

2016 Regular Session

HOUSE BILL NO. 746

BY REPRESENTATIVE THIBAUT

INSURANCE: Provides for licensing and regulation of insurance consultants by the commissioner of insurance

1 AN ACT

2 To amend and reenact R.S. 22:1573(A), (C) through (E), and (G) and R.S. 44:4.1(B)(11) and
3 to enact R.S. 22:821(B)(38) and Part XII of Chapter 5 of Title 22 of the Louisiana
4 Revised Statutes of 1950, to be comprised of R.S. 22:1808.1 through 1808.13,
5 relative to the licensing and regulation of insurance consultants by the commissioner
6 of insurance; to provide for licensing and renewals; to provide for definitions; to
7 provide for fees; to provide for qualifications; to provide for examinations; to
8 provide for continuing education requirements; to provide for reciprocity with other
9 states; to provide for confidentiality; to provide for public records exception; to
10 provide for exemptions from certain requirements; to provide for civil and criminal
11 penalties for certain violations; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 22:1573(A), (C) through (E), and (G) are hereby amended and
14 reenacted and R.S. 22:821(B)(38) and Part XII of Chapter 5 of Title 22 of the Louisiana
15 Revised Statutes of 1950, comprised of R.S. 22:1808.1 through 1808.13, are hereby enacted
16 to read as follows:

1 §821. Fees

2 * * *

3 B. The following fees and licenses shall be collected in advance by the
4 commissioner of insurance:

5 * * *

6 (38) For insurance consultants' licenses:

7 (a) Life, health, and accident consultant; variable annuity
8 consultant

9 First time applicant. \$75.00

10 Consultant renewal fee (every two years). . . \$50.00

11 (b) Property and casualty consultant

12 First time applicant. \$75.00

13 Consultant renewal fee (every two years). . . \$50.00

14 * * *

15 §1573. Continuing education requirements

16 A. The continuing education requirements for renewal of license under R.S.
17 22:1547(C)(3) and 1808.4(C)(3) are set forth in this Section. The continuing
18 education requirement shall be fulfilled by satisfactory completion of the required
19 hours of instruction in continuing education programs approved by the
20 commissioner.

21 * * *

22 C. Life insurance producers and consultants and health insurance producers
23 and consultants shall complete twenty-four hours of approved instruction or
24 verifiable approved self-study prior to each renewal of license, with at least three
25 hours dedicated to the subject of ethics.

26 D. Insurance producers authorized to write property, casualty, or property
27 and casualty or personal lines insurance business and property, casualty, or property
28 and casualty insurance consultants shall complete twenty-four hours of approved
29 instruction or verifiable approved self-study before each renewal of license with at

1 least three hours of approved instruction dedicated to the subject of ethics and three
2 hours dedicated to the subject of flood insurance.

3 E. For producers authorized to write life, health and accident insurance and
4 also authorized to write property, casualty, or property and casualty or personal lines
5 insurance business, and consultants authorized to consult on life, health and accident
6 insurance and also authorized to consult on property, casualty, or property and
7 casualty or personal lines insurance business, the continuing education requirement
8 for renewal of license shall be twenty-four hours of approved instruction or verifiable
9 approved self-study with at least three hours of approved instruction or verifiable
10 approved self-study dedicated to the subject of ethics and three hours dedicated to
11 the subject of flood insurance.

12 * * *

13 ~~G. No more than ten excess hours of approved life and health and accident~~
14 ~~insurance instruction accumulated during one renewal period may be carried forward~~
15 ~~and applied to the continuing education requirement for the next renewal period~~
16 Producers and consultants licensed for life, health and accident, property, casualty
17 or personal lines may carry over no more than ten excess hours of approved
18 insurance instruction accumulated during one renewal period to be applied to the
19 continuing education requirement for the next renewal period.

20 * * *

21 §1808.1. License required

22 A. No person shall act as, or hold himself out to be, an insurance consultant
23 unless licensed by the Department of Insurance.

24 B.(1) "Insurance consultant" means any person or entity which offers for a
25 fee or other valuable consideration any advice, counsel, opinion, or related services
26 with respect to risk evaluation or management, the benefits, coverages, exclusions,
27 or provisions under any policy of insurance to be issued in this state, or involving the
28 advantages or disadvantages of any such policy of insurance, or any formal plan of
29 managing risk.

