Directive No. 81

PAYMENT TO AGENT OR BROKER

July 29, 1987

It has been brought to my attention that many Agents doing business in our state are acting as Brokers by accepting applications and premiums from individuals, and placing the coverage with companies for which they are not appointed.

In this situation, payment to the acting Broker is to be considered payment to the company that the acting Broker ultimately places the insurance with. This does not, however, apply to Brokers approaching Surplus Lines Brokers.

If as a result of this type of transaction, the policy is cancelled, then any return due the insured must be remitted to the insured, or finance company if applicable, pursuant to Louisiana R. S. 22:636, which is specific regarding return premiums.

Sherman A. Bernard
COMMISSIONER OF INSURANCE

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