

2016 Regular Session

HOUSE BILL NO. 663

BY REPRESENTATIVE THIBAUT

1 AN ACT

2 To enact R.S. 22:1569, relative to non-captive insurance producers; to provide for  
3 definitions; to require notice prior to terminating an appointment; to provide for  
4 termination for cause without notice; to provide for payment of certain commissions;  
5 to provide for exceptions to notice; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:1569 is hereby enacted to read as follows:

8 §1569. Limitation on termination of independent insurance producers

9 A.(1) For the purposes of this Section, "captive insurance producer" means:

10 (a) Any licensed insurance producer whose agency contract with an  
11 insurance company requires the insurance producer to act exclusively as an agent  
12 only for that insurance company or group of insurance companies under common  
13 ownership.

14 (b) A licensed insurance producer whose contract with an insurance  
15 company prohibits the producer from selling competitors' products that are the same  
16 or similar to products sold by the insurer, but allows the producer to sell other  
17 products that do not directly compete with products sold by the insurer.

18 (2) For purposes of this Section, "non-captive insurance producer" means  
19 any licensed insurance producer whose agency contract with an insurance company  
20 establishes the insurance producer as an independent contractor with the ability to  
21 represent more than one insurance company.

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

8                   (a) Loss of license.

9                   (b) Cause as set forth in R.S. 22:1554.

10                  (c) Nonpayment of insurance company premiums due and not in dispute by  
11                  the producer.

12                  (d) Withdrawal of the insurance company from this state.

13                  (e) Violation of any state or federal law or regulation, or violation of any  
14                  provision of the insurer's contract with the producer that would potentially cause the  
15                  insurer to be in violation of such laws or regulations.

16                  (f) Commission of any dishonest or fraudulent act.

17                  (g) Gross or willful misconduct or negligence by the producer.

18                  (h) Submission of any document bearing a false or unauthorized signature  
19                  or containing falsified information.

20                  (i) Failure to maintain the agent's professional liability coverage required in  
21                  the agency contract.

22                  (j) Change in the ownership of the insurance agency.

23                  (2) For purposes of this Section, a reasonable belief by the insurer that any  
24                  such action has occurred is sufficient to be considered as cause as defined in this  
25                  Subsection.

26                  C.(1)(a) Any admitted insurance company which is authorized to do business  
27                  in this state shall, upon issuing the written notice required in Subsection B of this  
28                  Section of the termination or cancellation of a non-captive insurance producer's  
29                  contract, permit the renewal of all contracts of insurance written by the non-captive

1           insurance producer until the producer's contract is terminated, subject to the normal  
2           underwriting requirements of the insurer.

3           (b) If the insured fails to meet the current underwriting requirements of the  
4           insurer, the insurer shall provide the policyholder with the statutory notice of  
5           nonrenewal.

6           (2) Any insurer renewing contracts of insurance in accordance with this  
7           Section shall pay commissions for the renewals to the terminated or cancelled non-  
8           captive insurance producer in the same amount and manner as previously paid to the  
9           non-captive insurance producer under the terminated or cancelled contract.

10           D. The provisions of this Section shall not apply to:

11           (1) A captive insurance producer.

12           (2) Insurance companies whose agency contract contains a written provision  
13           expressly reserving to the insurer all right, title, and interest to the ownership or use  
14           of business written by the insurance producer.

15           (3) Nonadmitted, excess, or surplus lines insurance policies.

16           (4) Individually rated excess insurance policies.

17           (5) Non-captive producers writing life, annuity, and health insurance  
18           policies.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

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