- 1 (2) "Insurance consultant" for the purposes of this Part shall not include:
- 2 (a) Attorneys while working in the capacity of an attorney.
- 3 (b) Litigation support or insurance expert witness services related to litigated
- 4 matters.
- 5 (c) Public adjusters.
- 6 (d) Claims adjusters, appraisers, contractors or engineers engaged in the
- 7 settlement of insurance claims, who do not have a direct or indirect financial interest
- 8 in any aspect of the claim, other than the compensation established in the written
- 9 contract with the insured.
- 10 (e) Licensed insurance providers who provide consulting and other services
- 11 as part of the placement of insurance coverage.
- 12 (f) Loss control and accident prevention consultants.

13 §1808.2. Examination

14 A. A resident individual applying for an insurance consultant license shall

15 pass an examination unless exempt pursuant to R.S. 22:1808.6. The examination

16 shall test the knowledge of the individual concerning the lines of authority for which

17 application is made, the duties and responsibilities of an insurance consultant, and

18 the insurance laws and regulations of this state. Examinations required by this Part

19 shall be developed and conducted under rules and regulations prescribed by the

20 commissioner of insurance.

21 B.(1) If the applicant is a partnership, corporation, or other business entity,

22 the examination shall be taken by each individual who is to be named in or registered

23 on the license for the partnership, corporation, or other business entity and who is

24 engaged in insurance consulting, and by all insurance consultant employees of such

25 entity.

26 (2) Each line of insurance which the applicant proposes to consult under the

27 license applied for shall require an examination to be taken.

1 (3) The applicant shall pass the examination with a score at or above the
2 seventieth percentile to indicate a satisfactory knowledge and understanding of each
3 line of insurance for which the applicant seeks qualification.

4 C.(1) Prior to taking the examination required by this Part, any person
5 applying for a license as an insurance consultant shall file with the Department of
6 Insurance, in a manner prescribed by the commissioner of insurance, certification
7 that the applicant has completed a registered prelicensing program certified by the
8 commissioner pursuant to R.S. 22:1571.

9 (2) A person applying for a license as an insurance consultant for
10 authorization to consult on life insurance shall be exempt from any prelicensing
11 education requirements if he has one of the following designations:

12 (a) Certified Employee Benefit Specialist (CEBS).

13 (b) Chartered Financial Consultant (ChFC).

14 (c) Certified Insurance Counselor (CIC).

15 (d) Certified Financial Planner (CFP).

16 (e) Chartered Life Underwriter (CLU).

17 (f) The Fellow, Life Management Institute (FLMI).

18 (g) The LUTC Fellow Designation (LUTCF).

19 (3) A person applying for a license as an insurance consultant for
20 authorization to consult on health and accident insurance shall be exempt from any
21 prelicensing education requirements if he has one of the following designations:

22 (a) Registered Health Underwriter (RHU).

23 (b) Certified Employee Benefit Specialist (CEBS).

24 (c) Registered Employee Benefits Consultant (REBC).

25 (d) Health Insurance Associate (HIA).

26 (4) A person applying for a license as an insurance consultant for
27 authorization to consult on property or casualty insurance shall be exempt from any
28 prelicensing education requirements if he has one of the following designations:

29 (a) Accredited Advisor in Insurance Program (AAI).

1 (b) Associate in Risk Management (ARM).

2 (c) Certified Risk Manager (CRM).

3 (d) Certified Insurance Counselor (CIC).

4 (e) Chartered Property and Casualty Underwriter (CPCU)

5 (5) A person applying for a license as an insurance consultant to consult on
6 any line of insurance and having a bachelor's degree or higher from an accredited
7 college or university with major course work in insurance shall be exempt from any
8 prelicensing education requirements.

9 (6) A person who already holds an insurance producer license for a line of
10 business shall be exempt from any prelicensing education and examination
11 requirements for an insurance consultant license for the same line of business.

12 D. All examinations shall be conducted frequently and at a place or places
13 reasonably accessible to all applicants. The commissioner of insurance shall
14 promulgate reasonable rules and regulations providing the procedure for the
15 examinations.

16 E. The content of the examination may be outlined in the licensing
17 information handbook provided to applicants by the Department of Insurance,
18 publishers of examination study materials, any prelicensing providers, and others
19 wishing to provide this information.

20 F. The commissioner may contract, in accordance with R.S. 39:1551 et seq.,
21 with one or more private testing services for administering examinations and
22 collecting examination fees. The commissioner may require that the applicant pay
23 the cost of the examination directly to the testing firm.

24 G. A person who fails to appear for the examination as scheduled, or fails
25 to pass the examination, shall reapply for an examination and remit all required fees
26 and forms before being rescheduled for another examination.

27 H. The commissioner of insurance may provide to a testing service provider
28 under contract with the Department of Insurance any demographic information
29 received by the department on applications relating to examinations taken to qualify

1 for an insurance consultant license if the commissioner requires the provider to
2 review and analyze examination results in conjunction with the education level,
3 gender, native language, race, or ethnicity of examinees.

