2024 Regular Session

HOUSE BILL NO. 672

BY REPRESENTATIVE JORDAN

1	AN ACT
2	To amend and reenact R.S. 22:1623, 1625(A), and 1626 and to enact R.S. 22:1628 and 1629,
3	relative to managing general agents; to provide for duties; to provide relative to
4	financial examinations; to provide for account reports; to require notices to the
5	Department of Insurance and insurers; and to provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 22:1623, 1625(A), and 1626 are hereby amended and reenacted and
8	R.S. 22:1628 and 1629 are hereby enacted to read as follows:
9	§1623. Licensure; registration
10	A. No <u>A</u> person shall <u>not</u> act in the capacity of an MGA with respect to risks
11	located in this state for an insurer licensed in this state unless such person is a
12	licensed producer in this state.
13	B. No <u>A</u> person shall <u>not</u> act in the capacity of an MGA representing an
14	insurer domiciled in this state with respect to risks located outside this state unless
15	such person is licensed as a resident or nonresident producer in this state pursuant
16	to the provisions of this Part.
17	C. The commissioner may require a bond in an amount of ten percent of the
18	MGA annual writings or two hundred fifty thousand dollars, whichever is less, for
19	the protection of the insurer.
20	D. No <u>A</u> person shall <u>not</u> act in the capacity of an MGA in this state unless
21	such person has registered his name, current residential address, current mailing
22	address, and current business address with the commissioner, on forms prescribed
23	by the commissioner, together with a fee in the amount set forth in R.S. 22:821.

ENROLLED

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ENROLLED

1	E.(1) A person shall not act in the capacity of an MGA in this state if the
2	person served as an officer, director, or person with direct or indirect control over the
3	selection or appointment of an officer or director through contract, trust, or by
4	operation of law of an insurer doing business in this state and served in that capacity
5	within the two-year period before the date the insurer became insolvent, unless the
6	person demonstrates that his personal actions and omissions were not a significant
7	contributing cause to the insolvency, as determined by the commissioner.
8	(2) Notwithstanding Paragraph (1) of this Subsection, the commissioner may
9	approve a former officer, director, or person with direct or indirect control over the
10	selection or appointment of an officer or director of an insurer who became
11	insolvent, if at least five years have passed since the date the insurer became
12	insolvent.
13	E. F. Each year prior to May first, every MGA shall notify the commissioner
14	of his desire to continue his registration as an MGA on forms prescribed by the
15	commissioner together with a fee in the amount set forth in R.S. 22:821.
16	F. G. If a person fails to provide any of the information required pursuant to
17	this Section, the commissioner may, after notification by the commissioner to the
18	person by certified mail of such failure, impose a fine not to exceed fifty dollars.
19	G. H. The commissioner may require the MGA to maintain an errors and
20	omissions insurance policy.
21	* * *
22	§1625. Duties of insurers
23	A. If an insurer has an MGA who writes more than five percent of its
24	policyholder surplus, then the insurer shall provide to the commissioner, upon his
25	request, financial data by an independent examiner concerning that insurer's book of
26	business which is in question and is handled by that MGA upon request, and the
27	insurer shall have on file an independent financial examination, in a form acceptable
28	to the commissioner, audited financial report of each MGA with which it has done
29	business. The audited financial report shall include the opinion of an independent
30	certified public accountant, report the financial position of the MGA as of the most

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1	recent year-end and the results of its operations and cash flows, and include
2	appropriate notes to financial statements. The insurer shall submit the report to the
3	commissioner upon his request.
4	* * *
5	§1626. Examination authority; account reports; financial examinations; required
6	notices to department
7	\underline{A} . The acts of the MGA are considered to be the acts of the insurer on whose
8	behalf it is acting. An MGA may be examined as if it were the insurer.
9	B. As the commissioner considers necessary, an MGA shall submit to an
10	examination by the commissioner of the MGA's financial condition.
11	C. The MGA shall pay the examination expenses in an amount the
12	commissioner certifies as just and reasonable.
13	* * *
14	§1628. Duties of managing general agents
15	A. At least once each calendar quarter, an MGA shall submit an account
16	report to each insurer with whom the MGA has a contract, and include in the report,
17	as applicable, a statement of all of the following:
18	(1) Written, earned, and unearned premiums.
19	(2) Losses and loss expenses paid and outstanding.
20	(3) Losses incurred but not reported.
21	(4) Management fees.
22	(5) An outline of expenses, on a form prescribed by the commissioner,
23	incurred by the MGA in the performance of duties under its contract with the insurer.
24	B. An MGA shall notify the department within thirty days of the date any of
25	the following occurs:
26	(1) Balances due to an insurer for more than ninety days exceed either of the
27	following:
28	(a) One million dollars.
29	(b) Ten percent of the insurer's policyholder surplus, as reported in the
30	annual statement filed with the department.

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1	(2) Balances due for more than sixty days from a property and casualty
2	agent or MGA appointed by or reporting to the MGA exceed five hundred thousand
3	dollars.
4	(3) Authority to settle claims for an insurer is withdrawn.
5	(4) Money held for an insurer for losses is greater than an amount that is one
6	hundred thousand dollars more than the amount necessary to pay the losses and loss
7	adjustment expenses expected to be paid on the insurer's behalf within the next sixty-
8	day period.
9	(5) The contract required pursuant to R.S. 22:1624 is cancelled or
10	terminated.
11	C. Notwithstanding the notification period imposed by Subsection B of this
12	Section, an MGA's requirement to notify as prescribed in Paragraphs (B)(1), (2), and
13	(4) of this Section may be met with a single annual report, if the MGA routinely
14	operates above the limits established by those Paragraphs and the department verifies
15	that fact in conformity with rules adopted by the commissioner.
16	§1629. Rules and regulations
17	The commissioner may promulgate and adopt rules and regulations, in
18	accordance with the Administrative Procedure Act, that are necessary to effectuate
19	the provisions of this Part.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

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