

Commissioner's Monthly Column

Department of Insurance Legislative Update

June 2016

While legislators continue their work in Baton Rouge during the Special Legislative Session, the Regular Session has concluded and I am pleased to report progress in improving some of the licensing processes here at the Louisiana Department of Insurance (LDI). This month's column provides a recap of some of our legislative package, particularly those bills which impact producers.

[Act 315](#) made some changes in the process of obtaining a producer license and also in the registration requirements. Currently an individual seeking a producer license must first submit an application to the Department and then take and pass a licensing examination. Under this legislation, an applicant has the option of first taking the exam and once they have passed the exam they can then apply for a license. Typically, the passage rate for first-time test takers is about 50 percent. The intent of this legislation was to streamline the application process so that applicants are not paying the \$75 application fee and then not passing the exam and ultimately deciding they no longer wish to pursue a producer license.

Act 315 also requires that every member, partner, officer, director and person who controls, directly or indirectly, 10 percent or more of the business entity to be registered with the LDI under that entity's license. Currently, only individuals who are engaged in the sale, solicitation and negotiation of insurance are required to be licensed. Act 315 also adds a requirement that every individual personally engaged in soliciting or negotiating policies for a business entity in Louisiana must be registered with the LDI under that business entity's license. If a person who is registered has been convicted or pleaded guilty to a felony or been convicted of any misdemeanor involving moral turpitude or public corruption, this law gives me authority to deny, non-renew or revoke the license of a business entity who refuses to remove or discharge that person from the business.

The law further requires each licensee to notify the LDI within 30 days if they have a change of address, legal name, or any information submitted on the application. Previously, each licensee was only required to provide notification if a change of address took place.

Two other measures passed by the Legislature align Louisiana requirements with those in other states. [Act 367](#) authorizes only resident producers to sell insurance policies issued by Louisiana Citizens Property Corporation (Citizens). Previously, every producer licensed to sell property and casualty insurance policies could sell policies issued by Citizens. Similar residency requirements exist in Mississippi and Texas regarding the sale of Mississippi Windstorm Underwriting Association and Texas Windstorm Insurance Association policies.

Under [Act 174](#) all workers' compensation adjusters are now required to pass an exam and be licensed in Louisiana. Previously individuals handling workers compensation claims were exempt from licensure. The intent of the legislation is to provide for uniformity in adjuster licensing. Act 174 adopts the uniform lines of authority for adjuster licensing suggested by the National Association of Insurance Commissioners (NAIC) Uniform Adjuster licensing guidelines and brings the licenses issued by Louisiana in line with adjuster licenses issued by most other states. The law becomes effective August 1, 2017 which will provide time to develop the exam. There is a grandfathering provision providing an exemption from the exam for those who have been employed as workers comp adjusters for at least three of the last five years. A similar exam exemption was granted to adjusters when we first started licensing them following Hurricanes Katrina and Rita.

The law is also aimed at easing the licensing process for Louisiana residents serving as adjusters in the workers comp line of business. Previously, if they were to go out of state to work as an adjuster, and that state required a license, the Louisiana resident would have to deem that other state as their home state for their workers comp license. That will no longer be the case.

Another measure worth noting provides for the licensing and regulation of insurance consultants by the LDI. [Act 312](#) requires applicants seeking to be licensed as consultants to pass a written exam, pass a criminal background check and complete continuing education requirements, among other things. The law defines *insurance consultant* and sets an initial license term of two years followed by renewals at two-year intervals.

You can find legislative digests on bills in their entirety by logging onto the Legislature's website at www.legis.la.gov. A summary of the legislative session will also be presented at the Louisiana Insurers' Conference Compliance Seminar and Legislative Review taking place in New Orleans on August 3-5. For more information and an agenda of the seminar, please visit our website at www.lidi.la.gov.