4 §1808.3. Application for license

5 A. A person applying for a resident insurance consultant license shall apply
6 to the commissioner of insurance on the application promulgated by the Department
7 of Insurance and declare under penalty of refusal, suspension, or revocation of the
8 license that the statements made in the application are true, correct, and complete to
9 the best of the individual's knowledge and belief. Before approving the application,
10 the commissioner shall find that the individual:

11 (1) Is at least eighteen years of age.

12 (2) Resides in the state or maintains his principal place of business in the
13 state.

14 (3) Is not disqualified for having committed any act that is a ground for
15 denial, suspension, or revocation as set forth in R.S. 22:1808.8.

16 (4) Has completed a prelicensing course of study for the lines of authority
17 for which the person has applied, if required.

18 (5) Has paid the fees set forth in R.S. 22:821.

19 (6) Has successfully passed the examinations for the lines of authority for
20 which the person has applied.

21 (7) When applicable, has the written consent of the commissioner of
22 insurance pursuant to 18 U.S.C. 1033, or any successor statute regulating crimes by
23 or affecting persons engaged in the business of insurance whose activities affect
24 interstate commerce.

25 B.(1)(a) A business entity acting as an insurance consultant is required to
26 obtain an insurance consultant license. Every member, partner, officer, director,
27 stockholder, and employee of the business entity personally engaged in this state in
28 insurance consulting shall be registered with the Department of Insurance under such
29 business entity's license, and each such member, partner, officer, director,

1 stockholder, or employee shall also qualify as an individual licensee for any line of
2 insurance consulting the business entity is licensed to transact. Licensing of any
3 limited liability company or limited liability partnership as an insurance consultant
4 is subject to prior approval of the commissioner of insurance.

5 (b) The business entity licensee shall notify the commissioner of insurance
6 within thirty days of any change of status of an individual who is registered under
7 the business entity license.

8 (c) Any business entity operating at more than one location shall notify the
9 commissioner of insurance of each permanent branch location address within thirty
10 days from the date of the opening of the new location. There shall be at least one
11 individual licensed insurance consultant registered with the Department of Insurance
12 for each branch location.

13 (d) Any business entity which fails to comply with this Subpart shall be
14 subjected to a fine of one hundred dollars for each violation. Any entity against
15 which a fine has been levied shall be given due notice of such action. Upon receipt
16 of this notice, the entity may apply for and shall be entitled to a hearing in
17 accordance with Chapter 12 of this Title, R.S. 22:2191 et seq.

18 (2) Application shall be made using the application promulgated by the
19 Department of Insurance. Before approving the application, the commissioner of
20 insurance shall find that:

21 (a) The business entity has paid the fees set forth in R.S. 22:821.

22 (b) The business entity has designated one or more licensed individual
23 consultants responsible for the business entity's compliance with the insurance laws,
24 rules, and regulations of this state.

25 (3) When completing the background information portion of the application
26 pertaining to the disclosure of certain lawsuits or arbitration proceedings,
27 corporations, banks, partnerships, and directors shall disclose those proceedings
28 occurring within the past five years which are considered to be material under

1 generally accepted accounting principles for purposes of financial statement
2 disclosure.

3 C.(1) The commissioner of insurance may require any documents deemed
4 necessary to verify the information contained in an application.

5 (2)(a) In order to make a determination of license eligibility, the
6 commissioner of insurance shall require a full set of fingerprints from each applicant
7 and shall submit the fingerprints and the fees required to perform the criminal history
8 record checks to the Louisiana Bureau of Criminal Identification and Information for
9 state and national criminal history record checks.

10 (b) The commissioner of insurance may contract for the collection,
11 transmission, and re-submission of fingerprints required pursuant to this Part. If the
12 commissioner of insurance does so, the fee for collecting and transmitting
13 fingerprints and the fee for the criminal history record check shall be payable directly
14 to the contractor by the applicant. The commissioner of insurance may agree to a
15 reasonable fingerprinting fee to be charged by the contractor.

16 (c)(i) The commissioner of insurance shall treat and maintain an applicant's
17 fingerprints and any criminal history record information obtained pursuant to this
18 Part as confidential and shall apply security measures consistent with the Criminal
19 Justice Information Services Division of the Federal Bureau of Investigation
20 standards for the electronic storage of fingerprints and necessary identifying
21 information and limit the use of records solely to the purposes authorized in this Part.

