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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Hanna Gettys.

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DIGEST

SB 10 Engrossed

2024 Regular Session

Pressly

Present law as developed in jurisprudence permits courts to disregard the separate legal personalities otherwise existing between two or more business entities for purposes of imposing liability, based on a list of factors that include many control-related characteristics that are lawful and commonly found among affiliated business entities.

Proposed law provides that the separate juridical personality of a business organization shall not be disregarded as between one business organization and another except on grounds that would justify disregarding the separate personality of a business organization as between the business organization and a natural person.

Proposed law provides that the separate juridical personality of a business organization may not be disregarded merely because one or more of the following circumstances exist:

- (1) Control one another or are under the common control of the same person or business organization.
- (2) Common directors, officers, shareholders, members, managers, partners, or employees.
- (3) Common offices.
- (4) Subject to unified administrative control.
- (5) Utilizes a centralized accounting system.
- (6) One business organization finances, incorporates, or organizes another.
- (7) One business organization makes properly documented payments on behalf of another or makes properly documented use of the property of another.
- (8) Employees of one business organization provides properly documented services for another.
- (9) One business organization receives no business other than that given to it by another.

Proposed law provides that the term "business organization" means a business corporation, nonprofit corporation, limited liability company, partnership, trust, or other form of business organization that is treated as a juridical person or legal entity pursuant to the laws of the state or country under which it is incorporated or organized.

Proposed law shall not affect any legal or regulatory action taken by the commissioner of insurance pursuant to present law.

Proposed law shall not affect any law or administrative rule that permits or requires a group of business organizations to be consolidated, unified, or disregarded for the purposes provided in proposed law.

Proposed law provides that the provisions of proposed law shall apply prospectively to all business organizations including those in existence on the effective date of proposed law.

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)