

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 112

October 27, 1997

SUBJECT: Ownership of Expirations

BACKGROUND:

1. There has been some question about Agency-Company contract language establishing ownership of expirations.
2. IIAA discusses this and other important contractual issues with top executives in home office in company visits each year.
3. You need to be familiar with the following information, look for language, and then talk to your companies about this. We must stand together!

MAIN POINTS: The ownership, use and control of expirations, including those on direct billed business, the records thereof, and the Agent's work product shall remain in the undisputed ownership and possession of the Agent, and the Company shall not use its records of those expirations in any marketing method for the sale, service or renewal of any form of insurance coverage or other product/service which abridges the Agent's right of exclusive ownership, use and control of the expirations, nor shall the Company refer or communicate this expiration information or work product to any other agent, broker or other party.

However, in the event of termination of this Agreement, if the Agent has not then properly accounted for and paid all premiums to the Company for which he/she is liable under this Agreement, the use and control of the Agent's expirations, including all right, title and interest in and to the records thereof, shall be vested in the Company as of the date of such termination. In the exercise of its right to collect any indebtedness due from the Agent through the ownership, use and control of the Agent's expirations, the Company shall use reasonable business judgment in selling the expirations and shall be accountable to the Agent for all sums received which, net of expenses, exceed the amount of indebtedness. The Agent shall remain liable for the excess of the indebtedness over the sums received by the Company. Any indebtedness due from the Agent shall not prevent application of the ownership of expirations clause in favor of the Agent if the Agent furnishes collateral security acceptable to the Company in the amount of such indebtedness, to be held by the Company until the indebtedness is satisfied. A difference of opinion between the Agent and the Company with respect to balances owed by the Agent does not constitute a failure by the Agent to pay and does not have the effect of vesting title to the Agent's expirations in the Company.

Nothing in this section shall interfere with the Company's obligation to renew policies that include contractual renewal guarantees or which must be renewed

pursuant to state law or regulation or by order of government authority, and the Agent shall be entitled to receive commissions on such policies at the rate of commission in effect prior to the termination.

**NECESSARY
ACTION:**

Review and familiarize yourself with the above information.