22 (ii) The fingerprints and any criminal history record information shall be
23 exempt from the Public Records Law, R.S. 44:1 et seq., shall not be subject to
24 subpoena, other than a subpoena issued in a criminal proceeding or investigation,
25 shall be confidential by law and privileged, and shall not be subject to discovery or
26 admissible in evidence in any private civil action.

27 D. Any license issued pursuant to an application claiming residency, as
28 defined in R.S. 22:46, shall constitute an election of residency in the state, and shall
29 be void if the licensee while maintaining a resident license also maintains a license

1 in, or thereafter submits an application for a license in, any other state or other
2 jurisdiction stating that the applicant is a resident of such other state or jurisdiction,
3 or if the licensee ceases to be a resident of this state.

4 §1808.4. License

5 A. Unless denied licensure pursuant to R.S. 22:1808.8, persons who have
6 met the requirements of this Part shall be issued an insurance consultant license. An
7 insurance consultant may receive qualification for a license in one or more of the
8 following lines of authority:

9 (1) Life, which provides insurance coverage on human lives including
10 benefits of endowment and annuities, and may include benefits in the event of death
11 or dismemberment by accident and benefits for disability income.

12 (2) Health and accident, which provides insurance coverage for sickness,
13 bodily injury, or accidental death, and may include benefits for disability income.

14 (3) Variable life and variable annuity products.

15 (4) Property, which provides insurance coverage for the direct or
16 consequential loss or damage to property of every kind.

17 (5) Casualty, which provides insurance coverage against legal liability,
18 including that for death, injury or disability, or damage to real or personal property.

19 B. Subject to the requirements of Subsection C of this Section, an insurance
20 consultant license shall remain in effect, unless revoked, suspended, or denied
21 renewal or reinstatement, as long as all applicable fees are paid and education
22 requirements are satisfied, until the license expires or is surrendered by the holder
23 thereof.

24 C.(1) Every licensed consultant shall file an application for renewal of his
25 license every two years, by notifying the commissioner of insurance, by methods
26 prescribed by the commissioner, of the licensee's intention to renew his license as a
27 consultant.

28 (2) Any licensee who fails to file timely for license renewal shall be charged
29 a late fee as authorized by R.S. 22:821.

1 (3)(a) Prior to the filing date for the application for renewal of a license, the
2 licensee shall comply with the continuing education requirements in R.S. 22:1573
3 for the lines of insurance being renewed.

4 (b) Such consultant shall file with the commissioner of insurance, by a
5 method prescribed by the commissioner, satisfactory certification of completion of
6 the continuing education requirements.

7 (c) Any failure to fulfill the continuing education requirements shall result
8 in the expiration of the license.

9 D. An insurance consultant who allows his license to lapse may, within two
10 years from the expiration date of the license, reinstate the same license upon proof
11 of fulfilling all continuing education requirements through the date of reinstatement
12 and upon payment of all fees due. If the license has been lapsed for more than two
13 years, the applicant shall fulfill the requirements for issuance of a new license.

14 E. A licensed insurance consultant who is unable to comply with license
15 renewal procedures due to military service or other extenuating circumstance, such
16 as a long-term medical disability, may request a waiver of those procedures. The
17 consultant may also request a waiver of any examination requirement or any other
18 fine or sanction imposed for failure to comply with renewal procedures.

19 F. The license shall state the name and mailing address of the licensee, date
20 of issuance, the renewal or expiration date, the line or lines of insurance covered by
21 the license, and such other information as the commissioner of insurance deems
22 necessary.

23 G. Every licensee shall notify the commissioner, by any means acceptable
24 to the commissioner, of any change of address, legal name, or information submitted
25 on the application within thirty days of the change. Failure to file such change
26 within the required time shall result in the imposition of a fifty-dollar penalty per
27 violation. Any person against whom a penalty has been levied shall be given due
28 notice of such action. Upon receipt of this notice, the licensee may apply for and

1 shall be entitled to a hearing in accordance with Chapter 12 of this Title, R.S.
2 22:2191 et seq.

3 H. A duplicate license may be issued for any lost, stolen, or destroyed
4 license issued pursuant to this Part upon a request by the licensee, by a method
5 prescribed by the commissioner, setting forth the facts of such loss, theft, or
6 destruction, together with a fee as authorized by R.S. 22:821.

7 I. In order to assist in the performance of the commissioner's duties, the
8 commissioner may contract with nongovernmental entities, including the National
9 Association of Insurance Commissioners (NAIC) or any affiliates or subsidiaries that
10 the NAIC oversees, to perform any ministerial functions, including the collection of
11 fees, related to consultant licensing that the commissioner and the nongovernmental
12 entity may deem appropriate.

