

ACT No. 488

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~~ A person shall not 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~~ A person shall not 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~~ A person shall not 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.

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 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.

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: _____