

ACT No. 315

2016 Regular Session

HOUSE BILL NO. 865

BY REPRESENTATIVE HUVAL

1 AN ACT

2 To amend and reenact R.S. 22:1545(A) and (C)(1), 1546(B)(1) and (D), 1547(G),
3 1554(A)(introductory paragraph), and 1562(A), to enact R.S. 22:1554(A)(20) and
4 (21), and to repeal R.S. 22:1545(B), relative to licensing of insurance producers; to
5 provide for a passing score for the examination; to provide for taking the
6 examination prior to filing an application for a license; to provide for verification of
7 the completion of a prelicensing course prior to examination; to provide for producer
8 licensing requirements for business entities; to provide for reporting of changes of
9 information by producers; to provide for certain criteria for the denial, revocation,
10 or suspension of business entity producer licenses; to provide for prohibited acts by
11 business entity producers; and to provide for related matters.

12 Be it enacted by the Legislature of Louisiana:

13 Section 1. R.S. 22:1545(A) and (C)(1), 1546(B)(1) and (D), 1547(G),
14 1554(A)(introductory paragraph), and 1562(A) are hereby amended and reenacted and R.S.
15 22:1554(A)(20) and (21) are hereby enacted to read as follows:

16 §1545. Examination

17 A. ~~A~~ Prior to the issuance of a license by the commissioner, a resident
18 individual applying for an insurance producer license shall pass an examination for
19 each line of insurance that an applicant seeks to transact in Louisiana unless exempt
20 pursuant to R.S. 22:1551. The examination shall test the knowledge of the individual
21 concerning the lines of authority for which application is made, the duties and
22 responsibilities of an insurance producer, and the insurance laws and regulations of
23 this state. The applicant shall pass the examination if he achieves a score of at least

1 seventy percent. Examinations required by this Section shall be developed and
2 conducted under rules and regulations prescribed by the commissioner.

3 * * *

4 C. (1) Any person applying for a license as an insurance producer, prior to
5 taking the examination required by this Subpart, shall ~~file~~ complete a registered
6 prelicensing program certified by the commissioner pursuant to R.S. 22:1571.
7 Verification of the completed program shall be filed with the Department of
8 Insurance, in a manner prescribed by the ~~commissioner, certification that the~~
9 ~~applicant has completed a registered prelicensing program certified by the~~
10 ~~commissioner pursuant to R.S. 22:1571.~~ commissioner.

11 * * *

12 §1546. Application for license

13 * * *

14 B.(1)(a) A business entity acting as an insurance producer is required to
15 obtain an insurance producer license. Every member, partner, officer, director,
16 ~~stockholder, and employee of the business entity personally engaged in this state in~~
17 ~~soliciting or negotiating policies of insurance~~ person who controls directly or
18 indirectly ten percent or more of the applicant shall be registered with the
19 Department of Insurance under such business entity's license, ~~and each such~~
20 ~~member, partner, officer, director, stockholder, or employee shall also qualify as an~~
21 ~~individual licensee for any line of insurance the business entity is licensed to~~
22 ~~transact. Licensing of any limited liability company or limited liability partnership~~
23 ~~as an insurance producer is subject to prior approval of the commissioner of~~
24 ~~insurance.~~ For purposes of this Section, "control" has the same meaning as provided
25 in R.S. 22:691.2.

26 (b) Every individual who is personally engaged in soliciting or negotiating
27 policies in this state shall be registered with the Department of Insurance under such
28 business entity's license and shall also qualify as an individual licensee for any line
29 of insurance that the business entity is licensed to transact.

1 (c) The business entity licensee shall within thirty days notify the
2 commissioner ~~of insurance~~ of any change of status of an individual who is registered
3 under the business entity license.

4 (➡) (d) Any business entity operating at more than one location shall notify
5 the commissioner ~~of insurance~~ of each permanent branch location address within
6 thirty days from the date of the opening of the new location. There ~~must~~ shall be at
7 least one individual licensed insurance producer registered with the Department of
8 Insurance for each branch location.

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

14 * * *

15 D.(1) The commissioner ~~of insurance~~ may require any documents deemed
16 necessary to verify the information contained in an application.

17 (2) In order to make a determination of license eligibility, the commissioner
18 ~~of insurance~~ may require fingerprints of applicants and submit the fingerprints and
19 the fees required to perform the criminal history record checks to the Louisiana
20 Bureau of Criminal Identification and Information for state and national criminal
21 history record checks. The commissioner shall require a criminal history record
22 check on each applicant in accordance with this Subpart. The commissioner ~~of~~
23 ~~insurance~~ shall require each applicant to submit a full set of fingerprints in order for
24 the commissioner ~~of insurance~~ to obtain and receive National Criminal History
25 Records from the FBI Criminal Justice Information Services Division.

