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## DIGEST

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HB 865 Original

2016 Regular Session

Huval

**Abstract:** Provides relative to licensing of insurance producers, including producer licensing requirements for business entities.

Proposed law provides relative to licensing of insurance producers as follows:

- (1) Specifies that a resident individual shall pass an examination for each line of insurance that an applicant seeks to transact in this state. Further requires that an applicant shall pass the examination with a score of at least 70%.
- (2) Present law requires a business entity acting as an insurance producer to obtain an insurance producer license. Also requires that every member, partner, officer, director, stockholder, and employee of the business entity personally engaged in this state in soliciting or negotiating policies of insurance shall be registered with the Dept. of Insurance (DOI) under such business entity's license. Further requires and each such person to also qualify as an individual licensee for any line of insurance the business entity is licensed to transact. Specifies that licensing of any limited liability company or limited liability partnership as an insurance producer is subject to prior approval of the commissioner of insurance.

Proposed law retains requirement that a business entity acting as an insurance producer obtain an insurance producer license. However, provides that every member, partner, officer, director, and person who controls directly or indirectly 10% or more of the applicant shall be registered with DOI under such business entity's license. Adds a requirement that every individual who is personally engaged in soliciting or negotiating policies in this state shall be registered with the DOI under such business entity's license and shall also qualify as an individual licensee for any line of insurance that the business entity is licensed to transact. Further authorizes the commissioner of insurance to require that such registered individuals submit fingerprints.

- (3) Present law requires each licensee to notify the commissioner of any alteration in his residential, mailing, or business address within 30 days of the alteration or receive a \$50 penalty per violation.

Proposed law instead requires each licensee to notify the commissioner of any change of address, legal name, or information submitted on the application within 30 days of the change or receive a \$50 penalty per violation.

- (4) Adds the following as grounds for license denial, nonrenewal, or revocation by the commissioner:
- (a) If the producer is a business entity, refusing to remove or discharge a person registered pursuant to (2) above who has 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 the Code of Criminal Procedure, or been convicted of any misdemeanor involving moral turpitude or public corruption.
  - (b) If the producer is a business entity, refusing to remove or discharge any person registered pursuant to (2) above who has had an insurance producer license revoked or suspended or is found to have violated any provision of the Insurance Code.
- (5) Present law prohibits any insurer or insurance producer from paying any 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. Further provides that this prohibition shall not apply to the owners of an insurance agency.

Proposed law provides that this prohibition shall not apply to the owners of a business entity licensed as a producer so long as that entity has complied with the provisions of (2) above and the owners are not persons who:

- (a) Have 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 the Code of Criminal Procedure, or been convicted of any misdemeanor involving moral turpitude or public corruption.
- (b) Have had an insurance producer license revoked or suspended or are found to have violated any provision of the Insurance Code.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 22:1545(A) and (C)(1), 1546(B)(1) and (D), 1547(G), 1554(A)(intro. para.) and R.S. 22:1562(A)); Adds R.S. 22:1554(A)(20) and (21); Repeals R.S. 22:1545(B))