

2016 Regular Session

HOUSE BILL NO. 663

BY REPRESENTATIVE THIBAUT

INSURERS/AGENTS: Requires notice to a non-captive insurance producer prior to an insurance company terminating the producer's appointment

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 renewal of certain insurance
5 contracts for one year from the date of termination; to provide for payment of certain
6 commissions; to provide for exceptions to notice; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

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

9 §1569. Limitation on termination of independent insurance producers

10 A.(1) For the purposes of this Section, "captive insurance producer" means
11 any licensed insurance producer whose agency contract with an insurance company
12 requires the insurance producer to act exclusively as an agent only for that insurance
13 company or group of insurance companies under common ownership.

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

18 B. No admitted insurance company which is authorized to do business in this
19 state shall terminate the appointment or the agency contract of a non-captive

1 insurance producer without providing at least one hundred eighty days advance
2 written notice, except for one of the following:

3 (1) Loss of license.

4 (2) Cause as set forth in R.S. 22:1554.

5 (3) Nonpayment of insurance company premiums due and not in dispute by
6 the producer.

7 (4) Withdrawal of the insurance company from this state.

8 C.(1)(a) Any admitted insurance company which is authorized to do business
9 in this state shall, upon termination or cancellation of a non-captive insurance
10 producer's contract, permit the renewal of all contracts of insurance written by the
11 non-captive insurance producer for a period of one year from the date of termination,
12 subject to the normal underwriting requirements of the insurer.

13 (b) If the insured fails to meet the current underwriting requirements of the
14 insurer, the insurer shall provide the policyholder with the statutory notice of
15 nonrenewal.

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

20 D. The provisions of this Section shall not apply to a captive insurance
21 producer who is contractually limited to representing only one insurance company,
22 insurance companies whose agency contract contains a written provision expressly
23 reserving to the insurer all right, title, and interest to the ownership or use of business
24 written by the insurance producer, or to nonadmitted, excess, or surplus lines
25 insurance companies.

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)]

HB 663 Original

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Thibaut

Abstract: Requires an insurance company to provide one hundred eighty days notice to a non-captive insurance producer prior to terminating the insurer's appointment.

Present law allows an insurance company to terminate the appointment of an insurance producer.

Proposed law retains present law, but requires the insurance company provide the producer with 180 days notice prior to the termination of the appointment. Further provides that the 180 days notice does not apply to captive producers and certain contractual relationships.

Proposed law allows insurer to terminate the non-captive producer's appointment without notice under certain conditions.

Proposed law requires an insurer who has terminated a non-captive producer's appointment to renew all contracts of insurance written by the producer for one year from the date of termination. Further requires the insurer to pay the producer commissions for the renewals.

(Adds R.S. 22:1569)