HLS 15RS-1250 ORIGINAL

2015 Regular Session

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HOUSE CONCURRENT RESOLUTION NO. 143

BY REPRESENTATIVE HARRISON

FINANCIAL INSTITUTIONS: Relative to Louisiana insurance laws regulating both financial institutions and the unfair trade practice of tying banking products or services to insurance products

A CONCURRENT RESOLUTION

2	To urge and request that all financial institutions conducting business in the state of
3	Louisiana strictly comply with Subpart D of Chapter 5 of Title 22 of the Louisiana
4	Revised Statutes of 1950, comprised of R.S. 22:1591 through 1605, and known as
5	the Financial Institution Insurance Sales Law, requiring financial institutions to
6	adhere to the provisions of the Financial Institution Insurance Sales Law, to give due
7	consideration to the public interest in the regulation of state banking and insurance
8	industries, and to clarify the intent of the legislature.
9	WHEREAS, it has long been recognized that the regulation of our banking and
10	insurance industries is of utmost importance to the public interest of our nation and the state
11	of Louisiana; and
12	WHEREAS, the public interest in the regulation of those industries has been lawfully
13	recognized pursuant to the provisions of Chapter 22 of Title 12 of the United States Code
14	and pursuant to the provisions of Subpart D of Chapter 5 of Title 22 of the Louisiana
15	Revised Statutes of 1950, comprised of R.S. 22:1591 through 1605, and known as the
16	Financial Institution Insurance Sales Law; and
17	WHEREAS, R.S. 22:1596 states, "Any solicitation for the purchase or sale of any
18	insurance product by any person, including a financial institution, its employees or agents,
19	shall be conducted only by persons who have complied with all applicable state insurance
20	licensing and appointment laws and regulations."; and

1 WHEREAS, R.S. 22:1597 states in pertinent part, "The solicitation of a customer of 2 a financial institution for the purchase or sale of insurance shall not be conducted by any 3 natural person directly responsible for making a specific loan or extension of credit to that 4 customer before such time as the final decision regarding the acceptance or denial of that 5 specific loan or extension of credit is made and communicated in writing to the customer."; 6 and 7 WHEREAS, R.S. 22:1599(A) states in pertinent part, "A financial institution shall 8 not in any manner extend credit, lease, or sell property of any kind, or furnish any service, 9 or fix or vary the consideration for any of the foregoing, on the condition or requirement that 10 the customer shall obtain insurance from the financial institution. In accordance with the 11 provisions of this Subpart, the financial institution shall not represent that the purchase of 12 an insurance product from a financial institution by a customer or prospective customer of 13 the institution is required as a condition of, or is any way related to, the lending of money 14 or extension of credit, the establishment or maintenance of a trust account, the establishment 15 or maintenance of a checking, savings, or deposit account, or the provision of services 16 related to any such activities." Additionally, R.S. 22:1599(B) states, "No financial 17 institution shall offer an insurance product in combination with banking products unless the 18 insurance products and banking products are available separately from the institution."; and 19 WHEREAS, R.S. 22:1600 requires, in pertinent part, financial institutions to obtain 20 a separate written statement, signed by the customer, acknowledging that the customer has 21 received and understands certain disclosures, including a disclosure that the customer is not 22 required to purchase insurance through the financial institution and that the choice of another 23 insurance provider by the customer will not affect the credit decision to be made by the 24 financial institution or credit terms in any way; and 25 WHEREAS, the legislature finds that certain financial institutions doing business in 26 the state of Louisiana have failed to comply with the provisions of the Financial Institution 27 Insurance Sales Law resulting in unfair trade practices subject to regulation by the 28 commissioner of insurance and resulting in an atmosphere that may foster methods of undue 29 coercion, deception, enticement, and persuasion that are harmful not only to those persons

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- 1 competing in the industries of banking and insurance in the state of Louisiana but also to the
- 2 interests of the customers of businesses in those industries and to the citizens of Louisiana.
- 3 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
- 4 request that financial institutions strictly adhere to the provisions of the Financial Institution
- 5 Insurance Sales Law in order to protect the lawfully recognized interests of the state of
- 6 Louisiana, to protect those persons competing in the industries of banking and insurance, to
- 7 protect the customers of those industries, and to protect the citizens of Louisiana.
- 8 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
- 9 commissioner of insurance, the Louisiana Bankers' Association, and the commissioner of
- the office of financial institutions, who is hereby requested to distribute copies of this 10
- 11 Resolution to the financial institutions conducting business in this state.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Harrison

Requests that all financial institutions conducting business in Louisiana strictly comply with present law (R.S. 22:1591-1605).

Requests the commissioner of the office of financial institutions to distribute copies of this Resolution to the financial institutions conducting business in this state.