
DIGEST

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HB 267 Original

2018 Regular Session

Anders

Abstract: Allows the distribution of profits to owners of insurance agency business entities under certain circumstances.

Present law prohibits an insurer or insurance producer from paying money or commission or brokerage, or giving or allowing any valuable consideration or compensation to any person or business entity not duly licensed as an insurance producer, nor to an insurer not licensed to do business in this state, for or because of service rendered or performed in this state in selling, soliciting, negotiating, or effecting a contract of insurance on any property or risks, or insurable interests, or business activities located within or transacted within this state.

Proposed law retains present law.

The prohibition of present law does not apply to any contract of reinsurance or the La. Workers' Compensation Corporation.

Proposed law retains present law.

The prohibition of present law does not apply to the distribution of profits to the owners of an insurance agency business entity licensed as a producer if the business entity has complied with the provisions of present law and the owners are not persons to whom either of the following applies:

- (1) Been convicted or pleaded nolo contendere to any felony, participated in a pretrial diversion program pursuant to a felony charge, suspension and deferral of sentence, and probation pursuant to C.C.P. Art. 893, or been convicted of any misdemeanor involving moral turpitude or public corruption.
- (2) Had an insurance producer license revoked or suspended or are found to have violated any provision of the Louisiana Insurance Code.

Proposed law retains present law but makes technical changes and repeals the requirement that the owners not have been found to violate any provision of the Louisiana Insurance Code.

Proposed law adds an exception for the distribution of profits to the owner of an insurance agency business entity licensed as a producer if the owner has either one of the following:

- (1) The written consent or a waiver from the commissioner to engage in the business of

insurance.

- (2) An individual insurance producer license issued subsequent to any plea or conviction described in present law.

(Amends R.S. 22:1562(A)(2) and (3); Adds R.S. 22:1562(A)(4))