13 §1808.5. Nonresident licensing

14 A. Unless denied licensure pursuant to R.S. 22:1808.8, a nonresident person
15 shall receive a nonresident consultant license if:

16 (1) The person is currently licensed as a resident for an equivalent license
17 and in good standing in his home state.

18 (2) The person has submitted the proper request for licensure and has paid
19 the fees required by R.S. 22:821.

20 (3) The person has submitted or transmitted to the commissioner of
21 insurance the application for licensure that the person submitted to his home state.

22 (4) The person's home state awards nonresident consultant licenses to
23 residents of this state on the same basis.

24 B.(1) The commissioner of insurance may verify the consultant's licensing
25 status through the consultant database maintained by the National Association of
26 Insurance Commissioners, its affiliates, or subsidiaries.

27 (2) Whenever, by the laws or regulations of any other state or jurisdiction,
28 any limitation of rights and privileges, conditions precedent, or any other
29 requirements are imposed upon residents of this state who are nonresident applicants

1 or licensees of such other state or jurisdiction in addition to, or in excess of, those
2 imposed on nonresidents pursuant to this Part, the same requirements shall be
3 imposed upon such residents of such other state or jurisdiction.

4 (3)(a) The commissioner of insurance shall not issue a license to any
5 nonresident applicant until such applicant has filed forms approved by the
6 commissioner which designate the commissioner as his true and lawful agent, upon
7 whom may be served all lawful process in any action, suit, or proceeding instituted
8 by or on behalf of any interested person arising out of the applicant's insurance
9 business in this state. The designation shall constitute an agreement that such service
10 of process has the same legal force and validity as personal service of process upon
11 the person in the state.

12 (b) The service of process upon any such licensee in any action or
13 proceeding in any court of competent jurisdiction may be made by a party serving
14 the commissioner of insurance with appropriate copies thereof and the payment to
15 him of the fee authorized by R.S. 22:821.

16 (c) The commissioner of insurance shall, within ten days of being served,
17 forward a copy of such process by registered or certified mail, return receipt
18 requested, to the licensee at his last known address of record or principal place of
19 business, and the commissioner shall maintain copies of all such processes so served
20 upon him.

21 (4) The service of process upon any such licensee in any action or
22 proceeding instituted by the commissioner of insurance pursuant to this Part shall be
23 made by the commissioner by mailing such process by registered or certified mail,
24 return receipt requested, to the licensee at his last known address of record or
25 principal place of business.

26 C. A nonresident consultant who moves from one state to another state or a
27 resident consultant who moves from this state to another state shall file a change of
28 address and provide certification from the new resident state within thirty days of the
29 change of legal residence. No fee or license application is required.

1 §1808.6. Exemption from examination

2 A. An individual who applies for an insurance consultant license in this state
3 who was previously licensed as a resident insurance consultant for the same lines of
4 authority in another state shall not be required to complete any prelicensing
5 education or examination. This exemption is available only if the person is currently
6 licensed in that state or if the application is received within ninety days of the
7 cancellation of the applicant's previous license and if the prior state issues a
8 certification that, at the time of cancellation, the applicant was in good standing in
9 that state or by the National Association of Insurance Commissioners, its affiliates
10 or subsidiaries, and the certification indicates that the consultant is or was licensed
11 in good standing for the line of authority requested.

12 B. A person licensed as an insurance consultant in another state who moves
13 to this state shall make application within ninety days of establishing legal residence
14 in this state to become a resident licensee pursuant to R.S. 22:1808.3. No
15 prelicensing education or examination shall be required of that person to obtain a
16 consultant license for any line of authority previously held in the prior state except
17 where the commissioner of insurance determines otherwise by regulation.

18 C. Resident applicants shall be exempt from the requirement of an
19 examination for a license covering the same line or lines of insurance for which the
20 applicant was licensed under a similar license in this state within two years from the
21 date of expiration of the previous license, unless such previous license was revoked
22 or suspended or renewal was refused by the commissioner.

23 §1808.7. Assumed names

24 A. An insurance consultant doing business under any name other than the
25 consultant's legal name is required to notify the commissioner of insurance prior to
26 using the assumed name. Prior to the use of or changes to any trade name or names,
27 an insurance consultant shall provide written notification of such use or change to
28 the commissioner, on a form prescribed by the commissioner. A letter of registration
29 from the secretary of state shall accompany the application for a trade name.

1 B. The use by any insurance consultant of a nonapproved trade name shall
2 subject such person to a fine not exceeding two hundred fifty dollars. Additionally,
3 if the insurance consultant continues to utilize a nonapproved trade name for ten or
4 more days after being notified by the commissioner to cease using the nonapproved
5 trade name, the insurance consultant will be subject to an additional fine not to
6 exceed five thousand dollars. If applicable, an insurance consultant shall comply
7 with the provisions of R.S. 51:281 et seq.