26 (3) The commissioner ~~of insurance~~ may contract for the collection,
27 transmission, and re-submission of fingerprints required under this Section. If the
28 commissioner ~~of insurance~~ does so, the fee for collecting and transmitting
29 fingerprints and the fee for the criminal history record check shall be payable directly

CODING: Words in struck through type are deletions from existing law; words underscored are additions.

1 to the contractor by the applicant. The commissioner ~~of insurance~~ may agree to a
2 reasonable fingerprinting fee to be charged by the contractor.

3 (4) The commissioner ~~of insurance~~ shall treat and maintain an applicant's
4 fingerprints and any criminal history record information obtained under this Section
5 as confidential and shall apply security measures consistent with the Criminal Justice
6 Information Services Division of the Federal Bureau of Investigation standards for
7 the electronic storage of fingerprints and necessary identifying information and limit
8 the use of records solely to the purposes authorized in this Section. The fingerprints
9 and any criminal history record information shall be exempt from the public records
10 law, R.S. 44:1 et seq., shall not be subject to subpoena, other than a subpoena issued
11 in a criminal proceeding or investigation, shall be confidential by law and privileged,
12 and shall not be subject to discovery or admissible in evidence in any private civil
13 action.

14 (5) If the applicant is a business entity, the commissioner may require that
15 the individuals registered pursuant to Subsection B of this Section submit
16 fingerprints as provided in this Subsection.

17 * * *

18 §1547. License

19 * * *

20 G. Every licensee shall notify the commissioner, by any means acceptable
21 to the commissioner, of any ~~alteration in his residential, mailing, or business~~ change
22 of address, legal name, or information submitted on the application within thirty days
23 of the ~~alteration~~ change. Failure to file such an address change within the required
24 time shall result in the imposition of a fifty-dollar penalty per violation. Any person
25 against whom a penalty has been levied shall be given due notice of such action.
26 Upon receipt of this notice, the licensee may apply for and shall be entitled to a
27 hearing in accordance with Chapter 12 of this Title, R.S. 22:2191 et seq.

28 * * *

1 §1554. License denial, nonrenewal, or revocation

2 A. The commissioner of insurance may place on probation, suspend, revoke,
3 or refuse to issue, renew, or reinstate an insurance producer license, or may levy a
4 fine not to exceed five hundred dollars for each violation occurring, up to ten
5 thousand dollars aggregate for all violations in a calendar year per applicant or
6 licensee, or any combination of actions, for any one or more of the following causes:

7 * * *

8 (20) If the producer is a business entity, refusal to remove or discharge any
9 person registered pursuant to R.S. 22:1546(B) who has been convicted or pleaded
10 nolo contendere to any felony, participated in a pretrial diversion program pursuant
11 to a felony charge, suspension and deferral of sentence, and probation pursuant to
12 Article 893 of the Code of Criminal Procedure, or been convicted of any
13 misdemeanor involving moral turpitude or public corruption.

14 (21) If the producer is a business entity, refusal to remove or discharge any
15 person registered pursuant to R.S. 22:1546(B) who has had an insurance producer
16 license revoked or suspended or is found to have violated any provision of this Code.

17 * * *

18 §1562. Prohibited acts

19 A.(1) No insurer or insurance producer shall pay any money or commission
20 or brokerage, or give or allow any valuable consideration or compensation to any
21 person or business entity not duly licensed as an insurance producer, nor to an
22 insurer not licensed to do business in this state, for or because of service rendered or
23 performed in this state in selling, soliciting, negotiating, or effecting a contract of
24 insurance on any property or risks, or insurable interests, or business activities
25 located within or transacted within this state. The prohibition of this Subsection
26 shall not apply with respect to any contract of reinsurance.

27 (2) The prohibition of this Subsection shall not apply to the distribution of
28 profits to the owners of an insurance agency business entity licensed as a producer
29 provided the business entity has complied with the provisions of R.S. 22:1546(B)
30 and the owners are not persons who:

1 (a) Have been convicted or pleaded nolo contendere to any felony,
 2 participated in a pretrial diversion program pursuant to a felony charge, suspension
 3 and deferral of sentence, and probation pursuant to Article 893 of the Code of
 4 Criminal Procedure, or been convicted of any misdemeanor involving moral
 5 turpitude or public corruption.

6 (b) Have had an insurance producer license revoked or suspended or are
 7 found to have violated any provision of this Code.

8 (3) The provisions of ~~this~~ Paragraph (2) of this Subsection shall not apply to
 9 the Louisiana Workers' Compensation Corporation.

10 * * *

11 Section 2. R.S. 22:1545(B) is hereby repealed in its entirety.

12 Section 3. This Act shall become effective upon signature by the governor or, if not
 13 signed by the governor, upon expiration of the time for bills to become law without signature
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 16 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____