FOR	OFFICE USE ONLY

## HOUSE FLOOR AMENDMENTS

2024 Regular Session

Amendments proposed by Representative Jordan to Engrossed House Bill No. 672 by Representative Jordan

## 1 AMENDMENT NO. 1

- 2 On page 1, line 2, after "reenact" delete the remainder of the line and insert in lieu thereof:
- 3 "R.S. 22:1623, 1625(A), and 1626 and to enact R.S. 22:1628 and 1629, relative to managing
- 4 general agents; to provide for duties; to provide relative"

## 5 AMENDMENT NO. 2

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- 6 On page 1, delete line 6 in its entirety and insert in lieu thereof the following:
- 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:
  - §1623. Licensure; registration
  - A. No  $\underline{A}$  person shall  $\underline{not}$  act in the capacity of an MGA with respect to risks located in this state for an insurer licensed in this state unless such person is a licensed producer in this state.
  - B. No A person shall <u>not</u> act in the capacity of an MGA representing an insurer domiciled in this state with respect to risks located outside this state unless such person is licensed as a resident or nonresident producer in this state pursuant to the provisions of this Part.
  - C. The commissioner may require a bond in an amount of ten percent of the MGA annual writings or two hundred fifty thousand dollars, whichever is less, for the protection of the insurer.
  - D. No A person shall <u>not</u> act in the capacity of an MGA in this state unless such person has registered his name, current residential address, current mailing address, and current business address with the commissioner, on forms prescribed by the commissioner, together with a fee in the amount set forth in R.S. 22:821.
  - E.(1) A person shall not act in the capacity of an MGA in this state if the person served as an officer, director, or person with direct or indirect control over the selection or appointment of an officer or director through contract, trust, or by operation of law of an insurer doing business in this state and served in that capacity within the two-year period before the date the insurer became insolvent, unless the person demonstrates that his personal actions and omissions were not a significant contributing cause to the insolvency, as determined by the commissioner.
  - (2) Notwithstanding Paragraph (1) of this Subsection, the commissioner may approve a former officer, director, or person with direct or indirect control over the selection or appointment of an officer or director of an insurer who became insolvent, if at least five years have passed since the date the insurer became insolvent.
  - E.F. Each year prior to May first, every MGA shall notify the commissioner of his desire to continue his registration as an MGA on forms prescribed by the commissioner together with a fee in the amount set forth in R.S. 22:821.
  - F.G. If a person fails to provide any of the information required pursuant to this Section, the commissioner may, after notification by the commissioner to the person by certified mail of such failure, impose a fine not to exceed fifty dollars.

1	G.H. The commissioner may require the MGA to maintain an errors and
2	omissions insurance policy.
3	* * *
4	§1625. Duties of insurers
5	A. If an insurer has an MGA who writes more than five percent of its
6	policyholder surplus, then the insurer shall provide to the commissioner, upon his
7	request, financial data by an independent examiner concerning that insurer's book of
8	business which is in question and is handled by that MGA upon request, and the
9	insurer shall have on file an independent financial examination, in a form acceptable
10	to the commissioner, audited financial report of each MGA with which it has done
11	business. The audited financial report shall include the opinion of an independent
12	certified public accountant, report the financial position of the MGA as of the most
13	recent year-end and the results of its operations and cash flows, and include
14	appropriate notes to financial statements. The insurer shall submit the report to the
15	commissioner upon his request.
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17	AMENDMENT NO. 3
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18	On page 1, delete lines 11 through 19 in their entirety
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19	AMENDMENT NO. 4
20	Delete pages 2 through 4 in their entirety and insert in lieu thereof the following:
21	"B. As the commissioner considers necessary, an MGA shall submit to an
	examination by the commissioner of the MGA's financial condition.
23	C. The MGA shall pay the examination expenses in an amount the
24	commissioner certifies as just and reasonable.
22 23 24 25 26 27	* * *
26	§1628. Duties of managing general agents
27	A. At least once each calendar quarter, an MGA shall submit an account
28	report to each insurer with whom the MGA has a contract, and include in the report,
29	as applicable, a statement of all of the following:
30	(1) Written, earned, and unearned premiums.
	(2) Losses and loss expenses paid and outstanding.
32	(3) Losses incurred but not reported.
33	(4) Management fees.
31 32 33 34 35	(5) An outline of expenses, on a form prescribed by the commissioner,
35	incurred by the MGA in the performance of duties under its contract with the insurer.
36	B. An MGA shall notify the department within thirty days of the date any of
36 37	the following occurs:
38	(1) Balances due to an insurer for more than ninety days exceed either of the
39	following:
40	(a) One million dollars.
41	(b) Ten percent of the insurer's policyholder surplus, as reported in the annual
42	statement filed with the department.
43	(2) Balances due for more than sixty days from a property and casualty agent
44	or MGA appointed by or reporting to the MGA exceed five hundred thousand
45	dollars.
46	(3) Authority to settle claims for an insurer is withdrawn.
47	(4) Money held for an insurer for losses is greater than an amount that is one
48	hundred thousand dollars more than the amount necessary to pay the losses and loss
49	adjustment expenses expected to be paid on the insurer's behalf within the next sixty-
50	day period.
51	(5) The contract required pursuant to R.S. 22:1624 is cancelled or terminated.
52	C. Notwithstanding the notification period imposed by Subsection B of this
53	Section, an MGA's requirement to notify as prescribed in Paragraphs (B)(1), (2), and
55 54	(4) of this Section may be met with a single annual report if the MGA routinely

1	operates above the limits established by those Paragraphs and the department verifies
2	that fact in conformity with rules adopted by the commissioner.
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3	§1629. Rules and regulations
4	The commissioner may promulgate and adopt rules and regulations, in
5	accordance with the Administrative Procedure Act, that are necessary to effectuate
6	the provisions of this Part."