8 §1808.8. License denial, nonrenewal, or revocation

9 A. The commissioner of insurance may place on probation, suspend, revoke,
10 or refuse to issue, renew, or reinstate an insurance consultant license, or may levy a
11 fine not to exceed five hundred dollars for each violation occurring, up to ten
12 thousand dollars aggregate for all violations in a calendar year per applicant or
13 licensee, or any combination of these actions, for any one or more of the following
14 causes:

15 (1) The failure to comply with any prerequisite of state or federal law or
16 regulations for the issuance of such license.

17 (2) Providing incorrect, misleading, incomplete, or materially false
18 information, or omission of material information, in the license or renewal
19 application.

20 (3) The failure to account for or remit any premiums, monies, or properties
21 belonging to another which come into the possession of the applicant in the course
22 of doing insurance business, or improperly withholding, misappropriating,
23 converting, or failing to timely remit any premiums, monies, or properties received
24 in the course of doing insurance business, whether such premiums, monies, or
25 properties belong to policyholders, insurers, beneficiaries, claimants, or others.

26 (4) Using fraudulent, coercive, or dishonest practices or misrepresentation,
27 or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the
28 conduct of business such as might endanger the public.

1 (5) Misrepresenting the terms of an actual or proposed insurance contract,
2 binder, rider, plan, or application for insurance, including all forms or documents
3 that are attached, or will be attached, to an actual or proposed insurance contract,
4 binder, rider, plan, or application for insurance.

5 (6) Having admitted or been found to have committed any insurance unfair
6 trade practice under R.S. 22:1961 et seq. or fraud under R.S. 22:1964 et seq.

7 (7) The conviction or nolo contendere plea to any felony, participation in a
8 pretrial diversion program pursuant to a felony charge, suspension and deferral of
9 sentence and probation pursuant to Article 893 of the Code of Criminal Procedure,
10 or conviction of any misdemeanor involving moral turpitude or public corruption.

11 (8) Obtaining or attempting to obtain a license through misrepresentation or
12 fraud, or improperly using notes or any other reference material to complete an
13 examination for an insurance license, or otherwise cheating or attempting to cheat
14 on an examination for an insurance license of any kind.

15 (9) The adjudication of bankruptcy with debts related to the receipt or
16 transmittal of insurance premiums or other funds to an insurer or insured in any
17 fiduciary capacity of the applicant, or issuance to the Department of Insurance of an
18 insufficient fund or no-fund check.

19 (10) Forging another's name to an application for insurance or to any
20 document related to an insurance transaction.

21 (11) Having an insurance consultant license, or its equivalent, denied,
22 suspended, or revoked in this or any other state, province, district, or territory.

23 (12) The violation of any insurance laws of the United States, this state or
24 any state, province, district, or territory, or violating any lawful rule, regulation,
25 subpoena, or order of the commissioner of insurance or of the insurance officials of
26 another state.

27 (13) The refusal to submit physical evidence of identity or the conviction of
28 a felony, in accordance with R.S. 22:1922(B) and (C).

1 (14) The failure to comply with an administrative or court order imposing
2 a child support obligation.

3 (15) The failure to pay state income taxes or comply with any administrative
4 or court order directing payment of state income taxes.

5 (16) Employing or allowing to associate with his business, in any manner,
6 any person engaged in the business of insurance who has been convicted of a felony
7 under the laws of this state or any other state, the United States, or any foreign
8 country. As used in this Part, business of insurance means the writing of insurance
9 or the reinsuring of risks by an insurance consultant or insurer, including all acts
10 necessary or incidental to such writing or reinsuring, and the activities of persons
11 who act as, or are, officers, directors, agents, or employees of consultants or insurers,
12 or who are other persons authorized to act on behalf of such persons.

13 (17) The conviction of a felony involving dishonesty or breach of trust
14 pursuant to 18 U.S.C. §1033 and §1034, without written consent from the
15 commissioner of insurance pursuant to 18 U.S.C. §1033, or any successor statute
16 regulating crimes by or affecting persons engaged in the business of insurance whose
17 activities affect interstate commerce.

18 B. If the commissioner denies any application for a license in accordance and
19 compliance with R.S. 49:961, the commissioner shall notify the applicant and advise
20 the applicant in writing of the reasons for the denial. An aggrieved party affected by
21 the commissioner's decision, act, or order may demand a hearing in accordance with
22 Chapter 12 of this Title, R.S. 22:2191 et seq.

