   **(5) They utilize a centralized accounting system.**

6                   **(6) One business organization finances, incorporates, or organizes**  
7                   **another.**

8                   **(7) One business organization makes properly documented payments on**  
9                   **behalf of another or makes properly documented use of the property of another.**

10                  **(8) The employees of one business organization provides properly**  
11                  **documented services for another.**

12                  **(9) One business organization receives no business other than that given**  
13                  **to it by another.**

14                  **C. For purposes of this Section, the term "business organization" means**  
15                  **a business corporation, nonprofit corporation, limited liability company,**  
16                  **partnership, trust, or other form of business organization that is treated as a**  
17                  **juridical person or legal entity pursuant to the laws of the state or country**  
18                  **under which it is incorporated or organized.**

19                  **D. (1) This Section shall not affect any legal or regulatory action taken**  
20                  **by the commissioner of insurance pursuant to the Louisiana Insurance Code,**  
21                  **Chapter 9 of Title 22 of the Louisiana Revised Statutes of 1950.**

22                  **(2) This Section shall not affect any law or administrative rule that**  
23                  **permits or requires a group of business organizations to be consolidated,**  
24                  **unified, or disregarded for the purposes provided in the applicable law or**  
25                  **administrative rule.**

26                  Section 2. The provisions of this Act shall apply prospectively to all business  
27                  organizations including those in existence on the effective date of this Act.



The provisions of proposed law legislatively overrule Green v. Champion Ins. Co., 577 So.2d 249 (La. App.1st Cir. 1991) in favor of a traditional veil piercing analysis.

Effective August 1, 2024.

(Adds R.S. 12:1705)