23 C. In the event the commissioner suspends or revokes a license, or refuses
24 the renewal or reinstatement of a license, or levies a fine, with or without suspension,
25 revocation, or refusal to renew a license, the commissioner, in accordance and
26 compliance with R.S. 49:961, shall notify the licensee in writing of the
27 determination. Any such suspension or revocation of a license, or refusal to renew
28 or reinstate a license, shall include all lines of insurance for which the licensee was
29 authorized. An aggrieved party affected by the commissioner's decision, act, or

1 order may demand a hearing in accordance with Chapter 12 of this Title, R.S.
2 22:2191 et seq.

3 D. The license of a business entity may be suspended or revoked, or renewal
4 or reinstatement thereof may be refused, or a fine may be levied, with or without a
5 suspension, revocation, or refusal to renew a license, if the commissioner finds, in
6 accordance and compliance with R.S. 49:961, that an individual licensee's violation
7 was known or should have been known by one or more of the partners, officers, or
8 managers acting on behalf of the business entity and the violation was not reported
9 to the Department of Insurance and no corrective action was undertaken timely. Any
10 such suspension or revocation of a license, or refusal to renew or reinstate a license,
11 shall include all lines of insurance for which the licensee was authorized.

12 E.(1) No licensee whose license has been revoked pursuant to this Section
13 shall be entitled to file another application for a license within one year from the
14 effective date of such revocation, or, if judicial review of such revocation is sought,
15 within one year from the date of final court order or decree affirming such
16 revocation. A subsequent application, when filed, may be refused by the
17 commissioner of insurance unless the applicant shows good cause why the
18 revocation of his license should not be deemed a prohibition to the issuance of a new
19 license.

20 (2) Any license which has been reissued following revocation shall be
21 revoked for a period not to exceed five years upon a second violation by the licensee
22 of any of the provisions of this Section. No licensee whose license has been revoked
23 pursuant to this Paragraph shall be entitled to file another application for a license
24 within the revocation period. A subsequent application, when filed, may be refused
25 by the commissioner of insurance unless the applicant shows good cause why the
26 revocation of his license should not be deemed a prohibition to the issuance of a new
27 license.

28 F. Upon suspension, revocation, or termination of the license of a resident
29 of this state, the commissioner shall notify the National Association of Insurance

1 Commissioners and the proper insurance official of each state for whom the
2 commissioner has executed a certificate as provided for herein.

3 G. If the commissioner revokes or suspends any nonresident's license
4 through a proceeding pursuant to this Section, he shall promptly notify the
5 appropriate insurance official of the licensee's place of residency of such action and
6 of the particulars thereof.

7 H. The commissioner of insurance shall retain the authority to enforce the
8 provisions of, and impose any penalty or remedy authorized by, this Section against
9 any person who is under investigation for or charged with a violation of this Section,
10 even if the person's license has been surrendered or has lapsed by operation of law.

11 §1808.9. Commissions

12 A. No person or business entity licensed and acting as an insurance
13 consultant under a written agreement pursuant to R.S. 22:1808.11, shall accept any
14 commission, service fee, brokerage, or other valuable consideration for selling,
15 soliciting, or negotiating insurance in this state.

16 B.(1) No member of an insurance advisory committee of any state agency,
17 board, commission, or of any political subdivision of this state, including but not
18 limited to school boards, levee boards, deep water port commissions, deep water
19 port, harbor and terminal districts, and the Louisiana Stadium and Exposition
20 District, shall split, pass on, or share with any insurance consultant or other person
21 who is not a member of his own firm or corporation and is not a member of such an
22 insurance advisory committee, all or any portion of the commission derived by such
23 committee from the purchase of insurance by such state agency, board, commission,
24 or political subdivision of the state without express authorization by official action
25 of such state agency, board, commission, or political subdivision of the state. Any
26 insurance consultant or other person who is not a member of such firm or corporation
27 and is not a member of such an insurance advisory committee who receives without
28 authorization all or any portion of such commission shall also be in violation of this
29 Section.

1 (2) Any person who violates the provisions of this Section shall, upon
2 conviction, be fined not less than one thousand dollars, nor more than five thousand
3 dollars per violation, or imprisoned for not more than two years, or both.

4 (3) Any conviction for a violation of the provisions of this Section shall
5 constitute grounds for suspension or revocation by the commissioner of insurance
6 of the license of such insurance consultant, in addition to those grounds of R.S.
7 22:1808.8.

8 §1808.10. Reciprocity; non-reciprocal states or other jurisdictions

9 A. The commissioner of insurance shall waive any requirements for a
10 nonresident license applicant with a valid license from his home state, except the
11 requirements imposed by R.S. 22:1808.5, if the applicant's home state awards
12 nonresident licenses to residents of this state on the same basis.

13 B. A nonresident consultant's satisfaction of his home state's continuing
14 education requirements for licensed insurance consultants shall constitute
15 satisfaction of this state's continuing education requirements if the nonresident
16 consultant's home state recognizes the satisfaction of its continuing education
17 requirements imposed upon consultants from this state on the same basis.

18 C. Whenever, by the laws or regulations of any other state or jurisdiction,
19 any limitation of rights and privileges, conditions precedent, or any other
20 requirements are imposed upon residents of this state who are nonresident applicants
21 or licensees of such other state or jurisdiction in addition to, or in excess of, those
22 imposed on nonresidents pursuant to this Part, the same such requirements shall be
23 imposed upon such residents of such other state or jurisdiction. This Part shall not
24 apply to fees, which shall be as authorized by R.S. 22:821.

25 §1808.11. Disclosure agreement and compensation

26 A. Prior to providing consulting services, a person licensed as a consultant
27 pursuant to this Part shall disclose all of the following in a written contract signed
28 by the party receiving the consulting services:

1 (1) The services to be provided by the consultant to the insured and
2 prospective insureds.

3 (2) The beginning and ending date of the agreement.

4 (3) Any insurance to which the contract for consulting services applies.

5 (4) The arrangements for compensation of the consultant, whether by a flat
6 rate, hourly rate, or other valuable consideration.

7 (5) Whether the consultant is dually licensed as an insurance producer.

8 (6) Whether the consultant has any financial or business interest in or
9 affiliation with any insurance producer, broker, or insurance company involved
10 within the scope of the consulting work.

11 B. A copy of every consulting contract shall be retained by the consultant for
12 not less than five years after the expiration of the consulting contract.

13 C. No licensed insurance consultant may receive any fee for consulting
14 services, unless such compensation is based upon a prior written contract as required
15 by this Section.

16 D. If a licensed insurance consultant has received the compensation outlined
17 in the written consulting contract, it shall be conclusively presumed that the licensee
18 was acting as a consultant with respect to any transactions related to the contract.

19 E. A consulting contract shall be made available to the Louisiana
20 Department of Insurance within ten days of a written request.

21 §1808.12. Prohibited acts

22 A.(1) No person licensed and acting as an insurance consultant under a
23 written agreement pursuant to R.S. 22:1808.11, shall sell, solicit, make an
24 application for, procure, negotiate for, or place for others, any policies for any lines
25 of insurance.

26 (2) No insurer or insurance producer shall pay any money or commission or
27 brokerage, or give or allow any valuable consideration or compensation to any
28 person or business entity duly licensed and acting as an insurance consultant under
29 a written agreement pursuant to R.S. 22:1808.11.

1 (3) A consultant who is also licensed as an insurance producer shall not,
2 when representing himself as an insurance consultant under a written agreement
3 pursuant to R.S. 22:1808.11, solicit, sell, or negotiate contracts of insurance or
4 otherwise act as an insurance producer, and shall not receive directly or indirectly
5 from an insurance company, broker, or insurance producer any money or
6 commission or brokerage, or give or allow any valuable consideration or
7 compensation for the solicitation, negotiation, application, sale or placement of
8 insurance coverages which were the subject of a written consulting contract as
9 required by R.S. 22:1808.11 under either of the following circumstances:

10 (a) During the term of the written consulting contract.

11 (b) Within twelve months after the expiration of the consulting contract, but
12 no less than twenty-four months from the inception of the insurance contract.

13 (4) An insurance producer who has a financial or business interest or
14 affiliation with an insurance consultant acting as a consultant under a written
15 contract as required by R.S. 22: 1808.11, shall not solicit, negotiate or sell insurance,
16 either directly or indirectly, with respect to the insurance risks of the insured or
17 prospective insured which were the subject of the consulting contract under either
18 of the following circumstances:

19 (a) During the term of the written consulting contract.

20 (b) Within twelve months after the expiration of the consulting contract, but
21 no less than twenty-four months from the inception of the insurance contract.

22 B.(1) Whoever violates this Section shall, upon conviction, be fined not less
23 than two thousand dollars, nor more than fifty thousand dollars, or imprisoned with
24 or without hard labor, for not more than three years, or both.

25 (2) Any conviction for violation of this Section shall constitute grounds for
26 the immediate suspension or revocation by the commissioner of insurance of the
27 license of such insurance consultant to sell insurance, in addition to those grounds
28 set forth in R.S. 22:1808.8.

4. Restore language inadvertently removed from bill prior to filing regarding necessity for written contract between the consultant and the party receiving the consulting services.
5. Make technical changes.